



High Fashion International limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 608)

2025 Annual Report



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High Fashion Centre epitomizes the integration of fashion and lifestyle. Through thoughtfully designed communal areas and high-standard property management, we provide an exceptional and seamless experience for our tenants.



As a multi-dimensional platform, High Fashion International Industrial Park provides R&D infrastructure for the entire apparel value chain. Through the strategic attraction of sectors like bioscience and high-end services, the park fosters a synergistic ecosystem supporting enterprises of all sizes.



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Chairman's Statement

In 2025, the global economy has experienced one of the most grueling challenges in recent years. The Sino-US trade conflicts have continued to escalate, with tariff barriers fluctuating unpredictably, bringing direct and heavy pressure to the apparel industry. In recent months, conflicts in the Middle East have spread, the situation has deteriorated, and oil prices have fluctuated, adding further uncertainty to global supply chains. At the same time, growth in major economies has slowed, and consumer confidence has weakened. Despite these numerous difficulties, High Fashion Group has always risen to the challenge and continue to strengthen our own capabilities and competitive advantages.

The Group's main results for the year ended 31 December 2025 are as follows:

- Net profit attributable to shareholders at HK\$69.8 million
- Gearing ratio of non-current liabilities to shareholders' funds at 41.6%. Current ratio at 1.2
- Basic earnings per share landed at HK\$0.23
- Net asset value per share amounted to HK\$10.58
- Proposed final dividend per share is HK\$0.035 and the total dividend per share for the year will be HK\$0.07

We are full of confidence in our ability to go against the tide, precisely because of the strategies and deployments the Group has implemented over the years to pioneer and capture greater market opportunities for the future. Over the years, High Fashion had continuously discerned the structural changes in the global economy and keeping pace with the time, has accordingly formulated a clear and firm long-term development blueprint. We have made in-depth efforts in market allocation, product development, innovative technology, artificial intelligence, and talent training to achieve our vision – to become a one-stop fashion house leading global trends. Today, these strategic deployments are entering a critical phase of accelerated maturation.

In terms of market allocation, we have adopted a strategy of horizontal expansion and vertical deep cultivation. China remains the top priority in the Group's strategic map as it is a market with the most promising development potential. We firmly believe that continuing to deeply cultivate the Chinese market will bring even broader growth space to High Fashion. At the same time, the Group has built a comprehensive global market presence. We have a solid foundation in the European and American markets. In the Asia-Pacific region, including Japan, Australia and others, we have fully expanded and are committed to deepening cooperation with our clients. Our supply chain also aligns with this diversified market distribution, which not only effectively balances geopolitical risks but also enables flexible resource allocation across different economic cycles, enhancing our ability to seize growth opportunities.

Innovative R&D is High Fashion's core DNA, continuously driving the opening of new frontiers. Through the efforts of our R&D team and close collaboration with strategic partners, the Group has achieved breakthroughs in yarn, fabrics, printing and dyeing, and product development. We have also secured patented technologies in circular fashion, machine-washable silk, and waterless dyeing. These innovations have been successfully extended to the sportswear sector, and addressing global demand for environmental and sustainable fashion. We firmly believe that sustainable development is not only a corporate responsibility but also the foundation of the fashion industry's long-term competitiveness.

Chairman's Statement

The era of artificial intelligence has arrived, and High Fashion is taking the lead. This year, the Group introduced its self-developed AI platform, integrating it into production management and supply chain systems. Our platform enables data-driven decision-making, improves efficiency, and builds a more transparent and agile modern operating system, laying a solid foundation for the high-quality development of our business.

Since its founding, the Group has upheld a people-oriented philosophy, through continuously improving our training systems, we come together to build a shared culture and belief for our work – upholding quality, leading with market insight, and taking responsibility with courage. We firmly believe that adopting a people-oriented approach in nurturing talent and unlocking potential is the way to navigate economic cycles and achieve long-term success.

The “High Fashion International Industrial Park” operates steadily. Combining the strengths of Hong Kong and Zhejiang, it attracts high-quality tenants from overseas and mainland China in the fashion and technology sectors. It continues to generate stable cash flow income, providing strong support for our core business development while creating opportunities for cross-sector collaboration.

Looking forward, despite the many challenges and external uncertainties ahead, we are full of confidence in the Group's development and remain firmly committed to the strategies outlined above. In the future, the Group will uphold prudent financial management principles, continue to drive high-quality development of our core businesses, respond to opportunities and challenges with steady steps, and create long-term value for our shareholders.

I would like to express my heartfelt gratitude to all shareholders, clients, suppliers, partner banks, and the entire Board of Directors. At the same time, I wish to pay my highest tribute to the management team and all employees – it is precisely your professionalism, dedication, and daily hard work that have enabled High Fashion to forge ahead proudly through wind and rain.

Lam Foo Wah

Chairman

Hong Kong, 23 March 2026



We have introduced INNOCELL® circular material solutions and DYEVERSE™ green manufacturing to provide customers with high-performance green products that deliver clear environmental benefits. The former transforms recycled textile waste into high-quality fibers with end-to-end digital traceability, while the latter replaces traditional immersion dyeing with innovative processes to achieve comprehensive sustainable production.



By blending commercial functionality with R&D capabilities, the High Fashion Xinchang Silk Headquarters serves as a diversified hub to drive the Group's growth and innovation.



DYEVERSE™





Occupying roughly 600,000 square feet, High Fashion Tonglu Silk Culture Expo Centre promotes silk culture through six specialized zones. It serves as a sophisticated platform where integrated facilities foster industry-wide collaboration and create a hub for diversified investment.



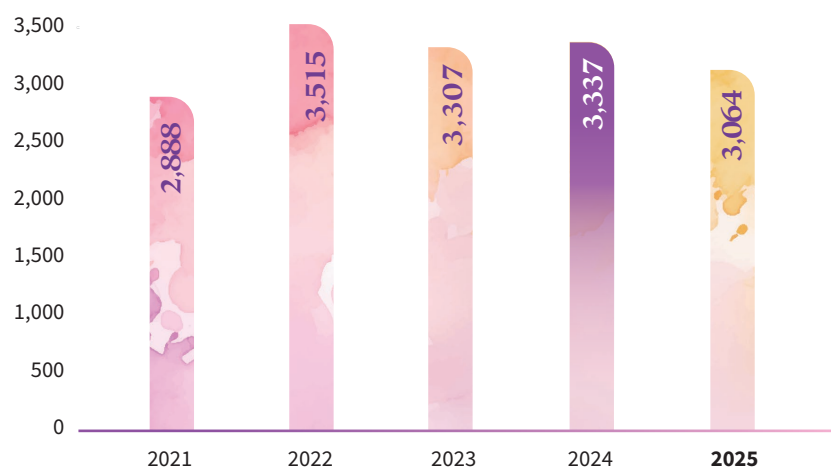
High Fashion Womenswear Institute hosts four specialized programs and features 16 advanced training facilities, including integrated teaching workshops and automated cutting labs. The institute is dedicated to cultivating high-caliber talent to drive the development of the women's apparel industry.



Financial Highlights

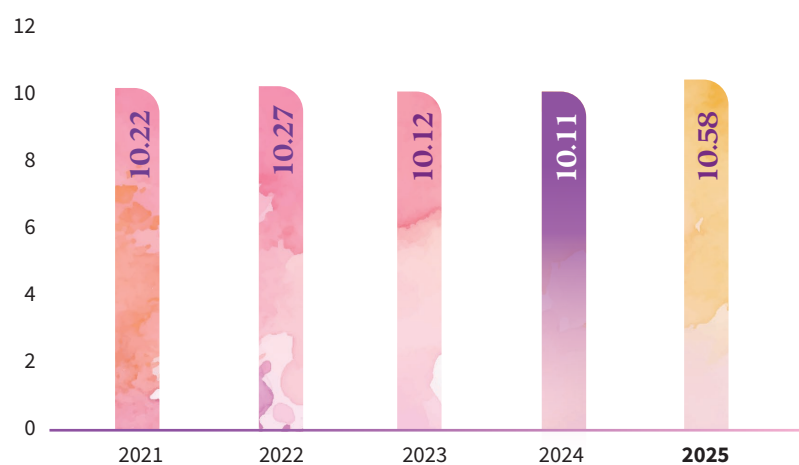
Turnover

(HK\$ million)



Net Asset Value per Share

(HK\$)



Management Discussion and Analysis

Business Review

In 2025, the global business environment remained challenging amid an increasingly complex and volatile geopolitical and macroeconomic landscape. Heightened geopolitical tensions and the ongoing restructuring of global supply chains continued to exert pressure on the manufacturing sector. Against this backdrop, the Group remained committed to its management principle of pursuing steady progress while maintaining stability and embracing change. By continuously refining its business model and formulating forward-looking response strategies, the Group sought to convert external challenges into opportunities to strengthen its core competitiveness, thereby maintaining a sound financial position and solid operational resilience amid market uncertainty. During the year, the Group continued to optimise its market and customer portfolio. While further deepening its penetration in major markets including Europe, the United States and the Asia-Pacific region, the Group also actively captured growth opportunities arising from emerging markets. At the same time, the Group accelerated the diversification of its supply chain and production footprint. Through the strategic expansion of its production and supply chain presence in Southeast Asia, the Group further enhanced its resource allocation efficiency and production flexibility. Such parallel advancement in market expansion and production deployment enabled the Group to achieve a more balanced global business layout.

In addition, the Group is committed to integrating sustainability into its business operations and continuously develops environmentally-friendly products to help drive the industry's green transformation. Through close collaboration between its R&D team and strategic partners, the Group has achieved comprehensive upgrades spanning from materials to product development. At present, the Group has obtained patent authorizations in circular fashion, machine-washable silk, and waterless dyeing technologies. These innovations not only effectively address global demand for sustainable fashion, but also further strengthen its long-term strategic partnerships with leading global brands. While pursuing green production, the Group also actively fulfills its social responsibilities and is committed to education and talent development. By working with academic institutions, it helps cultivate textile professionals equipped with the skills needed for the new era.

The Group also recognises that the manufacturing industry is entering a transformative stage driven by the rapid adoption of artificial intelligence. In light of this trend, the Group actively advanced the application of artificial intelligence technologies within its operations and accelerated its digital transformation. By introducing AI-driven data analytics platforms and automated management systems, the Group enhanced real-time monitoring across various stages of the supply chain and improved demand forecasting accuracy, resulting in improved inventory turnover efficiency and reduced operating losses. The transition from traditional manufacturing to intelligent manufacturing has not only strengthened the Group's responsiveness to market changes, but also improved capital utilization efficiency and optimised profit margins through technology-enabled decision-making.

The value of the "High Fashion International Industrial Park" in Hangzhou to the Group has become increasingly evident. In addition to contributing a stable stream of rental income, the industrial park has attracted innovation and technology resources through its quality supporting facilities. By leveraging its platform advantages in facilitating the integration of technology and industry, the industrial park has promoted synergies between innovative technologies and the Group's principal business, thereby providing support for the Group's long-term business development and technological advancement.

Looking ahead, the Group will continue to adhere to a prudent financial management approach, maintain flexible resource allocation and adjust its business strategies in a timely manner in order to capture development opportunities in a rapidly changing market environment. Meanwhile, the Group will continue to invest in sustainable product innovation and steadily expand its presence in emerging markets. Through ongoing enhancement of its diversified business layout and commitment to high-quality development, the Group remains confident in its ability to address future challenges and create long-term and sustainable value for shareholders and other stakeholders.

Management Discussion and Analysis

Financial Review

Revenue of the Group recorded HK\$3,064 million for the year ended 31 December 2025, representing a fall of 8.2% compared with the corresponding period last year. Gross margin amounted to HK\$545.9 million, with a gross profit margin of 17.8% (2024: HK\$645.7 million and 19.3%). This was mainly attributable to the Sino-US trade frictions and market volatility in the first half of the year. Despite the above challenges, the Group continued to exercise stringent cost control and optimise its operating processes so as to mitigate the impact of the external environment on its overall performance. Net profit for 2025 was HK\$68.4 million (2024: HK\$95.9 million).

Geographically, the revenue from the China market in 2025 was HK\$1,816 million, represented for 59.2% of total revenue (2024: HK\$1,935 million, 58.0%). Sales to the United States and European countries amounted to HK\$845 million, representing 27.6% of total revenue (2024: HK\$833 million, 25.0%). High Fashion's export sales to other regions, mainly Southeast Asian countries reached HK\$404 million, accounting for 13.2% of total revenue (2024: HK\$569 million, 17.0%).

Other gains for the year in 2025 was HK\$44.2 million (2024: losses of HK\$6.4 million), which mainly included the fair value gains from investment properties of HK\$39.5 million (2024: losses of HK\$7.4 million).

In 2025, administrative expenses as a percentage of total revenue were 9.2% (2024: 8.6%), while selling and distribution expenses as a percentage of total revenue were 7.0% (2024: 6.1%).

Finance costs decreased from HK\$72.9 million in 2024 to HK\$51.4 million in 2025, primarily due to decrease in interest expense on bank borrowings.

As of the end of the 2025 fiscal year, the basic earnings per share was HK\$0.23 (2024: HK\$0.30). Net asset value per share was HK\$10.58 (2024: HK\$10.11).

Segment Information

The segment information for the year ended 31 December 2025 is as follows:

	Revenue		Contribution	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
By principal activities:				
Manufacturing and trading of garments and related products	3,002,707	3,219,982	72,179	144,460
Property investment and development	61,709	116,850	(12,963)	19,046
	3,064,416	3,336,832	59,216	163,506
By geographical segments:				
China	1,815,874	1,934,500	24,015	106,434
USA	456,238	439,783	17,944	22,450
Europe	388,448	393,211	7,874	17,981
Others	403,856	569,338	9,383	16,641
	3,064,416	3,336,832	59,216	163,506

Management Discussion and Analysis

Manufacturing and trading of garments and related products

Revenue from manufacturing and trading of garments and related products business in 2025 was HK\$3,003 million (2024: HK\$3,220 million). Profit in 2025 was HK\$72.2 million (2024: HK\$144.5 million).

High Fashion has incorporated various sustainability features into its product development and production design, gaining significant acclaim from clients both locally and internationally. We continue to enhance operational efficiency by optimizing business processes and advancing digital transformation, while remaining customer-centric and comprehensively strengthening customer value.

Property investment and development

Revenue from property investment and development business in 2025 was HK\$61.7 million (2024: HK\$116.9 million).

“WL District” in Hangzhou continuously optimizes its tenant mix to attract innovative enterprises and scientific research resources. This high-tech industrial platform not only lays the foundation for future technological innovation and coordinated industrial development but also provides a stable source of income. Through building a portfolio of high-value assets, High Fashion’s property investment and development business ensures the long-term and stable returns for the Group.

Environmental, Social and Corporate Responsibility

In the face of escalating climate risks, increasingly stringent supply chain regulations, and rising market expectations for transparency, the Group continues to fulfill its responsibility as an industry leader by transforming sustainability from a concept into scalable business practice. With industry collaboration as its core strategy, the Group actively works with brand customers and technology partners to jointly advance the large-scale application of circular materials and the industrialization of recycling and regeneration solutions. It is committed to building more traceable and compliant supply chain solutions for customers, helping the industry become more competitive in the course of transformation, and contributing to the mitigation of global warming.

At the same time, the rapid growth of the fashion industry is often accompanied by significant resource consumption and environmental pressure. To address these challenges, the Group continues to strengthen supply chain traceability while actively investing in green technology research and development. By focusing on material innovation at the source and integrating intelligent manufacturing systems, the Group explores diverse environmentally friendly solutions to promote a more sustainable future for fashion. Through unique technologies, the Group has obtained patents in circular fashion and waterless dyeing, which significantly reduce reliance on water resources and minimize waste generation. These innovations have received internationally recognized certifications, including SGS and OEKO-TEX®, demonstrating the Group’s concrete environmental actions and its long-term commitment to sustainable development.

The Group upholds the core value of “Put the Needs of Other before Your Own”, guided by a spirit of care and social responsibility toward those in need. Committed to fostering a harmonious and inclusive workplace, the Group cultivates a corporate culture founded on equality, respect, freedom, responsibility, and trust. Employee well-being and inclusivity are integrated into daily operations. Through continuous support programmes for employees with disabilities, together with initiatives promoting women’s health and employee wellness through sports and health campaigns, the Group enhances employees’ physical and mental well-being and strengthens their sense of belonging. These initiatives also reinforce team cohesion and generate positive social impact. Meanwhile, the Group continues to refine its talent development framework by establishing a three-pillar training

Management Discussion and Analysis

system consisting of internal training, external training, and platform-based learning, enabling employees to stay abreast of technological advancements in the industry, continuously enhance their professional competencies, and cultivate high-quality professional talent.

At the governance level, the Group firmly upholds the principle of operating with integrity, maintains zero tolerance for any fraud or corruption, and continues to strengthen its integrity governance and risk management mechanisms. Through regular compliance and anti-corruption training, a conflict-of-interest declaration mechanism, periodic reviews of the Group's "Code of Conduct of Integrity", and more robust whistleblowing and grievance channels, the Group enhances operational transparency and accountability. In addition to reinforcing internal controls, the Group actively promotes anti-corruption principles among suppliers, advancing integrity management throughout the supply chain and strengthening stakeholders' awareness of ethical business practices. At the same time, the Group strictly complies with applicable privacy and data protection regulations. Comprehensive confidentiality policies and intellectual property protection measures have been established, and employees receive regular training to ensure robust information security and the protection of customer rights and interests.

Liquidity and Financial Resources

High Fashion's total amount of cash and cash equivalent, short-term deposit and financial assets at fair value through profit and loss as at 31 December 2025 was HK\$673.9 million (as at 31 December 2024: HK\$593.8 million).

Bank borrowings, mainly denominated in Hong Kong Dollar, increased from HK\$1,600 million as at 31 December 2024 to HK\$1,831 million as at 31 December 2025. The bank borrowings were primarily allocated for properties construction, development projects and fixed assets investments to develop and upgrade manufacturing plants in Mainland China.

The gearing ratio of non-current liabilities to shareholders' funds was 41.6% as at 31 December 2025 (as at 31 December 2024: 40.2%). Current ratio is 1.2 (as at 31 December 2024: 1.2), revealing that High Fashion maintains a solid capital base.

Net cash from operating activities for the year 2025 was HK\$47.1 million, which was mainly attributable to the daily operations. High Fashion has sufficient banking facilities provided by its bankers together with stable income from the owned properties. The management is confident in maintaining healthy working capital and liquidity to meet operational needs and support future growth.

Foreign Currency Risk Exposure

Foreign currency risk exposure is primarily related to RMB and USD since a considerable portion of our operating expenses are denominated in RMB while sales are mainly denominated in USD. High Fashion complies with its policy to monitor foreign currency exchange risk. As HKD is pegged to the USD, High Fashion considers that its foreign currency risk in respect of USD is minimal. The management continues to take prudent measures to reduce risks associated with currency fluctuations.

Charges on Assets

Apart from HK\$2.3 billion of mortgaged properties in Hong Kong and Mainland China for long-term bank borrowings (as at 31 December 2024: HK\$1.9 billion), High Fashion has no collateral for other assets.

Management Discussion and Analysis

Capital Expenditure

In 2025, High Fashion invested in enhancing manufacturing capabilities and environmental infrastructure. These strategic investments included advanced automation and intelligent manufacturing systems, eco-friendly facilities, digital transformation initiatives, and plant/equipment upgrades, totaling HK\$94.1 million (2024: HK\$94.8 million). During the reporting period, the Company also invested HK\$53.9 million (2024: HK\$39.1 million) in property development and construction projects. These investments align with our commitment to sustainable manufacturing and digital transformation, while boosting operational efficiency and market competitiveness.

Capital Commitments

As of 31 December 2025, High Fashion's capital expenditure commitments for contracted but not provided property, plant and equipment acquisitions and construction works amounted to HK\$180.4 million (2024: HK\$394.4 million). These commitments are primarily related to ongoing digital transformation projects, sustainable manufacturing facility upgrades, "WL District" optimization measures, and environmental infrastructure.

Contingent Liabilities

As of 31 December 2025, the Group had no material contingent liabilities.

Human Resources

As of 31 December 2025, High Fashion had approximately 5,000 employees (31 December 2024: about 5,000 employees). Management places high importance on employee training and development, providing both face to face and online programs to equip staff with the appropriate knowledge and skills. High Fashion evaluates its staff based on performance, experience, and industry practices. Additionally, we offer competitive compensation packages, including medical subsidies and retirement plan contributions, to reward employees for their contributions. Furthermore, eligible employees may also receive discretionary bonuses based on High Fashion's and individual performance.

Biographical Details of Directors and Senior Management

Executive Directors

Mr. Lam Foo Wah, aged 77, is the founder of the Group. Mr. Lam is the Chairman and the chairman of the Nomination Committee of the Company. He was the Managing Director of the Company until February 2020. He is also a director of various subsidiaries of the Company. Mr. Lam is the visionary leader and provides guidance for the overall strategic planning with goals setting for the Group to pursue aggressively. He has over 40 years of experience in manufacturing of apparel industry and marketing of brand and retail management. Mr. Lam is the father of Mr. Lam Gee Yu, Will and Mr. Lam Din Yu, Well, the Executive Directors of the Company. Mr. Lam is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is also a director of Hinton Company Limited and High Fashion Charitable Foundation Limited, the substantial shareholders of the Company.

Mr. Lam Gee Yu, Will, aged 43, joined the Group in 2010. Mr. Will Lam is an executive director, the chairman of the Risk Management Committee and a member of the Remuneration Committee of the Company. He has been appointed as the Managing Director of the Company since February 2020 and is responsible for the management of all the businesses in the Group. He is also a director of various subsidiaries of the Company. Mr. Will Lam currently serves as a member of the board of directors of the Hong Kong Research Institute of Textiles and Apparel Limited (HKRITA), a president of High Fashion Womenswear Institute, a vice president of Shenzhen Garment Industry Association, a vice president of Hong Kong Hangzhou Entrepreneurs Association, a member of Hong Kong Young Industrialists Council, a member of retail and tourism committee of The Hong Kong General Chamber of Commerce, a member of The Chinese Manufacturers' Association of Hong Kong, a member of The Federation of Hong Kong Garment Manufacturers and a member of the Hong Kong Trade Development Council Garment Advisory Committee. He holds a Bachelor of Science Degree from The Chinese University of Hong Kong and a Master of Finance Degree from Princeton University. Prior to joining the Group, he worked for an international bank in Asia and an international investment bank in the United States. He is a son of Mr. Lam Foo Wah and a brother of Mr. Lam Din Yu, Well, the Executive Directors of the Company. He is also a director of Hinton Company Limited and High Fashion Charitable Foundation Limited, the substantial shareholders of the Company.

Mr. Lam Din Yu, Well, aged 41, joined the Group in 2006. Mr. Well Lam is an executive director and has been appointed as the Managing Director (China) of the Company since February 2020. He ceased to be a member of the Nomination Committee of the Company in October 2025 and remains as a member of the Risk Management Committee of the Company. He is also a director of various subsidiaries of the Company. He is responsible for the Group business in the Mainland China, as well as the new business development area. He is currently a member of the Hong Kong Chamber of Commerce in Zhejiang, dean of High Fashion Womenswear Institute and distinguished specialist of Hangzhou Bay Institute. He also represents High Fashion (China) Co., Ltd., a wholly-owned subsidiary of the Company, as a council member of China Dyeing and Printing Association, a member of Zhejiang Silk Association, a member of Zhejiang Garment Industry Association, the vice president of Hangzhou Silk Association and a council member of Hangzhou Association for Quality. He holds a Bachelor Degree of Business Administration from Boston University. He is a son of Mr. Lam Foo Wah and a brother of Mr. Lam Gee Yu, Will, the Executive Directors of the Company. He is also a director of Hinton Company Limited and High Fashion Charitable Foundation Limited, the substantial shareholders of the Company.

Biographical Details of Directors and Senior Management

Non-Executive Directors

Ms. Leung Wing Man, Mabel, aged 53, has been appointed as a non-executive director and a member of the Risk Management Committee of the Company since December 2024. She has also been appointed as a member of the Nomination Committee of the Company with effect from August 2025. Ms. Leung is a practicing solicitor in Hong Kong. She spent over 20 years at an international law firm before establishing her own law firm in 2021. She is also a director at Hongkong Managers & Secretaries Limited, specializing in legal and compliance matters. Ms. Leung has advised on various commercial transactions, including mergers and acquisitions, joint ventures, and corporate governance. She earned her Bachelor of Laws degree from King's College, London in 1995 and her Postgraduate Certificate in Laws from The University of Hong Kong in 1996.

Mr. Lau Yip Shing, SBS, PDSM, aged 64, joined the Group in 2023. Mr. Lau has been re-designated as a non-executive director from an independent non-executive director of the Company and has resigned as a member of Nomination Committee of the Company with effect from October 2025. He remains as a member of the Audit Committee and Risk Management Committee of the Company. Mr. Lau is a retired civil servant with 34 years of experience in policing. He joined the Hong Kong Police Force in 1984, and retired as Deputy Commissioner of Police (Operations) in 2018. He had versatile command and police administration experience. He rose through the ranks and had worked in frontline formations, Crime Wing, Training Wing, Personnel Wing, Aviation Security Company Limited of Airport Authority, Police Public Relations Branch, Information Systems Wing and Marine Region. He took up the post of Director of Management Services in 2013, Director of Operations in 2014, and eventually Deputy Commissioner of Police (Operations) in 2016. In 2016, the Hong Kong Special Administrative Region Government ("HKSARG") awarded him the Hong Kong Police Medal for Distinguished Service ("PDSM") for his outstanding performance and distinguished service in the Hong Kong Police Force. In 2019, the HKSARG further awarded him the Silver Bauhinia Star ("SBS") as a recognition of his remarkable contribution to Hong Kong throughout his 34 years of dedicated and distinguished service in the Civil Service.

Mr. Lau holds a Master of Science degree in Training and Human Resource Management from Leicester University and attended leadership development and strategic management programs at UC Berkeley, Tsinghua University, Harvard University, and International Management Development Institute.

Independent Non-Executive Directors

Mr. Chung Kwok Pan, aged 62, joined the Group in July 2019. Mr. Chung is an independent non-executive director, the chairman of the Remuneration Committee, a member of the Audit Committee, Nomination Committee and Risk Management Committee of the Company. He has been responsible for the business management of Chungweiming Knitting Factory Limited since early 1988. In early 2022 he established Hong Kong Carbon Trading Centre Co., Ltd ("HKCTC") as the Founder & CEO. HKCTC helps all kinds and sizes of industrial companies in how to reduce the carbon emission in order to help the world's climate change. Mr. Chung also has several social positions, including Honorary Life Chairman of Hong Kong Apparel Society, a member of Honorary General Committee of The Chinese Manufacturers' Association of Hong Kong, Chairman of Fashion Industry Training Advisory Committee under the Qualifications Framework, Education Bureau of the Hong Kong Special Administrative Region and a member of Carbon Market Opportunities Working Group of Financial Services Development Council. Mr. Chung has been appointed as an Adjunct Professor to the School of Science and Technology of Hong Kong Metropolitan University since May 2024. From August 2023 to August 2025, he served as an Adjunct Professor in the department of Government and Public Administration at The Chinese University of Hong Kong, and from September 2023 to August 2025, he served as an Adjunct Professor in the department of Public and International Affairs of the College of Liberal Arts and Social Sciences at City University of Hong Kong. He was also a member of the 5th and 6th Legislative Council of Hong Kong (Textile and Garment Sector) and a member of the 9th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference in 2005. Mr. Chung is an independent non-executive director of Planetree International Development Limited and Legendary Education Group Limited (formerly known as "Legendary Group Limited"), the shares of these companies are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Chung has also served as an independent non-executive director of Esprit Holdings Limited from July 2020 to February 2025,

Biographical Details of Directors and Senior Management

the share of which is listed on the Stock Exchange. Mr. Chung obtained a Bachelor's Degree in Quantity Surveying from Robert Gordon's Institute of Technology, Scotland (currently known as "Robert Gordon University, Aberdeen") in July 1986 and a Master's Degree in Business Administration from the University of Stirling, Scotland, United Kingdom in May 1988.

Mr. Tong Hee Keung, Samuel, aged 69, has been appointed as an independent non-executive director, a member of the Audit Committee, Nomination Committee and Risk Management Committee of the Company since January 2023. Mr. Tong was the deputy chief executive of Industrial and Commercial Bank of China (Asia) Limited ("ICBC Asia") from August 2011 to April 2020. He was responsible for ICBC Asia's Greater Bay Area corporate banking business and Asia Pacific banking business. Mr. Tong holds a Master's Degree in Business Administration from the University of Brunel, United Kingdom. Mr. Tong is an associate member of the Chartered Institute of Bankers. He is also a graduate of the executive programme at Le Centre Europeen d'Education Permanente (CEDEP) in Fontainebleau, France. Mr. Tong has over 30 years of corporate and commercial banking experience.

Mr. Wong Chun Sek, Edmund, *FCCA(Practising), FCA(ICAEW), FCA(CA ANZ), FCCA, FCG, HKFCG, CGP*, aged 41, has been appointed as an independent non-executive director, the chairman of the Audit Committee, a member of the Remuneration Committee and Risk Management Committee of the Company since September 2023. He has also been appointed as a member of the Nomination Committee with effect from August 2025. Mr. Wong has more than 15 years of experience in accounting, taxation and auditing. He joined Deloitte Touche Tohmatsu as an audit associate in September 2007 and left as an audit senior in November 2011. Mr. Wong subsequently joined Patrick Wong C.P.A. Limited as an audit manager in February 2012 and has been its practicing director since March 2013.

Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, Chartered Accountants in Australia and New Zealand, the Association of Chartered Certified Accountants of the United Kingdom, The Society of Chinese Accountants and Auditors, The Taxation Institute of Hong Kong, The Hong Kong Independent Non-executive Director Association, The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

Mr. Wong is an independent non-executive director of China Merchants Land Asset Management Co., Limited which is the manager of China Merchants Commercial Real Estate Investment Trust (the "Trust"), the Trust is listed on the Stock Exchange and China Everbright Limited, the share of which is listed on the Stock Exchange. Mr. Wong has also served as an independent non-executive director of Confidence Intelligence Holdings Limited from September 2019 to December 2024 and an independent non-executive director of Deyun Holding Ltd. (now known as "Star Shine Holdings Group Limited") from December 2020 to September 2022, the shares of these companies are listed on the Stock Exchange. Mr. Wong is a member of advisory committee of Accounting and Financial Reporting Council and was also a member of the 7th Legislative Council of Hong Kong.

Mr. Wong obtained his Bachelor's Degree in Accountancy from Baptist University in November 2007, Master of Science in Applied Accounting and Finance Degree from Hong Kong Baptist University in November 2013, Master of Business Administration Degree from The Open University of Hong Kong (now known as "Hong Kong Metropolitan University") in October 2016, Master of Corporate Governance Degree from The Open University of Hong Kong in August 2017 and Master of Professional Accounting from The Hong Kong Polytechnic University in 2021.

Biographical Details of Directors and Senior Management

Senior Management

Mr. RUAN Gen Yao, aged 65, joined the Group in 2001. He is the vice chairman of High Fashion (China) Co., Ltd. He is a politician engineer in China and Labour Model of Hangzhou and the representation of The People's Congress of Tonglu, China. He has over 25 years' experience in silk finishing and dyeing industry and extensive experience in business management.

Mr. LIN Ping, aged 65, joined the Group in 1993. He is the chairman and the CEO of High Fashion Silk (Zhejiang) Co., Ltd. and is responsible for the operation and administration. He serves as vice president of China Textile Commerce Association, vice president of China Silk Quilt Association, president of China Textile Photography Association, Director of the Expert Working Committee of the China Textile Photography Association, president of Zhejiang Industry Tourism Association, vice president of Shaoxing Tourism Association, representative of 6th and 7th NPC of Shaoxing, representative of 13th, 14th and 15th NPC of Xinchang, specialist of China Silk Society, council member of China Silk Museum, creative consultant of Donghua University, professor and tutor for master degree of Wuhan Textile University, honorary professor of Hangzhou Vocational Technical College, visiting professor of Xi'an Polytechnic University and visiting specialist of Kunming University. He was the dean of High Fashion Womenswear Institute. He attains EMBA education and is the senior economist in China. He has over 40 years' experience in textile industry and extensive experience in product design and development, silk weaving production and management.

Report of the Directors

The directors of the Company (the “Director(s)”) present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

Principal Activities

The Company acts as an investment holding company. The principal activities of the Group are the manufacture and trading of garments and related products, as well as property investment and development. Details of the principal activities of the principal subsidiaries are set out in note 47 to the consolidated financial statements. There were no significant changes in the nature of the Group’s principal activities during the year.

Business Review

The business review of the Group for the year ended 31 December 2025, including a fair review of the Group’s business, the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year and an indication of likely future development in the Group’s business, is set out in the “Chairman’s Statement” and the “Management Discussion and Analysis” sections on pages 2 to 3 and 7 to 11 respectively of this annual report. Details of the Group’s financial risk management are set out in note 40 to the consolidated financial statements. An analysis using financial key performance indicators for the year is set out in the “Financial Summary” section on page 131 of this annual report.

The Group has complied with all the relevant laws and regulations, which have significant impact on the Group’s operations during the year. Details of the Group’s compliance are set out in the “Corporate Governance Report” section on pages 25 to 52 of this annual report and the Environmental, Social and Governance Report of the Company.

Discussions on the Group’s environmental policies and performance, relationships with its employees, suppliers and customers are set out in the “Management Discussion and Analysis” section of this annual report and the Environmental, Social and Governance Report of the Company.

Results and Dividends

The Group’s results for the year ended 31 December 2025 and the financial position of the Group at that date are set out in the consolidated financial statements on pages 58 to 130 of this annual report.

An interim dividend of HK\$0.035 per ordinary share was paid on 3 October 2025. The board of Directors (the “Board”) recommends the payment of a final dividend of HK\$0.035 per ordinary share for the year ended 31 December 2025 to shareholders whose names appear on the Register of Members of the Company on Thursday, 18 June 2026 (2024: Nil). The proposed final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting to be held on Tuesday, 9 June 2026 (the “2026 AGM”). If being approved, dividend warrants for the final dividend is expected to be dispatched on Friday, 10 July 2026. More information about the proposed final dividend is set out in note 13 to the consolidated financial statements.

Closure of Register of Members

The Register of Members will be closed from Friday, 5 June 2026 to Tuesday, 9 June 2026, both days inclusive, during which period no transfer of shares will be registered. In order to determine shareholders who are entitled to attend and vote at the 2026 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by not later than 4:30 p.m. on Thursday, 4 June 2026.

In addition, the Register of Members will also be closed from Wednesday, 17 June 2026 to Thursday, 18 June 2026, both days inclusive, during which period no transfer of shares will be registered. In order to determine shareholders who are entitled to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by not later than 4:30 p.m. on Tuesday, 16 June 2026.

Financial Summary

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 131 of this annual report. This summary does not form part of the audited consolidated financial statements.

Property, Plant and Equipment and Investment Properties

Details of movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 15 and 17 to the consolidated financial statements, respectively.

Properties

Details of the properties of the Group held for investment and sale purposes at 31 December 2025 are set out in the section headed "Schedule of Principal Investment Properties" on page 132 of this annual report.

Reserves

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

Distributable Reserves

The Company's reserves available for distribution as at 31 December 2025 amounted to HK\$250,811,000 (2024: HK\$261,849,000).

Donations

During the year, the Group made charitable and other donations of approximately HK\$134,206 (2024: HK\$455,000).

Major Customers And Suppliers

For the year ended 31 December 2025, less than 20% of the Group's revenue from sales of goods or rendering of services was attributable to the Group's five largest customers, and less than 20% of the Group's total purchases were attributable to the Group's five largest suppliers.

Report of the Directors

Directors

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

Executive Directors:

Mr. Lam Foo Wah
Mr. Lam Gee Yu, Will
Mr. Lam Din Yu, Well

Non-executive Directors:

Ms. Leung Wing Man, Mabel
Mr. Lau Yip Shing (*Note*)

Independent Non-executive Directors:

Mr. Chung Kwok Pan
Mr. Tong Hee Keung, Samuel
Mr. Wong Chun Sek, Edmund

Note: Mr. Lau Yip Shing has been re-designated from Independent Non-executive Director to Non-executive Director with effect from 15 October 2025.

The current Directors' biographical information including their membership at various Board Committees and relationships among the Directors are set out in the "Biographical Details of Directors and Senior Management" section of this annual report. Information on the re-election of the retiring Directors at 2026 AGM is set out in the "Corporate Governance Report" section of this annual report.

Directors' Emoluments

The emoluments of Directors are determined by reference to his/her duties and responsibilities with the Company, the prevailing market condition as well as the performance of the Company's results. Particulars as required to be disclosed pursuant to Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") are set out in note 9 to the consolidated financial statements.

The Company's share option scheme (the "2012 Share Option Scheme") was adopted pursuant to an ordinary resolution passed on 30 May 2012 and expired on 29 May 2022. Following the expiry of the 2012 Share Option Scheme, the Company passed a resolution at the 2022 annual general meeting held on 14 June 2022 to adopt a new share option scheme (the "2022 Share Option Scheme") for the continuation of providing recognition to the contributions or services of eligible participants. Details are set out in the "Share Option Scheme" section on page 22 of this annual report and note 38 to the consolidated financial statements.

Directors' Service Contracts

No Director proposed for re-election at the 2026 AGM has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Competing Business

During the year, Executive Directors and Non-executive Directors have confirmed that they have no interests in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business which is required to be disclosed pursuant to the Listing Rules.

Directors' Interests in Transaction, Arrangement or Contracts

Other than the related party transactions as disclosed in note 46 to the consolidated financial statements, no Director or any entity connected with him or her had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party at the end of or during the year.

Controlling Shareholder's Interests in Significant Contracts

At no time during the year had the Company or any of its subsidiaries, and the controlling shareholder or any of its subsidiaries entered into any contracts of significance for the provision of services by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

Permitted Indemnity Provision

In accordance with the Bye-laws of the Company ("Bye-laws"), the Directors and officers of the Company, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may sustain or incur in or about the execution of their duty, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

The Company has undertaken the Directors and Officers Liability Insurance ("D&O Insurance") to provide such indemnities to the Directors and officers. The permitted indemnity provision in the Bye-laws and the D&O Insurance for the benefit of the Directors are currently in force and was in force throughout this year.

Report of the Directors

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2025, the interests and short positions of the Directors, chief executives of the Company (the "Chief Executives") and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been 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 and short positions which any such director or chief executive was taken or deemed to have under such provisions of the SFO) or have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long Positions in the Shares and Underlying Shares of the Company

(a) Ordinary shares of the Company

Name of Director	Notes	Capacity	Nature of interests	Number of ordinary shares held	Percentage of the Company's issued share capital (Note 4)
Lam Foo Wah		Beneficial owner	Personal	1,789,901	0.59%
	1, 2	Other interest	Other	222,069,460	72.66%

(b) Share options granted by the Company

Name of Directors	Capacity	Number of underlying shares held pursuant to share options (Note 3)	Percentage of the Company's issued share capital (Note 4)
Lam Gee Yu, Will	Beneficial owner	2,500,000	0.82%
Lam Din Yu, Well	Beneficial owner	2,500,000	0.82%

Notes:

- Mr. Lam Foo Wah is deemed to have interests in 170,867,620 ordinary shares which are beneficially owned by Hinton Company Limited, the entire issued share capital of which is held under LFW Vista Trust. Mr. Lam is regarded as a founder of the trust.
- Mr. Lam Foo Wah is deemed to have interests in 51,201,840 ordinary shares which are beneficially owned by High Fashion Charitable Foundation Limited, the entire issued share capital of which is held under LFW Vista Trust. Mr. Lam is regarded as a founder of the trust.
- Particulars of these share options and their movements as at 31 December 2025 are set out in the "Share Option Scheme" section below.
- The issued share capital of the Company is 305,615,420 shares as at 31 December 2025.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures (Cont'd)

Save as disclosed above, as at 31 December 2025, none of the Directors, Chief Executives nor their associates had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which have been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which have been notified to the Company and the Stock Exchange pursuant to the Model Code of the Listing Rules.

Furthermore, save as disclosed in the "Share Option Scheme" section below and note 38 to the consolidated financial statements, at no time during the year ended 31 December 2025 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporations (within the meaning of Part XV of the SFO).

Substantial Shareholders

As at 31 December 2025, the following substantial shareholders, other than Directors and Chief Executives, had the interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, have been recorded in the register kept by the Company pursuant to section 336 of SFO:

Long Positions in the Ordinary Shares of the Company:

Name of shareholders	Notes	Capacity	Number of ordinary shares held	Percentage of the Company's issued share capital (Note 3)
Leung Shuk Bing	1	Interest of spouse	223,859,361	73.25%
Hinton Company Limited	2	Beneficial owner	170,867,620	55.91%
High Fashion Charitable Foundation Limited	2	Beneficial owner	51,201,840	16.75%

Notes:

- Ms. Leung Shuk Bing is spouse of Mr. Lam Foo Wah and is deemed to have interests in 223,859,361 ordinary shares.
- Such interests have been disclosed as interests of Mr. Lam Foo Wah in the "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.
- The issued share capital of the Company is 305,615,420 shares as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, no person, other than the Directors or Chief Executives, whose interests are set out in the "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" section above, had registered a long or short position in the shares, underlying shares and debentures of the Company that was required to be recorded pursuant to section 336 of the SFO.

Report of the Directors

Share Capital

Details of movements in the Company's share capital during the year, is set out in note 37 to the consolidated financial statements.

No shares of the Company were issued during the year. The Company had no treasury shares.

Share Option Scheme

The Company passed an ordinary resolution at the annual general meeting to adopt 2012 Share Option Scheme for a period of 10 years commencing on the adoption date. The 2012 Share Option Scheme expired on 29 May 2022 and no further option could thereafter be granted. Notwithstanding the expiry of the 2012 Share Option Scheme, the share options which had been granted and not exercised nor lapsed at the date of expiry shall remain valid and exercisable in accordance with the 2012 Share Option Scheme and in all other respects, the provisions of the 2012 Share Option Scheme shall remain in full force and effect.

Following the expiry of the 2012 Share Option Scheme, the Company passed a resolution at the 2022 annual general meeting held on 14 June 2022 to adopt the 2022 Share Option Scheme for the continuation of providing recognition to the contributions or services of eligible participants. Unless otherwise terminated or amended, the 2022 Share Option Scheme will remain in force for 10 years.

The movements in the Company's share options during the year ended 31 December 2025 are disclosed as follows:

				Number of share options				
				As at 1 January 2025	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	As at 31 December 2025
Name of grantees	Date of grant	Exercise price per share HK\$	Exercise period					
Directors								
Lam Gee Yu, Will	3 December 2018	1.76	3 December 2019 to 2 December 2028	1,250,000	–	–	–	1,250,000
			3 December 2020 to 2 December 2028	1,250,000	–	–	–	1,250,000
				2,500,000	–	–	–	2,500,000
Lam Din Yu, Well	3 December 2018	1.76	3 December 2019 to 2 December 2028	1,250,000	–	–	–	1,250,000
			3 December 2020 to 2 December 2028	1,250,000	–	–	–	1,250,000
				2,500,000	–	–	–	2,500,000
Total				5,000,000	–	–	–	5,000,000

Note: The vesting period of the share options is from the date of grant until the commencement of the exercise period.

Save as disclosed above, no share options of the Company was granted, exercised, lapsed or cancelled during the year.

As at the date of this annual report, no share option has been granted under the 2022 Share Option Scheme. The total number of share options available for issue under the 2022 Share Option Scheme is 30,561,542, representing 10% of the issued share capital of the Company. Further information of the Scheme during the year is set out in note 38 to the consolidated financial statements.

Equity-Linked Agreements

Other than the share option scheme of the Company as disclosed above and note 38 to the consolidated financial statements, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

Pre-Emptive Rights

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

Purchase, Sale or Redemption of the Listed Securities of the Company

During the year, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

Related Party Transactions

Significant related party transactions entered into by the Group during the year ended 31 December 2025, which do not constitute connected transactions under the Listing Rules are disclosed in note 46 to the consolidated financial statements.

Management Contracts

No contract for 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.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, there is a sufficiency of public float of the Company's securities as required under the Listing Rules.

Corporate Governance

The Company has applied the principles of, and complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the year ended 31 December 2025.

Environmental, Social and Governance Report

The Environmental, Social and Governance Report of the Company prepared in accordance with Appendix C2 to the Listing Rules will be published on the same date of publication of this annual report.

Report of the Directors

Auditors

The consolidated financial statements for the year ended 31 December 2025 were audited by Deloitte Touche Tohmatsu.

A resolution for the re-appointment of Deloitte Touche Tohmatsu as auditors of the Company and to authorise the Directors to fix their remuneration will be proposed at the 2026 AGM.

ON BEHALF OF THE BOARD

LAM FOO WAH

Chairman

Hong Kong, 23 March 2026

Corporate Governance Report

The board of directors (the “Board” or the “Board of Directors”) and the management of the Company are devoted to pursuing the best corporate governance practices to ensure the effectiveness of the Board with independent, transparent and traceable decision-making processes. Upholding the highest degree of corporate governance standard is an indispensable element for a well-managed organization to (i) maintain a robust risk management and internal control system for improvement of the Group’s performance; (ii) enhance and respect the legitimate interests of the shareholders; and (iii) ensure a long-term sustainable success of the Group. Such practices also align with the corporate cultures and values.

The Company has adopted the corporate governance practices as described in this report to comply with principles of and all the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the year ended 31 December 2025.

Cultures and Values

The Board places a high degree of importance on nurturing corporate culture and values to align with business decision-making and strategies for ensuring sustainable development. The Board ensures that every Board member is familiar with the underlying corporate culture and follows such principles in making various decisions. Company culture and values are also delivered clearly on Employee Handbook and Code of Conduct on Integrity for reference and reinforcement of employees when dealing with external parties. Regular sharing and trainings are provided to the employees for enabling them to get more familiar with the core values of the Company.

Core spirit, culture and values

The culture of “People-oriented and Joyful Mind”, “Put the Needs of Others before Your Own” and “One Heart One Power” is deeply ingrained in the Company’s governance. The Company has established various regulations and policies with strict monitoring systems to promote and embed the cultural values of “morality”, “virtue”, “honest”, “faith”, “integrity”, “lawfulness” and “managing tomorrow” in daily working. The management are responsible in taking the lead for promoting such values and monitoring the effectiveness of the promotion in cultivating future successors.

The Company prioritizes the well-being and growth of its employees and offers a wide range of training opportunities and platforms to continuously enhance employees’ knowledge and skills, allowing them to excel and thrive in their respective fields. The Company also fosters a culture of selflessness, emphasizing the importance of prioritizing the needs of others and fostering unity. Through culture sharing and cultivation, the Company expects the employees to demonstrate self-discipline, prioritize the Company’s interests, and exhibit a selfless dedication to the Company’s success.

Corporate Governance Report

Cultures and Values (Cont'd)

Anti-corruption and Whistleblowing Policy

The Code of Conduct on Integrity outlining the basic disciplinary behaviors that Directors and employees must follow and providing guidance for various situations encountered in the performance of their duties is in place to ensure that the Group's reputation is not compromised by fraud, disloyalty, or corruption. The values of fairness, honesty, and integrity are important culture and business assets for the Group. The relevant policy is updated from time to time to ensure compliance with the latest regulatory updates and regular training is conducted for Directors and employees to enhance their awareness. Clear guidance is also provided in dealing with conflicts of interests and declaration of benefits received from business clients.

The Company's whistleblowing policy encourages employees and business partners to confidentially report any concerns regarding misconduct, policy violations, or fraudulent activities. Complaints can be made to the designated Ethics Team or through an anonymous suggestion box. Internal audit member within the Ethics Team is responsible to investigate these complaints and provide regular updates to the Audit Committee. Suitable disciplinary actions will be imposed to the involved employee. Details of such policy with the Code of Conduct on Integrity are regularly provided to the business partners to raise their awareness with acknowledgement and they are encouraged to declare the conflicts of interests concerned.

Sustainable development with environmental protection and community contribution

Apart from pursuing business excellence, the Company actively fulfills the role of an industry leader through taking the lead in combating climate change and promoting social inclusiveness with establishment of sustainability goals integrated into the business strategy. The Company engages in the research and development of green technology for the use of green raw materials, green manufacturing and green product innovation to embrace and construct the comprehensive fashion circular solution. In addition, the Company promotes the culture of "Put the Needs of Others before Your Own" through initiating various community programmes to provide help to the disadvantaged and contribute to the growth of the society. Details are disclosed in the 2025 Environmental, Social and Governance ("ESG") Report of the Company.

The Board

The Board is accountable for the operating and financial performance of the Group through directing the strategic business management as well as risk management and internal control of the Group. It leads and supervises the senior management in implementation of business strategies with corporate culture and mission, business and corporate accommodation, compensation policies and succession planning, effective governance and corporate social responsibility. The Board also holds overall responsibility for overseeing the Group's ESG strategy and performance and managing sustainability risks and opportunities. Details of the sustainability governance structure are disclosed in the 2025 ESG Report of the Company.

Corporate Governance Report

The Board (Cont'd)

Up to the date of this annual report, the Board comprised a total of eight Directors, including three Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. The names of Directors and their positions are as follows:

Executive Directors:

Mr. Lam Foo Wah (*Chairman*)

Mr. Lam Gee Yu, Will (*Managing Director*)

Mr. Lam Din Yu, Well (*Managing Director (China)*)

Non-executive Directors:

Ms. Leung Wing Man, Mabel

Mr. Lau Yip Shing (*Note*)

Independent Non-executive Directors:

Mr. Chung Kwok Pan

Mr. Tong Hee Keung, Samuel

Mr. Wong Chun Sek, Edmund

Note: Mr. Lau Yip Shing has been re-designated as a Non-executive Director from an Independent Non-executive Director with effect from 15 October 2025.

The current Directors' biographical information including their membership at various Board Committees and relationships among the Directors are set out in the "Biographical Details of Directors and Senior Management" section of this annual report.

An updated list of directors of the Company and their respective roles and functions has been maintained on the websites of the Company and the Stock Exchange.

All Directors have entered letters of appointment with the Company, setting out the terms and conditions of their appointment as well as their obligations. With an appointment term of three years, the Non-executive Directors are subject to the retirement and re-election in accordance with the Bye-laws of the Company.

Pursuant to Rule 3.10A of the Listing Rules, listed issuers should appoint independent non-executive directors representing at least one-third of the Board. As at the date of this annual report, the Board comprises eight Directors, in which the number of Independent Non-executive Directors represents more than one-third of the Board. One of the three Independent Non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise.

Corporate Governance Report

The Board (Cont'd)

Following the retirement of one female director of the subsidiaries, the senior management of the Company was comprised entirely of males as at 31 December 2025. Meanwhile, approximately 34% and 66% of the Company's workforce (excluding senior management) were male and female respectively. A Workforce Diversity Policy has been established to cultivate a diverse and inclusive environment, ensuring that every staff is treated fairly, valued, and has equal access to opportunities and prohibiting discrimination, harassment and unfair treatment. The Group considers that the current gender ratio of workforce is appropriate after considering current business development in the textile and fashion industry. The Group will continue to take opportunities to identify suitable candidates to further increase the female ratio to maintain gender diversity and equality in terms of the whole workforce for the expectation of stakeholders and compliance of relevant regulations if appropriate.

Board Independence

The Board recognizes the importance of Board independence in enhancing the effectiveness and decision-making of the Board by providing objective feedback and raising meaningful enquiries to the management for further discussion. Board independence is ensured through different means and evaluated the implementation of such mechanism regularly.

The Nomination Policy and Board Diversity Policy of the Company clearly set out that the independence requirements under the Listing Rules must be considered in nomination of Independent Non-executive Directors. During the financial year, each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors are independent and none of them holds cross-directorships or has any relationships with other Directors or significant links with other Directors through involvement in other companies or bodies.

In addition, Independent Non-executive Directors are not eligible participants for the 2022 Share Option Scheme of the Company adopted in June 2022 and no share options were granted to the Independent Non-executive Directors under the 2012 Share Option Scheme expired in May 2022. No equity-based remuneration with performance-related elements is allowed so as to eliminate any possibility on conflicts of interests. Information about the remuneration of the Directors is set out in note 9 to the consolidated financial statements.

Furthermore, all Directors are entitled to seek advice from the Group Company Secretary or independent professional advisers at the Company's expense to facilitate proper discharge of their duties, which the relevant provisions are set out in the terms of reference of the Board and Board Committees. Directors are encouraged to express independent opinions during the meetings and Independent Non-executive Directors are arranged to have direct discussions with the Chairman of the Board or the auditors of the Company without the presence of the executives. The Company will conduct the board evaluation in the next financial period to ensure the satisfaction of the Directors on Board independence.

The Board (Cont'd)

Directors' and Officers' Insurance

Appropriate insurance cover on Directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the businesses of the Group. Regular review of the insurance coverage and amount is conducted. During the year, no claims under the insurance policy were made.

Board Meetings

During the year, four regular Board meetings were held for facilitating the function of the Board. The Chairman of the Board (the "Chairman") met with the Independent Non-executive Directors once without the presence of other Directors, which provides a communication channel for the Independent Non-executive Directors to raise any concerns in the aspects of corporate governance, business development or other issues they wish to discuss with the Chairman in the absence of other Directors and the senior management. In any event, all Directors were available for consultation by the management from time to time.

In order to ensure that the Board is able to fulfill its responsibilities, it has established and delegated specific authority to the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee with specific matters as defined in the respective terms of reference. The main duties and meeting details of these Committees are stipulated on pages 31 to 40 of this annual report.

The Company provides at least 14 days' notices of every Board meeting to all Directors. Board papers are circulated not less than 3 days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings.

During the financial year, the Group Finance Director and the Company Secretary attended the regular Board meetings to advise on corporate governance, statutory compliance, accounting and financial matters when necessary. Directors had full access to information on the Group and were able to seek independent professional advice, upon reasonable request and at the expense of the Company, whenever deemed necessary. The Company Secretary prepared minutes and kept records of matters discussed and decisions resolved at all Board meetings.

Corporate Governance Report

The Board (Cont'd)

Directors' attendance records

During the year ended 31 December 2025, details of Directors' attendance at the Board and respective Board Committees meetings and the annual general meeting held on 10 June 2025 (the "2025 AGM") are as follows:

Name of Directors	Meetings Attended/Held					
	Board	Audit Committee (Note 1)	Remuneration Committee	Nomination Committee	Risk Management Committee	2025 AGM (Note 1)
Executive Directors:						
Mr. Lam Foo Wah	2/4	N/A	N/A	2/3	N/A	1/1
Mr. Lam Gee Yu, Will	4/4	N/A	1/1	N/A	1/1	1/1
Mr. Lam Din Yu, Well (Note 4)	3/4	N/A	N/A	2/3	1/1	1/1
Non-executive Directors:						
Ms. Leung Wing Man, Mabel (Note 2)	4/4	N/A	N/A	1/1	1/1	1/1
Mr. Lau Yip Shing (Note 3)	3/4	3/3	N/A	2/3	1/1	1/1
Independent Non-executive Directors:						
Mr. Chung Kwok Pan	4/4	3/3	1/1	3/3	1/1	1/1
Mr. Tong Hee Keung, Samuel	4/4	3/3	N/A	3/3	1/1	1/1
Mr. Wong Chun Sek, Edmund (Note 2)	4/4	3/3	1/1	1/1	1/1	1/1

Notes:

- Representatives of the external auditors participated in every Audit Committee meeting and the 2025 AGM.
- Ms. Leung Wing Man, Mabel and Mr. Wong Chun Sek, Edmund have been appointed as members of Nomination Committee with effect from 26 August 2025.
- Mr. Lau Yip Shing has been re-designated as a Non-executive Director from an Independent Non-executive Director and has resigned as a member of Nomination Committee with effect from 15 October 2025.
- Mr. Lam Din Yu, Well has resigned as a member of the Nomination Committee with effect from 15 October 2025.

Chairman and Chief Executive Officer

Managing Directors assume the roles and responsibilities of a chief executive officer of the Company. The roles of the Chairman and the Managing Directors are complementary but distinct and separate with clear division of delegation and accountabilities under check-and-balance mechanism.

The Board, led by the Chairman, is responsible for promoting corporate culture and visions; directing and monitoring the effectiveness of the Group's overall strategies; approving the financial budget; and monitoring the performance of the Group against targets and objectives. The important roles of the Chairman are to provide leadership to the Board, monitor and evaluate Board effectiveness with consideration of Board diversity and independent views from the Independent Non-executive Directors and encourage all Directors to make a full and active contribution to the Board's affairs. The Chairman ensures that all key and appropriate issues are discussed by the Board in a timely manner. All Directors have been consulted about any matters proposed for inclusion in the agenda. The Chairman has delegated the responsibility for drawing up the agenda for each Board meeting to the Company Secretary. With the support from Executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

Management as led by the Managing Directors, is responsible for implementing the strategies approved by the Board in daily operations. The Managing Directors, working with the other Executive Directors and the management team of each business division, regularly draw up business plans for Board approval and report progress of plan execution to the Board. In addition to scheduled Board and Committee meetings, the Directors are provided with regular updates covering the latest financial and operating performance as well as future development prospects and direction of the Group. All Directors have full and free access to the Group's information to ensure informed decision making and have made full and active contribution to the affairs of the Board.

Board Committees

The Board delegates its powers and authorities from time to time to Committees in order to ensure the operational efficiency and specific issues are being handled by relevant expertise. Four Board Committees have been established and each of them has its specific duties and authorities setting out in its own terms of reference. Written terms of reference, which are in line with the CG Code, of all the Board Committees are available on the website of the Company whereas that of the Audit Committee, the Remuneration Committee and the Nomination Committee are also available on the website of the Stock Exchange. The members of the Board Committees as at the date of this annual report is set out in the "Corporate Information" section of this annual report. The attendance record of members of the Board Committees in 2025 is set out in the "Directors' attendance records" section above.

Each Committee is provided with sufficient resources to perform its duties and where necessary, to seek independent professional advice, at the Company's expense, to perform its responsibility.

Corporate Governance Report

Board Committees (Cont'd)

Audit Committee

As at the date of this annual report, the Audit Committee comprises three Independent Non-executive Directors and one Non-executive Director, at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Audit Committee adopted the terms of reference with reference to the guidelines issued by the Hong Kong Institute of Certified Public Accountants and in accordance with the requirements of the CG Code.

No member of the Audit Committee is a partner or an employee of the auditing firm of the Company, its holding company, its subsidiaries or any of its core connected persons as well as the controlling shareholder of the Company during the two years immediately prior to the date of his appointment.

The main duties of the Audit Committee are set out below:

- (i) to recommend to the Board on the appointment, reappointment and removal of the external auditors, and address any questions of resignation or dismissal of the auditors;
- (ii) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (iii) to develop and implement policy on the engagement of external auditors to supply non-audit services and ensure such engagement would not impair the independence of external auditors;
- (iv) to monitor integrity of financial statements, annual and interim reports of the Company and accounts, and to review significant financial reporting judgements contained in such reports;
- (v) to review the Company's financial controls, internal control and risk management systems;
- (vi) to review and monitor the effectiveness of the internal audit function;
- (vii) to review the Group's financial and accounting policies and practices; and
- (viii) to review arrangements by which employees of the Company can use in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matter.

Board Committees (Cont'd)

Audit Committee (Cont'd)

During the year, the Audit Committee held three regular meetings to:

- (a) review the interim and annual financial reports and consolidated financial statements of the Group;
- (b) review with the external auditors and the management on the audit report issued by the external auditors of the Company covering the audit approach and methodology applied in key audit matters;
- (c) review and endorse the changes in accounting and auditing standards;
- (d) review the significant findings and recommendations from the internal audit department and the external auditors of the Company;
- (e) review and approve the internal audit plan of the Group for 2025;
- (f) review and provide supervision of the Group's financial reporting system;
- (g) evaluate the adequacy and effectiveness of the risk management and internal control systems and internal audit functions; and
- (h) review the independence of the external auditors of the Company, approve the scope and nature of audit and non-audit services and the 2025 audit fee.

Remuneration Committee

As at the date of this annual report, the Remuneration Committee comprises one Executive Director and two Independent Non-executive Directors.

The main duties of the Remuneration Committee are set out below:

- (i) to make recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management;
- (ii) to review the specific remuneration packages of all Executive Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time;
- (iii) to make recommendation to the Board on the remuneration packages of, including benefits in kind, pension rights and compensation payments, of individual Executive Directors and senior management;
- (iv) to make recommendations to the Board on the remuneration of Non-executive Directors; and
- (v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

Corporate Governance Report

Board Committees (Cont'd)

Remuneration Committee (Cont'd)

During the year, the Remuneration Committee performed the followings and held one meeting to:

- (a) review the policy and structure for all Directors' and senior management's remuneration;
- (b) review the remuneration packages of Executive Directors and senior management and make relevant recommendations to the Board after considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; and
- (c) review the Directors' fee of all Directors and make relevant recommendations to the Board.

Remuneration Policy

The Remuneration Committee consulted the Chairman about their proposals relating to remuneration package and other human resources issues of the Directors and senior management of the Company. The emoluments of Directors and senior management are based on the skill, knowledge, time commitment, duties and responsibilities of each Director and senior management and are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions. The salary revisions and bonus distributions to the Group's employees are based on the Group's and individual's performance.

Particulars of Directors' emoluments and employees' emoluments for the year ended 31 December 2025 are set out in note 9 to the consolidated financial statements.

Nomination Committee

As at the date of this annual report, the Nomination Committee comprises one Executive Director, one Non-executive Director and three Independent Non-executive Directors.

The main duties of the Nomination Committee are set out below:

- (i) to review the structure, size and composition (including the skills, knowledge, experience, expertise and diversity of perspectives) of the Board to complement the Company's corporate strategy;
- (ii) to assist the Board in maintain a Board skills matrix;
- (iii) to make recommendations to the Board on the appointment, re-appointment and succession planning of Directors and senior management, based on merits and having due regard to the benefits of diversity of the Board;
- (iv) to assess the independence of Independent Non-executive Directors;
- (v) to conduct regular review on the effectiveness of Board Diversity Policy and Nomination Policy and make relevant recommendations to the Board for any necessary amendments, if appropriate, to achieve Board diversity;
- (vi) to review and assess each Director's time commitment and contribution to the Board regularly;
- (vii) to review and monitor the training and continuous professional development of Directors; and
- (viii) to support the Company's regular evaluation of the Board's performance.

Board Committees (Cont'd)

Nomination Committee (Cont'd)

During the year, the Nomination Committee performed the followings and held three meetings to:

- (a) review the structure, size and composition of the Board;
- (b) assess the independence of the Independent Non-executive Directors;
- (c) make recommendations to the Board in relation to the re-appointment of the retiring Directors at the 2025 AGM;
- (d) review the Board Diversity Policy and Nomination Policy;
- (e) review and make recommendations to the Board on the updates of Terms of Reference of the Nomination Committee;
- (f) make recommendations to the Board on the change of Nomination Committee members; and
- (g) make recommendations to the Board on the re-designation of Mr. Lau Yip Shing from an Independent Non-executive Director to a Non-executive Director.

Nomination Policy

To facilitate the succession planning and refreshment of the Board in the purpose of business development, the Nomination Committee nominates candidates and re-election of Directors on the basis of the Nomination Policy as summarized below:

1. Selection Criteria

The selection of potential candidates is based on the merit and the benefits of diversity on the Board, including but not limited to the following factors:

- (a) Reputation for integrity;
- (b) Diversity in all aspects, including but not limited to gender, age, cultural and educational background, professional experience and length of service;
- (c) Accomplishment and experience in the textile industry and other relevant sectors;
- (d) Commitment in respect of sufficient time, interest and attention to the Company's affairs, taking into account the number of existing listed company directorships and other major appointments;
- (e) Independence criteria as prescribed under Rule 3.13 of the Listing Rules for appointment of an independent non-executive director;
- (f) Capability to make contributions to the Board in achieving success of the Company; and
- (g) Any other factors as may be determined by the Nomination Committee or the Board from time to time.

Corporate Governance Report

Board Committees (Cont'd)

Nomination Committee (Cont'd)

Nomination Policy (Cont'd)

2. **Nomination Procedures**

Appointment of Directors

The Nomination Committee identifies and ascertains the integrity, qualification, experience and expertise of the potential candidates based on the selection criteria. The identified candidate should provide the biographical information and other information under the Listing Rules for the review and verification of the Nomination Committee. If the candidate is considered qualified, a nomination proposal will then be submitted to the Board for their consideration. The Board would appoint the candidate to fill a casual vacancy or as an addition to the Board or recommend the candidates to stand for election at a general meeting after consideration and discussion over the qualification of the candidate.

Re-election of Directors

To consider the recommendation on the re-election of the retiring Directors, the Nomination Committee reviews their biography, meeting attendance, independence, participation in the affairs of the Company and performance against the corporate goals and strategies. The Board will make recommendations to the shareholders of the Company for the re-election of Directors at the general meetings in accordance with the advice of the Nomination Committee.

Review of the Nomination Policy

The Nomination Committee reviews the Nomination Policy from time to time to ensure its effectiveness. Any necessary amendments will be recommended to the Board for consideration and approval.

In accordance with Bye-law 84 of the Bye-laws, every Director shall be subject to retirement by rotation at least once every three years and that one-third (or the number nearest to one-third) of the Directors shall retire from office every year at annual general meeting of the Company and being eligible for re-election. Mr. Lam Foo Wah, Mr. Lam Din Yu, Well and Mr. Lau Yip Shing will retire from office and be eligible to offer themselves for re-election at the annual general meeting of the Company to be held on 9 June 2026 (the "2026 AGM").

All of the above Directors have offered themselves for re-election at the 2026 AGM. The Nomination Committee recommended to the Board on the re-election of the retiring Directors on the basis of the Nomination Policy and Board Diversity Policy. None of the retiring Directors holds more than seven directorships of other companies. Further details will be set out in the circular to shareholders to be dispatched with this annual report.

The re-election of Directors is conducted through a separate resolution and there is no cumulative voting in Director elections. None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Board Committees (Cont'd)

Nomination Committee (Cont'd)

Board Diversity Policy

The Company recognises that increasing diversity at the Board level is an essential element to attain strategic objectives and thus enhance the balance, quality and sustainability of its performance. The Board Diversity Policy highlights the benefits of a diversified Board and a number of factors including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, time commitment, independence requirement for Independent Non-executive Directors under the Listing Rules and other qualities to be considered in designing the composition of the Board. The Company is committed to maintaining an appropriate level of gender ratio for Board appointments. The Board targets to maintain the current level of female representation. The target will be reviewed on an annual basis and from time to time by the Nomination Committee. The Company remains committed to maintaining an appropriate mix of diversity on the Board to support its strategic objectives of fostering diverse and inclusive Board. The Nomination Committee is responsible for the implementation and conducting annual review on this policy.

As at the date of this report, the Board comprises 8 Directors. The table and skills matrix below set out the Board's current skill set mix, highlighting the competencies most relevant to the Company's strategy, governance and business, which enable the Board to effectively discharge its duties and responsibilities for the Group.

Skills and Experience	Relevance to the Company
Executive leadership & strategy/directorship or senior executive experience with other listed company(ies)	- Through the directors' leadership and strategic vision, management and employees are steered and held accountable for executing the Company's strategic objectives, delivering stronger business performance, enhancing the Group's long-term profitability, and maximizing sustainable returns for all stakeholders. - Nurtures future leadership talent to strengthen the Group's management pipeline and supports its long-term development and sustainable growth. - Provides valuable insight into the Company's operations.
Accounting professionals/ financial management expertise	- Supports the Company in optimizing costs, enhancing profitability, and improving the efficiency of investment returns, while promoting financial discipline and sustainable earnings growth. - Oversees prudent financial management and ensures the integrity of the Company's financial reporting.
Strategic Planning & Risk Management	- Identifies key risks to the Company and monitors the effectiveness of risk management frameworks and practices. - Supports the Company in balancing risks and opportunities amid market volatility.

Corporate Governance Report

Board Committees (Cont'd)

Nomination Committee (Cont'd)

Board Diversity Policy (Cont'd)

Skills and Experience	Relevance to the Company
Legal professionals/regulatory & compliance	– Provides strategic guidance on corporate governance, internal policies, contractual matters including purchase, sales and engineering contracts, as well as operational and internal compliance matters affecting the Company's operations. – Supports the Board in fulfilling its compliance oversight responsibilities, including compliance with applicable laws and regulations.
Sustainability	– Sustainability is fundamental to the Company's business, both operationally and strategically. – Supports the development and promotion of green products and green manufacturing R&D, helps attract potential clients, and expands market opportunities.
Related Industry Knowledge/Experience	– Enhances the Board's ability to review operational performance and identify strategic investment opportunities in fashion and textile industry. – Offers valuable insights into global economic trends and the opportunities they present for the Company's growth and competitiveness.

Corporate Governance Report

Board Committees (Cont'd) Nomination Committee (Cont'd)

Board Diversity Policy (Cont'd)

Board Skills Matrix

Structure and Size				Qualifications			Skills and Experience					
Name of Directors	Age	Years on the Board per the letter of appointment	Current years of Appointment <i>(Note 2)</i>	Gender	Educational <i>(Note 3)</i>	Professional <i>(Note 4)</i>	Executive leadership & strategy/ directorship or experience with other listed company(ies)	Accounting professionals/ financial management expertise	Strategic Planning & Risk Management	Legal professionals/ regulatory & compliance	Sustainability	Related Industry Knowledge/ Experience
Executive Directors:												
Mr. Lam Foo Wah	77	35	2	M	c		✓		✓			✓
Mr. Lam Gee Yu, Will	43	12	1	M	b		✓	✓	✓			✓
Mr. Lam Din Yu, Well	41	12	2	M	a		✓		✓		✓	✓
Non-executive Directors:												
Ms. Leung Wing Man, Mabel	53	2	1	F	b	i	✓		✓	✓		
Mr. Lau Yip Shing <i>(Note 1)</i>	64	3	2	M	b		✓		✓	✓		
Independent Non-executive Directors:												
Mr. Chung Kwok Pan	62	7	1	M	b		✓		✓		✓	✓
Mr. Tong Hee Keung, Samuel	69	3	1	M	b		✓	✓	✓	✓		
Mr. Wong Chun Sek, Edmund	41	3	2	M	b	ii	✓	✓	✓	✓		

Notes:

- Mr. Lau Yip Shing has been re-designated from Independent Non-executive Director to Non-executive Director with effect from 15 October 2025.
- Since Directors' last re-election at AGM.
- Educational:
 - Tertiary educated
 - Advanced degree
 - Industry practitioner
- Professional:
 - Qualified solicitor practising in Hong Kong
 - Fellow Certified Public Accountant (Practising) of HKICPA; Fellow Chartered Accountant of Institute of Chartered Accountants in England & Wales; Fellow Chartered Accountant of Institute of Chartered Accountants in Australia and New Zealand; Fellow Chartered Accountant of Association of Chartered Certified Accountants (ACCA); Fellow Chartered Secretary of The Hong Kong Chartered Governance Institute; Fellow Corporate Governance Professional of Chartered Governance Institute; Fellow of The Society of Chinese Accountants and Auditors; Fellow of The Taxation Institute of Hong Kong; Member of The Hong Kong Independent Non-executive Director Association

Corporate Governance Report

Board Committees (Cont'd)

Risk Management Committee

As at the date of this annual report, the Risk Management Committee comprises two Executive Directors, two Non-executive Directors and three Independent Non-executive Directors.

The main duties of the Risk Management Committee are set out below:

- (i) to advise the Audit Committee and the Board on the Group's risk appetite statement(s), risk principles and other risk-related issues;
- (ii) to oversee risk management framework to identify and deal with financial, operational, legal, regulatory, technology, business and strategic, environmental and social risks faced by the Group and amend and supplement this from time to time;
- (iii) to review risk reports and breaches of risk tolerances and policies;
- (iv) to review and assess the effectiveness of the Group's risk control/mitigation tools; and
- (v) to review and oversee the environmental and social sustainable development and strategies, evaluate the adequacy and effectiveness of the Group's sustainability and report to the Board the sustainability risks and opportunities.

During the year, the Risk Management Committee met once to discuss the risk exposure facing the Group in various aspects and the corresponding mitigation measures.

Key risk exposures of the Group identified are set out in the "Management Discussion and Analysis" section on pages 7 to 11 of this annual report and note 40 to the financial statements.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties. Specific terms of reference are set out in the Terms of Reference of the Board of the Company and the relevant duties include the following:

1. to develop and review the Company's policies and practices on corporate governance, if appropriate, raise recommendations;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions.

Confirmation has been sought from all Directors and they have complied with the required standard set out in the Model Code for the year ended 31 December 2025.

The Company has established the written guidelines on no less exacting terms than the Model Code relating to securities transactions for the relevant employees.

Directors’ Continuous Professional Development

Comprehensive orientation packages on the Group’s business and structure, terms of reference of the Board and Board Committees, corporate governance practices and policies, Directors’ rights and duties and updates on applicable laws, rules and regulations are provided for newly appointed Directors.

To keep abreast of the latest industry trends and practices as well as the risks and opportunities facing the Group, the Directors acknowledge the need to update, refresh and enhance their knowledge and skills necessary for making contributions to the Company. During the year, Directors were invited to attend the seminars and conferences conducted by external industry experts on various topics of interests including anti-corruption training, corporate governance regulatory update, preparation of financial statements, continuing disclosure obligations, risk management and internal control, updates of environmental, social and governance (“ESG”) trends, and guidelines and data security. Articles and publication of relevant governance updates are regularly provided to the Directors.

All Directors have participated in continuous professional development (“CPD”) to develop and refresh their skills and knowledge in accordance with Rules 3.09F and 3.09G of the Listing Rules. Their training records are provided and maintained by the Company Secretary for annual review by the Nomination Committee.

Corporate Governance Report

Directors' Continuous Professional Development (Cont'd)

During 2025, CPD training was provided to Directors on the following areas and topics:

Areas	Topics	Mode of Training
Directors' roles/duties	Covering topics relating to integrative thinking, directors' duties under the Listing Rules, nomination committee leadership and new NED requirements, investor expectations of independent directors, integrity management, and regulators' disciplinary trends. All relevant materials were provided by an external institution: The Hong Kong Chartered Governance Institute ("HKCGI").	Reading Materials
Corporate governance/ ESG trends and guidelines	Covering topics relating to corporate governance, board effectiveness and behavioural dynamics, board refreshment and reviews, board meeting effectiveness, corporate culture, strategic board design, ESG practices and disclosure, sustainability reporting and governance, climate strategy and scenario analysis, greenhouse gas emissions accounting, investor expectations in sustainability reporting, ethics and assurance in sustainability reporting, recent sustainability disclosure developments in Hong Kong, gender diversity, and anti-corruption. All relevant materials were provided by external institutions including Hong Kong Exchanges and Clearing Limited ("HKEX"), The Chartered Governance Institute UK & Ireland, University of Exeter Business School, Henley Business School, HKCGI, The Hong Kong Institute of Directors ("HKIoD"), Ernst & Young, Asia-Pacific ESG Strategy Research Institute, PricewaterhouseCoopers, The Hong Kong Institute of Certified Public Accountants ("HKICPA") and INTAD Limited.	Reading Materials, Seminars and Webinars
Legislative/regulatory compliance	Covering topics relating to the Corporate Governance Code and related Listing Rules, paperless listing regime developments, listing regulation and enforcement, public float requirements, continuing obligations of listed companies, updates on the Corporate Governance Code and Listing Rules, legal and regulatory developments, annual corporate regulatory updates, share buybacks and treasury shares, governance and compliance priorities for directors, anti-corruption under ESG, and Hong Kong's virtual assets regulatory framework. All relevant materials were provided by external institutions including HKEX, HKCGI, Slaughter and May and INTAD Limited.	Reading Materials

Corporate Governance Report

Directors' Continuous Professional Development (Cont'd)

Areas	Topics	Mode of Training
Financial reporting/ Risk management	Covering topics relating to sustainability-related financial disclosures, review and preparation of annual reports, corporate governance requirements on risk management and internal control systems, and third-party risk management. All relevant materials were provided by external institutions including The Hong Kong Quality Assurance Agency, HKEX and HKCGI.	Reading Materials
Industry trends/ Group's businesses	Covering topics relating to Renminbi liquidity support and offshore market development, as well as developments and market trends in Hong Kong's clothing and fashion industry. All relevant materials were provided by external institutions including Hong Kong Monetary Authority and Hong Kong Trade and Development Council Research.	Reading Materials
Digital/Information technology	Covering topics relating to cybersecurity legislation and artificial intelligence. All relevant materials were provided by external institutions including HKCGI and HKIoD.	Reading Materials

Corporate Governance Report

Directors' Continuous Professional Development (Cont'd)

Based on the details so provided, the CPD training undertaken by the Directors during the year is summarised as follows:

Name of Directors	Areas						Approximate number of hours of CPD training completed in 2025 <i>(Note 3)</i>
	Directors' roles/duties	Corporate governance/ ESG trends and guidelines	Legislative/ regulatory compliance	Financial reporting/ risk management	Industry trends/ Group's businesses	Digital/ Information technology	
Executive Directors:							
Mr. Lam Foo Wah	✓	✓	✓	✓	✓	✓	>40 hours
Mr. Lam Gee Yu, Will	✓	✓	✓	✓	✓	✓	>40 hours
Mr. Lam Din Yu, Well	✓	✓	✓	✓	✓	✓	>40 hours
Non-executive Directors:							
Ms. Leung Wing Man, Mabel <i>(Note 2)</i>	✓	✓	✓	✓	✓	✓	>40 hours
Mr. Lau Yip Shing <i>(Note 1)</i>	✓	✓	✓	✓	✓	✓	>40 hours
Independent Non-executive Directors:							
Mr. Chung Kwok Pan	✓	✓	✓	✓	✓	✓	>40 hours
Mr. Tong Hee Keung, Samuel	✓	✓	✓	✓	✓	✓	>40 hours
Mr. Wong Chun Sek, Edmund	✓	✓	✓	✓	✓	✓	>40 hours

Notes:

1. Mr. Lau Yip Shing has been re-designated as a Non-executive Director from Independent Non-executive Director with effect from 15 October 2025.
2. Ms. Leung Wing Man, Mabel, being a first-time director, has completed no less than 24 hours of CPD within 18 months from the date of her appointment in accordance with Rule 3.09H of the Listing Rules.
3. The total training hours include over 40 hours of reading materials, over 3 hours of webinars and 2 hours of seminars.

Corporate Governance Report

Time Commitment and Contribution of Directors

The Directors have shown a strong dedication to Board matters and fully understand the importance of devoting adequate time to their responsibilities. The directors have made certain confirmations and disclosures about their other commitments.

Sufficient time and attention

For the year ended 31 December 2025, the Directors actively participated in the Board meetings and Board Committee meetings. All Directors attended the 2025 AGM to answer the questions of the shareholders of the Company.

Other offices and commitments

The Directors provide disclosures to the Company twice a year regarding the number, identity, and nature of offices they hold in Hong Kong or overseas listed public companies and organizations, along with details of their other significant commitments. Details of the other offices and commitments of each director are set out in the “Biographical Details of Directors and Senior Management” section of this annual report.

Accountability and Audit

Financial Reporting

The Directors acknowledge their responsibility for overseeing, with support from the Finance Department, the preparation of the consolidated financial statements of the Group.

The Directors are responsible for ensuring that the financial statements were prepared on a “going concern” basis and give a true and fair view of the state of affairs of the consolidated financial position of the Group in accordance with the applicable laws and regulations. In preparing the accounts for the year ended 31 December 2025, the Directors believe that they have selected appropriate accounting policies which are applied in consistency, made judgments and estimates that are prudent and reasonable, and ensured the financial statements are prepared on a “going concern” basis.

The final and interim results of the Company are announced in a timely manner within the limits of three months and two months respectively after the end of the relevant year or period.

A statement by the Auditors of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the “Independent Auditor’s Report” section on pages 53 to 57 of this annual report.

External Auditors

The Group has engaged Deloitte Touche Tohmatsu to perform audit services for the year ended 31 December 2025. The Group paid or payable to Deloitte Touche Tohmatsu in respect of audit services fee and non-audit services fee (including interim review, reporting and tax services) amounted to approximately HK\$3,036,000 and HK\$340,200 respectively.

Corporate Governance Report

Accountability and Audit (Cont'd)

Risk Management

The Board has overall responsibility for maintaining a sound and effective risk management and internal control system (including those for ESG-related risks) and reviewing its effectiveness to safeguard the interests of the shareholders and the Group's assets. The Board is committed to the identification, management and monitoring the nature and extent of risks associated with its business activities and strategic objectives. The Board carries out annual review on the risk management system on the advice of the Risk Management Committee.

Annual review of the Group's risk management covering major operational, financial, business, information system, human resources, ESG and compliance controls of different systems and has been done on a systematic and on-going basis based on the risk assessments of the operations and controls for the year ended 31 December 2025. The adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions is ensured. No major issue but areas for improvement have been identified during the year. The Board, the Audit Committee and the Risk Management Committee considered that the present risk management controls of the Group are reasonably implemented and effective.

In addition, up to the date of approval of the Company's 2025 Annual Report based on the respective assessments made by the management and also taking into account the results of the audit conducted by the external auditors, the Audit Committee and the Directors considered that:

- (i) the risk management and accounting systems of the Group are designed to provide reasonable but not absolute assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with the management's authorization and the financial statements are reliable for publication;
- (ii) the risk management systems of the Group have been implemented with room for improvement and the Group internal audit department has actively conducted follow-up audit for any improvements which were identified; and
- (iii) there is an on-going process in place for identifying, evaluating and managing significant risks faced by the Group.

Internal Control

The Board conducts reviews of the effectiveness of the internal control system for the year ended 31 December 2025 covering all material controls, including financial, operational and compliance controls and risk management functions by considering reviews performed by the Risk Management Committee, Audit Committee, executive management and both the Group internal audit department and external auditors. The Group's system of internal control comprises a defined management structure with limits of authority, is designed to help the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations.

The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

Accountability and Audit (Cont'd)

Internal Control (Cont'd)

The criteria for the Board to assess the effectiveness of the system of internal control are listed below:

(i) Organisational Structure

An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been already established.

(ii) Authority and Control

The relevant Executive Directors and the senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments. The Board is responsible for handling and dissemination of inside information through discussion and delegation of authority to the Company Secretary.

(iii) Budgetary Control and Financial Reporting

Budgets are prepared annually by the senior management and are subject to review and approval of the Executive Directors prior to being adopted. There are procedures for the appraisal, review and approval of major capital and recurrent expenditure. Results of operations against budgets are reported regularly to the Executive Directors. Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of consolidated financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

(iv) Systems and Procedures

Systems and procedures are set to identify, measure, manage and control risks including business, compliance, operational, financial and information services risks that may have an impact on the Group and each principal division. Exposure to these risks is monitored by the Executive Directors and the management of the respective principal divisions.

(v) Internal Audit

The Group internal audit department performs independent reviews of the controls and risks identified to provide reasonable assurance to the management of the Group and principal divisions and the Audit Committee that controls have been set in place and adequately addressed.

Corporate Governance Report

Accountability and Audit (Cont'd)

Internal Control (Cont'd)

The Group internal audit department monitors compliance with policies and procedures as well as the effectiveness of internal control structures across the Company and the Group. The effectiveness of internal control system is reviewed annually. To preserve the independence of the Group internal audit department, the Group internal audit department reports directly to the Audit Committee. The Group internal audit department plans its internal audit schedules annually in consultation with, but independent of, the management of the Group and the principal divisions. In addition to its agreed annual schedule of work, the Group internal audit department conducts other special reviews as required. As a key criterion of assessing the effectiveness of the internal control system, the Board and the Audit Committee actively monitor the number and seriousness of findings raised by the Group internal audit department and also the corrective actions taken by relevant departments.

According to the 2025 internal audit reports, the Group's internal control system was functioning effectively and there was no significant weakness found in the course of the audits carried out during the year. The Board, through the Audit Committee and the internal audit function, reviewed the effectiveness of the Group's internal control system and is of the view that there were no suspected frauds, irregularities, internal control deficiencies or suspected infringement of laws, rules and regulations that caused the Board to believe that the systems were ineffective or inadequate. The Board is satisfied that the Company and the Group have fully complied with the code provisions on internal control as set forth in the CG Code for the year ended 31 December 2025.

Procedures and internal controls for the handling and dissemination of inside information

The Company has adopted the Corporate Disclosure Policy which provides guidance to the Directors and employees on the procedures for effectively identifying and evaluating any potential inside information or transaction to ensure that such information is promptly and fairly disseminated to the public in accordance with relevant laws and regulations.

The Group complies with the requirements of the Securities and Futures Ordinance and the Listing Rules in the disclosure of inside information to the public as soon as reasonably practicable unless it is exempted under the Information Disclosure Provisions. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. Where the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group ensures that the information contained in an announcement be accurate and complete in all material respects and not be misleading or deceptive, and there are no omissions that would make the information misleading. The information would be presented in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

Dividend Policy

The dividend policy of the Company allows shareholders of the Company to participate in its profits whilst preserving adequate reserves and liquidity for the Company's future development.

The Board would consider the following factors before recommendation or declaration of dividends:

- (a) the actual and expected financial performance of the Group;
- (b) the working capital requirements for future business needs and expansion plans of the Group;
- (c) the liquidity position of the Group;
- (d) the retained earnings and distributable reserves of the Group;
- (e) general economic conditions and other internal and external factors which may have an impact on the financial and business performance of the Group; and
- (f) any other factors that the Board deems relevant.

The Board is at its discretion to declare interim dividends. The recommendation of final dividends is subject to the approval of shareholders at general meetings of the Company. The payment of dividends is subject to the restrictions under the Memorandum of Association and Bye-laws of the Company and other applicable laws. Dividends may be distributed in cash or be satisfied wholly or partly in the form of securities of the Company pursuant to the Bye-laws. It is confirmed that all decisions made by the Board were made in accordance with the Dividend Policy of the Company.

The Board will review the policy from time to time and has absolute and sole discretion to update, amend or modify the policy.

Company Secretary

Ms. Cheuk Chui King ("Ms. Cheuk"), the Company Secretary and Group Finance Director, is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman and is responsible for ensuring that Board procedures and all applicable rules and regulations are followed as well as bridging the information flows and communications among all Directors, the management and shareholders. For the year ended 31 December 2025, Ms. Cheuk has complied with Rule 3.29 of the Listing Rules by taking required hours of relevant professional training.

Constitutional Documents

During the year, there was no change in the Company's constitutional documents.

Corporate Governance Report

Communication with Shareholders

The Board recognises the importance of communication with our shareholders to facilitate their understanding of the Group's prospects and business. The Shareholders Communication Policy sets out the Company's processes to provide shareholders and investment public with equal and timely information on the Company for them to make informed assessments of the Company's strategy, operations and financial performance.

In 2025, the Company holds the 2025 AGM to directly communicate with the shareholders in which the general public shareholders participated in the meeting. The Company also provided various corporate communications to the shareholders through direct copies or the websites of the Company and the Stock Exchange.

General Meeting

Holding general meetings is a means to establish constructive dialogue with shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meeting in person. The process of the Company's general meeting will be reviewed from time to time to ensure the compliance with the relevant requirements of the Listing Rules and the relevant legislations.

At the 2025 AGM held:

- (i) a separate resolution was proposed by the Chairman of that meeting in respect of each separate issue, including the re-election of Directors.
- (ii) the Chairmen of the Board and respective Committees as well as the Committee members and key executives of the Company, attended the 2025 AGM to address shareholders' queries.
- (iii) external auditors attended the 2025 AGM and were available to assist the Directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of its auditor's report.
- (iv) all resolutions were voted by poll according to Rule 13.39(4) of the Listing Rules and Bye-law 66 of the Bye-laws of the Company. Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office, was engaged as scrutineer to ensure the votes were properly counted.

The poll results of the 2025 AGM are available on the websites of the Stock Exchange and the Company. The Company took consideration of the views and concerns of the shareholders in the future strategic planning and decision making.

The 2026 AGM will be held at 11/F, High Fashion Centre, 1-11 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong on Tuesday, 9 June 2026 at 11:00 a.m. All the proposed resolutions will be voted by poll pursuant to the Listing Rules. Notice of the 2026 AGM, which constitutes part of a circular to shareholders, will be dispatched together with this annual report and the proxy form. The poll results of the 2026 AGM will be published on the websites of the Stock Exchange and the Company shortly after the conclusion of the 2026 AGM.

Communication With Shareholders (Cont'd)

Shareholders' Rights

Procedures for shareholders convening meetings

The Company holds a general meeting as its annual general meeting every year. Each general meeting, other than annual general meeting, shall be called a special general meeting ("SGM").

Pursuant to Bye-law 58 of the Bye-laws, shareholder(s) of the Company holding at the date of the 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 Company Secretary, to require a SGM to be called by the Board for the transaction of any business specified in such requisition. The written requisition must be deposited at the Company's head office and principal place of business in Hong Kong, for the attention of the Company Secretary.

Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the Bermuda Companies Act 1981.

Procedures for shareholders putting forward proposals

Pursuant to the Bermuda Companies Act 1981, shareholder(s) of the Company representing not less than one-twentieth of the total voting rights at the date of the requisition or not less than 100 shareholders may put forward a proposal at general meeting, by sending a written requisition to the Board at the Company's head office and principal place of business in Hong Kong. The proposal should be stated in the written requisition and such written requisition should be submitted as early as practicable to enable the Company to make necessary arrangement (in case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and in case of any other requisition, not less than one week before the meeting).

Procedures for shareholders nominating Directors

Pursuant to Bye-law 85 of the Bye-laws, any shareholder, shall at all times have the right, to propose a person other than a retiring Director of the Company for election as a Director at a general meeting of the Company. The Company's procedures for shareholders to propose a person for election as a Director are available on the Company's website.

Corporate Governance Report

Communication With Shareholders (Cont'd)

Investor Relations

The Company has adopted and regularly reviews Shareholders Communication Policy to ensure that the views and concerns raised by the shareholders are properly addressed. The Company has established different communication channels with shareholders and investors: (i) shareholders can receive printed or electronic copies of corporate information and correspondence; (ii) the general meeting provides a forum for shareholders to raise comments and exchange views with the Board, (iii) the Company's website offers communication channel between the Company and its shareholders and investors; (iv) the Company's Hong Kong branch share registrar and transfer office serve the shareholders respecting all share registration matters; and (v) investor/analysts briefings and media interviews and marketing activities for investors will be available where necessary to facilitate communication between the Company and the investment public.

The Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy and it is satisfied that the policy implemented during the year is effective with multiple communication channels in place. The Shareholders Communication Policy is reviewed annually by the Board to ensure its effectiveness and amendments shall be adopted if appropriate.

Shareholders may also send their enquiries in writing to the Company's head office and principal place of business in Hong Kong by email to compsec@highfashion.com.hk for the attention of the Company Secretary.

Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents, together with the latest corporate information are also made available on the Company's website. The corporate information and shareholders & investor relation information is set out on pages 133 to 134 of this annual report.

Independent Auditor's Report

Deloitte.

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TO THE MEMBERS OF HIGH FASHION INTERNATIONAL LIMITED

達利國際集團有限公司

(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of High Fashion International Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 58 to 130, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's Report

TO THE MEMBERS OF HIGH FASHION INTERNATIONAL LIMITED (Cont'd)

達利國際集團有限公司

(incorporated in Bermuda with limited liability)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgment and estimates associated with determining the fair value. The Group's investment properties portfolio comprises office properties, retail premises and commercial complex. The carrying value of the Group's investment properties amounted to HK\$3,362,504,000 as at 31 December 2025. The net increase in fair value recognised in profit or loss in respect of these investment properties was HK\$39,470,000 for the year ended 31 December 2025, as disclosed in Note 7 to the consolidated financial statements. All of the Group's investment properties are measured using the fair value model based on valuations performed by independent qualified professional valuers (the "Valuers"). As disclosed in Notes 4 and 17 to the consolidated financial statements, in determining the fair value, the Valuers have applied a market value basis that involves, inter-alia, certain estimates, including comparable market transaction prices, development costs and appropriate capitalisation rates.	Our procedures in relation to valuation of investment properties as at year end date included: - evaluating the competence, capabilities, and objectivity of the Valuers and obtaining an understanding of the Valuers' scope of work and their terms of engagement; - evaluating the appropriateness of the valuation methodology and the reasonableness of the key estimates such as comparable market transaction prices, development costs and appropriate capitalisation rates used in the valuation models based on market data with the involvement of our internal valuation expert, on a sampling basis; and - assessing the adequacy of the disclosures of the fair value measurement of investment properties including the fair value measurement hierarchy, the valuation technique and significant unobservable inputs in the consolidated financial statements.

Independent Auditor's Report

TO THE MEMBERS OF HIGH FASHION INTERNATIONAL LIMITED (Cont'd)

達利國際集團有限公司

(incorporated in Bermuda with limited liability)

Other Information

The directors of the Company 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 auditor's report thereon.

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

TO THE MEMBERS OF HIGH FASHION INTERNATIONAL LIMITED (Cont'd)

達利國際集團有限公司

(incorporated in Bermuda with limited liability)

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

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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

TO THE MEMBERS OF HIGH FASHION INTERNATIONAL LIMITED (Cont'd)

達利國際集團有限公司

(incorporated in Bermuda with limited liability)

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

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.

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

The engagement partner on the audit resulting in the independent auditor's report is CHAN, Tsz Wai (practicing certificate number: P06136).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

23 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
Revenue			
Goods and services		3,002,707	3,219,982
Rental		61,709	116,850
Total revenue	5	3,064,416	3,336,832
Cost of sales and services		(2,518,522)	(2,691,147)
Gross profit		545,894	645,685
Other income		17,488	34,677
Other gains and losses, net	7	44,213	(6,412)
Reversal of impairment losses under expected credit loss ("ECL") model, net	40	127	135
Administrative expenses		(283,274)	(285,974)
Selling and distribution expenses		(215,901)	(202,430)
Finance costs	8	(51,430)	(72,909)
Profit before taxation		57,117	112,772
Income tax credit (expense)	10	11,324	(16,845)
Profit for the year	11	68,441	95,927
Other comprehensive income (expense)	12		
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation of financial statements to presentation currency		85,412	(46,778)
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI")		(5,028)	(5,000)
		80,384	(51,778)
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations		1,131	2
Other comprehensive income (expense) for the year, net of tax		81,515	(51,776)
Total comprehensive income for the year		149,956	44,151
Profit (loss) for the year attributable to:			
Owners of the Company		69,771	91,681
Non-controlling interests		(1,330)	4,246
		68,441	95,927
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		151,286	39,905
Non-controlling interests		(1,330)	4,246
		149,956	44,151
Earnings per share	14		
Basic		HK\$0.23	HK\$0.30
Diluted		HK\$0.23	HK\$0.30

Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	15	686,203	481,401
Right-of-use assets	16	52,930	47,978
Investment properties	17	3,362,504	3,401,188
Interests in joint ventures	18	7,552	7,557
Interest in an associate	19	22,188	21,624
Equity instruments at FVTOCI		588	5,616
Deferred tax assets	20	12,582	12,756
Other non-current assets	21	35,988	34,802
Long-term bank deposits	28	5,547	–
		4,186,082	4,012,922
Current assets			
Inventories	22	530,763	497,911
Properties held for sale	23	387,637	208,834
Trade receivables	24	666,140	647,083
Deposits, prepayments and other receivables	25	230,191	213,127
Amounts due from joint ventures	26	–	5,395
Derivative financial instruments		1,322	–
Financial assets at fair value through profit or loss (“FVTPL”)	27	74,451	25,652
Short-term bank deposits and balances	28	231,031	234,480
Cash and cash equivalents	29	368,387	333,643
		2,489,922	2,166,125
Current liabilities			
Trade payables	30	776,438	675,878
Other payables and accruals	31	178,925	233,147
Lease liabilities	32	1,778	4,072
Amount due to an associate	33	691	691
Contract liabilities	34	183,632	101,054
Tax payable		27,558	53,847
Derivative financial instruments		70	3,749
Bank borrowings	35	918,021	763,863
		2,087,113	1,836,301
Net current assets		402,809	329,824
Total assets less current liabilities		4,588,891	4,342,746

Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Deferred tax liabilities	20	346,163	335,346
Bank borrowings	35	913,024	836,065
Lease liabilities	32	9,269	1,862
Provision for long service payments	36	2,994	2,994
Deferred income		5,485	5,687
Other liabilities	42	79,497	69,734
		1,356,432	1,251,688
Net assets		3,232,459	3,091,058
Capital and reserves			
Share capital	37	30,562	30,562
Share premium and reserves		3,226,413	3,085,823
Equity attributable to owners of the Company		3,256,975	3,116,385
Non-controlling interests		(24,516)	(25,327)
Total equity		3,232,459	3,091,058

The consolidated financial statements on pages 58 to 130 were approved and authorised for issue by the Board of Directors on 23 March 2026 and are signed on its behalf by:

LAM GEE YU, WILL
DIRECTOR

LAM DIN YU, WELL
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company										Attributable to non-controlling interests	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Reserve funds (note i) HK\$'000	Property revaluation reserve HK\$'000 (note ii)	FVTOCI reserve HK\$'000	Capital redemption reserve HK\$'000	Share options HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	
At 1 January 2024	30,562	287,656	55,736	113,381	438,396	10,093	8,511	1,914	39,853	2,137,748	3,123,850	3,094,277
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	91,681	91,681	95,927
Exchange differences arising on translation of financial statements to presentation currency	-	-	(46,778)	-	-	-	-	-	-	-	(46,778)	(46,778)
Fair value loss on equity instruments at FVTOCI	-	-	-	-	-	(5,000)	-	-	-	-	(5,000)	(5,000)
Exchange differences arising on translation of financial statements of foreign operations	-	-	2	-	-	-	-	-	-	-	2	2
Other comprehensive (expense) income for the year	-	-	(46,776)	-	-	(5,000)	-	-	-	-	(51,776)	(51,776)
Total comprehensive (expense) income for the year	-	-	(46,776)	-	-	(5,000)	-	-	-	91,681	39,905	44,151
Transfer to reserve funds	-	-	-	11,188	-	-	-	-	-	(11,188)	-	-
Dividends declared and paid in cash (Note 13)	-	-	-	-	-	-	-	-	-	(47,370)	(47,370)	(47,370)
At 31 December 2024	30,562	287,656	8,960	124,569	438,396	5,093	8,511	1,914	39,853	2,170,871	3,116,385	3,091,058

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company											Attributable to non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Reserve funds	Property revaluation reserve	FVTOCI reserve	Capital redemption reserve	Share options reserve	Other reserve	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2025	30,562	287,656	8,960	124,569	438,396	5,093	8,511	1,914	39,853	2,170,871	3,116,385	(25,327)	3,091,058
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	69,771	69,771	(1,330)	68,441
Exchange differences arising on translation of financial statements to presentation currency	-	-	85,412	-	-	-	-	-	-	-	85,412	-	85,412
Fair value loss on equity instruments at FVTOCI	-	-	-	-	-	(5,028)	-	-	-	-	(5,028)	-	(5,028)
Exchange differences arising on translation of financial statements of foreign operations	-	-	1,131	-	-	-	-	-	-	-	1,131	-	1,131
Other comprehensive income (expense) for the year	-	-	86,543	-	-	(5,028)	-	-	-	-	81,515	-	81,515
Total comprehensive income (expense) for the year	-	-	86,543	-	-	(5,028)	-	-	-	69,771	151,286	(1,330)	149,956
Transfer to reserve funds	-	-	-	8,193	-	-	-	-	-	(8,193)	-	-	-
Dividends declared and paid in cash (Note 13)	-	-	-	-	-	-	-	-	-	(10,696)	(10,696)	-	(10,696)
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	2,141	2,141
At 31 December 2025	30,562	287,656	95,503	132,762	438,396	65	8,511	1,914	39,853	2,221,753	3,256,975	(24,516)	3,232,459

Notes:

- As stipulated by the relevant laws and regulations of the mainland of the People's Republic of China (the "Mainland China"), before distribution of the profit each year, the subsidiaries established in the Mainland China with limited liability shall set aside 10% of their net profit to the statutory surplus reserve. The statutory surplus reserve can only be used upon approval by the board of directors of the relevant subsidiaries and by the relevant authority, to offset accumulated losses or increase capital.
- Property revaluation reserve represents the revaluation reserve arising upon the transfer of owner-occupied property and right-of-use assets to investment property, net of deferred tax. The property revaluation reserve will be transferred to retained profits when the relevant properties are disposed of.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	57,117	112,772
Adjustments for:		
Depreciation of property, plant and equipment	73,519	60,066
Depreciation of right-of-use assets	6,452	5,812
Fair value change of derivative financial instruments	(8,408)	(2,253)
Fair value change of financial assets at FVTPL	(1,186)	(437)
Finance costs	51,430	72,909
Interest income	(8,103)	(12,977)
Loss on disposal of property, plant and equipment, net	1,716	1,489
Net (increase) decrease in fair value of investment properties	(39,470)	7,359
Reversal of impairment losses under expected credit loss model, net	(127)	(135)
Operating cash flows before movements in working capital	132,940	244,605
Increase in inventories	(9,792)	(69,717)
Increase in properties held for sale	(102,859)	(52,941)
Decrease (increase) in trade receivables	6,839	(20,310)
(Increase) decrease in deposits, prepayments and other receivables	(10,848)	3,204
Increase (decrease) in trade payables	9,844	(2,945)
Decrease in other payables and accruals	(58,488)	(106,113)
Increase in contract liabilities	79,937	10,849
Decrease in provision for long service payments	-	(80)
Increase (decrease) in other liabilities	8,005	(54)
Decrease in deferred income	(316)	(1,282)
Net cash generated from operations	55,262	5,216
Hong Kong and Mainland China Profits Tax paid	(7,079)	(9,468)
Mainland China withholding tax paid	(1,083)	(11,002)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	47,100	(15,254)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(94,148)	(94,766)
Purchases of financial assets at FVTPL	(58,520)	(20,198)
Additions to investment properties	(53,867)	(39,126)
New short-term bank deposits and balances placed	(48,712)	(184,925)
Withdrawal of short-term bank deposits and balances	58,906	54,406
Proceeds on disposal of property, plant and equipment	10,678	2,427
Redemption of financial assets at FVTPL	10,103	243,628
Interests received	8,103	12,318
Settlement of derivative financial instruments	3,407	3,087
Additional investment in an associate	–	(21,624)
NET CASH USED IN INVESTING ACTIVITIES	(164,050)	(44,773)
FINANCING ACTIVITIES		
New bank borrowings raised	1,224,978	1,995,580
Repayment of bank borrowings	(1,015,940)	(2,022,633)
Interests paid	(51,430)	(76,756)
Dividends paid by the Company	(10,696)	(47,370)
Repayment of lease liabilities	(4,945)	(4,252)
Contributions from non-controlling interests	2,141	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	144,108	(155,431)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,158	(215,458)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	333,643	557,722
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	7,586	(8,621)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, Bank balances and cash	368,387	333,643

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. General

High Fashion International Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed on page 133 to the annual report.

At 31 December 2025, Hinton Company Limited (55.91%) and High Fashion Charitable Foundation Limited (16.75%), companies ultimately owned by Mr. Lam Foo Wah (“Mr. Lam”), the Chairman of the Company, and Mr. Lam (0.59%), collectively own 73.25% of ordinary shares of the Company and collectively hold the same percentage of the voting rights of the Company. Accordingly, Mr. Lam is considered as the ultimate controlling party of the Company. In opinion of the directors of the Company, Hinton Company Limited, a company incorporated in the British Virgin Islands (“BVI”), is considered as immediate and ultimate holding company of the Company.

The functional currency of the Company is Renminbi (“RMB”), the currency of the primary economic environment in which its major subsidiaries operate. For the purpose of the preparation of consolidated financial statements and convenience of the financial statements users, the consolidated results and financial position of the Company and its subsidiaries (the “Group”) are presented in Hong Kong dollars (“HK\$”).

The Company acts as investment holding company. The principal activities of the Group are the manufacture and trading of garments and related products, as well as property investment and development.

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 a HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Translation to a Hyperinflation Presentation Currency
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The application of the amendments to a HKFRS Accounting Standard 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 (Cont'd)

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

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other 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. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and disclosures in the future consolidated financial statements. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. 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 ("Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by 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.

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in notes 6 and 34.

Leases

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

The Group as a lessee

Right-of-use assets

The cost of right-of-use assets mainly includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, and
- any initial direct costs incurred by the Group.

Except for those that are classified as investment properties and measured under fair value model, 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 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 that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventory are presented within "investment properties" and "properties held for sale" respectively.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease and is presented in "Revenue" on the consolidated statement of profit or loss and other comprehensive income when it is derived from the Group's ordinary course of business.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Leases (Cont'd)

The Group as a lessor (Cont'd)

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

If a property becomes an owner-occupied property because its use has been changed as evidenced by commencement of owner-occupation, the fair value of the property at the date of change in use is considered as the deemed cost for subsequent accounting.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties 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 and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Property, plant and equipment (Cont'd)

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 is presented as “right-of-use assets” in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. 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.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) 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.

Financial instruments

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

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 *Revenue from Contracts with Customers* (“HKFRS 15”).

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

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 marketplace 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 of the Group 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.

Other financial assets of the Group are subsequently measured at FVTPL, except that at 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; or
- 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 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

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Classification and subsequent measurement of financial assets (Cont'd)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. 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.

(ii) 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 includes any dividend or interest earned on the financial asset and is included in the “other gains and losses, net” line item.

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade receivables, deposits and other receivables, amounts due from joint ventures, long-term bank deposits, short-term bank deposits and balances and bank balances) and lease receivables which are subject to impairment assessment under HKFRS 9. 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. Assessments are 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 both the current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade and lease receivables. The ECL on trade and lease receivables, which are not credit-impaired, are grouped by internal credit rating and are assessed collectively while individually for those which are credit impaired.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9 (Cont'd)

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, obtained from economic expert reports, financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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.

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.

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 that demonstrates that a more lagging default criteria is more appropriate.

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

- (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; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9 (Cont'd)

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. Any subsequent recoveries are recognised in profit or loss.

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. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

For collective assessment, the Group takes into consideration the past-due status when formulating the grouping.

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 receivables, where the corresponding adjustment is recognised through a loss allowance account.

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.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity (Cont'd)

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 Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables, amount due to an associate and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

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 immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Otherwise, it is presented as current assets or current liabilities.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

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 at 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. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. 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 foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "translation reserve" (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in RMB to the Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits as an expense expected to be paid as and when employees have rendered service entitling them to the contributions 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 and annual leave) after deducting any amount already paid.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Retirement benefit costs

Payments to defined contribution retirement benefit plans (including payments to the Mandatory Provident Fund Schemes and state-managed retirement benefit schemes) are recognised as an expense when employees have rendered service entitling them to the contributions.

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. 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 profits.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in an associate and joint ventures, 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 assets 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.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Taxation (Cont'd)

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 they relate 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.

Research expenses

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Cash and cash equivalents

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

- (a) cash, which comprises of cash in hand and deposits held at call with banks; and
- (b) cash equivalents, which comprises of other short-term (generally with original maturities 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.

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, including costs to be incurred in marketing, selling and distribution.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policy Information (Cont'd)

3.2 Material accounting policy information (Cont'd)

Properties held for sale

Properties for/under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties for/under development/properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. 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, including costs to be incurred in marketing, selling and distribution.

Investment in an associate and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of the associate and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred taxes arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that the Group's investment properties in Hong Kong are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time (rather than through sale) while those in Mainland China are to recover their carrying amounts through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have rebutted and not rebutted the presumptions that the carrying amounts of investment properties in Hong Kong and Mainland China, respectively, measured using the fair value model are recovered entirely through sale. As a result, the Group has recognised deferred taxes on changes in fair value of investment properties both in Mainland China and Hong Kong during the year to reflect the tax consequences through consuming the inherent economic benefits through use.

Significant influence over Hangzhou Huanyu Technology Co., Ltd. ("Hangzhou Huanyu")

Note 19 describes that Hangzhou Huanyu is an associate of the Group although the Group has 12.13% ownership interest and 20% voting power in Hangzhou Huanyu. The directors of the Company assessed whether the Group has control over Hangzhou Huanyu based on whether the Group has the practical ability to direct the relevant activities of Hangzhou Huanyu unilaterally. In making the judgement, the directors of the Company considered the Group's right to appoint one out of the five directors of Hangzhou Huanyu under the articles of association of Hangzhou Huanyu. According to the articles of association of Hangzhou Huanyu, the resolutions for the relevant activities require approval by simple majority of the board members. After assessment, the directors of the Company concluded that the Group is able to exercise significant influence over Hangzhou Huanyu.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (Cont'd)

Key sources of estimation uncertainty

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

Fair value of investment properties

Investment properties are stated at fair value based on the valuations performed by independent professional valuers. The determination of the fair value involves, inter-alia, certain estimates including comparable market transaction prices, development costs and appropriate capitalisation rates, which are set out in Note 17.

In relying on the valuation reports, the directors of the Company have exercised their judgment and are satisfied that the method of valuations is reflective of the current market conditions. Whilst the Group considers valuations of the Group's investment properties are the best estimates, changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2025, the carrying amount of the Group's investment properties was HK\$3,362,504,000 (2024: HK\$3,401,188,000).

Provision of ECL for trade receivables

The debtors which are not credit-impaired are grouped by internal credit rating and assessed collectively. Debtors which are credit impaired are assessed individually. The provision rates are based on the Group's historical default rates and forward-looking information that is reasonable, supportable and available without undue cost or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. As at 31 December 2025, the carrying amount of the Group's trade receivables was HK\$666,140,000 (net of allowance for credit losses of HK\$9,381,000) (2024: HK\$647,083,000 (net of allowance for credit losses of HK\$9,554,000)). The information about the ECL and the Group's trade receivables is disclosed in Note 40.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. Revenue

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers in respect of sales of garments, fabrics and accessories recognised at a point in time under HKFRS 15	3,002,707	3,219,982
Rental income recognised under HKFRS 16	61,709	116,850
	3,064,416	3,336,832
Geographical markets for revenue from contracts with customers:		
China (including Mainland China and Hong Kong)	1,754,165	1,817,650
United States of America ("USA")	456,238	439,783
Europe	388,448	393,211
Others	403,856	569,338
	3,002,707	3,219,982

Set out below is the reconciliation of revenue with the amounts disclosed in segment information:

	Manufacturing and trading of garments and related products HK\$'000	Property investment and development HK\$'000
For the year ended 31 December 2025		
Segment revenue	3,002,707	61,709
Less: rental income recognised under HKFRS 16	–	(61,709)
Revenue from contracts with customers	3,002,707	–
For the year ended 31 December 2024		
Segment revenue	3,219,982	116,850
Less: rental income recognised under HKFRS 16	–	(116,850)
Revenue from contracts with customers	3,219,982	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. Revenue (Cont'd)

Performance obligations for contracts with customers

Manufacturing and trading of garments and related products

Contracts with customers within the Group's manufacturing and trading business include promises to sell garments, fabrics and accessories. Significant judgment is required in determining the timing of revenue recognition in accordance with HKFRS 15.35(c) on whether the terms of the Group's contracts with customers create an enforceable right to payment for the Group. The Group has considered the contractual terms with the relevant customers, the laws that apply to the relevant contracts for sale of garments and related products with no alternative use and the opinion from external legal counsel. Based on the assessment of the directors of the Company, the terms of these sales contracts do not create an enforceable right to payment to the Group, and accordingly, revenue associated with the sale of products are recognised at the point in time when control of the promised goods has been transferred to the customers. The point in time when control transfers to the customer depends on the contractually agreed upon shipping terms, but typically occurs once the product has been shipped or once it has been delivered to a location specified by the customers. Transportation and handling activities that occur before the customers obtain control over the relevant goods are considered as fulfilment activities.

Certain contracts, primarily those for sale of tailor-made products, require upfront customer deposits that result in a contract liability. Upfront deposits or prepayments are usually invoiced upon acceptance of sales orders for certain customers. Revenue is recognised when the products have been shipped to the customer's specific location (delivery) as specified in the customer contract. Upon delivery, customers are granted credit terms which generally range from 30 to 90 days from the invoice date, which approximates the respective revenue recognition dates. Such terms are common within the industries in which the Group is associated and are not considered financing arrangements.

In addition, certain revenue is also recognised when the customer takes physical possession of the products, which occurs at the point of sale for merchandise purchased at the Group's retail stores. Customers are allowed to return the goods for refund within 7 days after the respective sales take place. Revenue is recognised at an expected value of the transaction price adjusted for estimated returns based on historical trends. Payment is due at the point of sale. The payments settled by credit cards or mobile payment by customers are normally received within one to two days from the transaction date.

Transaction price allocated to the remaining performance obligations

As the end of the reporting period, contracts with customers with unsatisfied performance obligations have original expected duration of one year or less. As permitted under HKFRS 15, the aggregate amount of transaction price allocated to these unsatisfied contracts is not disclosed.

Leases

	2025 HK\$'000	2024 HK\$'000
For operating leases:		
Lease payments that are fixed	61,709	116,850

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. Segment Information

Information reported to the Group's executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and performance assessment, is analysed based on components of the Group that are regularly reviewed by the CODM. These components are (i) manufacturing and trading of garments and related products; and (ii) property investment and development.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	2025 HK\$'000	2024 HK\$'000
Segment revenue		
– Manufacturing and trading of garments and related products	3,002,707	3,219,982
– Property investment and development	61,709	116,850
Revenue – external sales	3,064,416	3,336,832
Segment results		
– Manufacturing and trading of garments and related products	72,179	144,460
– Property investment and development	(12,963)	19,046
	59,216	163,506
Change in fair value of derivative financial instruments	8,408	2,253
Change in fair value of investment properties	39,470	(7,359)
Unallocated corporate overhead and other expenses	(49,977)	(45,628)
Profit before taxation	57,117	112,772

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit represents the profit earned by each segment without the allocation of change in fair value of derivative financial instruments and investment properties, certain portion of the central administration costs and other expenses. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment. Furthermore, as the assets and liabilities for operating segments are not provided to the CODM for the purposes of resources allocation and performance assessment, no segment assets and liabilities is presented accordingly.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. Segment Information (Cont'd)

Other segment information

	Manufacturing and trading of garments and related products HK\$'000	Property investment and development HK\$'000	Consolidated HK\$'000
For the year ended 31 December 2025			
<i>Amounts included in the measure of segment profit or loss:</i>			
Depreciation of property, plant and equipment	64,636	8,883	73,519
Depreciation of right-of-use assets	6,414	38	6,452
Loss on disposal of property, plant and equipment, net	1,716	–	1,716
Reversal of impairment losses under expected credit loss model, net	(127)	–	(127)
Interest income	(7,499)	(604)	(8,103)
Finance costs	30,750	20,680	51,430
<i>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:</i>			
Fair value gain on derivative financial instruments			(8,408)
Net increase in fair value of investment properties			(39,470)
For the year ended 31 December 2024			
<i>Amounts included in the measure of segment profit or loss:</i>			
Depreciation of property, plant and equipment	53,041	7,025	60,066
Depreciation of right-of-use assets	5,655	157	5,812
Loss on disposal of property, plant and equipment, net	1,489	–	1,489
Reversal of impairment losses under expected credit loss model, net	(135)	–	(135)
Interest income	(12,880)	(97)	(12,977)
Finance costs	39,254	33,655	72,909
<i>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:</i>			
Fair value gain on derivative financial instruments			(2,253)
Net decrease in fair value of investment properties			7,359

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. Segment Information (Cont'd)

Geographical information

The Group's operations are mainly located in China.

Information about the Group's revenue from continuing operations from external customers is presented based on the location of the customers. Information about the Group's non-current assets (excluding deferred tax assets and financial instruments) is presented based on the geographical location of the assets.

	Revenue		Non-current assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
China	1,815,874	1,934,500	4,167,137	3,989,530
USA	456,238	439,783	30	385
Europe	388,448	393,211	–	–
Others	403,856	569,338	5,745	4,635
	3,064,416	3,336,832	4,172,912	3,994,550

Information about major customer

During the years ended 31 December 2025 and 2024, there is no customer from manufacture and trading of garments and related products segment nor property investment and development segment which contributed over 10% of the total revenue of the Group.

7. Other Gains and Losses, Net

	2025 HK\$'000	2024 HK\$'000
Change in fair value of derivative financial instruments	8,408	2,253
Change in fair value of financial assets at FVTPL	1,186	437
Loss on disposal of property, plant and equipment, net	(1,716)	(1,489)
Net foreign exchange losses	(3,135)	(254)
Net increase (decrease) in fair value of investment properties	39,470	(7,359)
	44,213	(6,412)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. Finance Costs

	2025 HK\$'000	2024 HK\$'000
Interests on:		
Bank borrowings and overdrafts	57,604	74,593
Lease liabilities	376	356
Borrowings on discounted bills	649	1,807
Total borrowing costs	58,629	76,756
Less: amounts capitalised in the cost of qualifying assets	(7,199)	(3,847)
	51,430	72,909

Borrowing costs capitalised during the year arose on both specific borrowings and general borrowing pool. Borrowing costs arose on specific borrowings were fully capitalised while those arose on the general borrowing pool were calculated by applying capitalisation rates ranging from 2.9% to 3.2% per annum (2024: 2.7% to 3.3% per annum) to expenditure on qualifying assets.

9. Directors' and Managing Director's Emoluments and Employee's Emoluments

Directors' and Managing Director's emoluments

The emoluments paid or payable to each of the eight (2024: ten) directors of the Company, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinances, are as follows:

	Other emoluments				Total emoluments HK\$'000
	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement benefits schemes contributions HK\$'000	Performance related incentive payments HK\$'000	
2025					
<i>Executive directors</i>					
Lam Foo Wah	200	5,070	–	–	5,270
Lam Gee Yu, Will	200	4,200	18	–	4,418
Lam Din Yu, Well	200	3,900	18	–	4,118
<i>Non-executive directors</i>					
Leung Wing Man, Mabel	200	–	–	–	200
Lau Yip Shing (has been re-designated from Independent Non-executive Director to Non-executive Director with effect from 15 October 2025)	200	–	–	–	200
<i>Independent non-executive directors</i>					
Chung Kwok Pan	200	–	–	–	200
Tong Hee Keung, Samuel	200	–	–	–	200
Wong Chun Sek, Edmund	200	–	–	–	200
Total for 2025	1,600	13,170	36	–	14,806

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. Directors' and Managing Director's Emoluments and Employee's Emoluments (Cont'd)

Directors' and Managing Director's emoluments (Cont'd)

	Fees HK\$'000	Other emoluments			Total emoluments HK\$'000
		Salaries and other benefits HK\$'000	Retirement benefits schemes contributions HK\$'000	Performance related incentive payments HK\$'000	
2024					
<i>Executive directors</i>					
Lam Foo Wah	200	5,070	–	2,100	7,370
Lam Gee Yu, Will	200	4,200	18	2,800	7,218
Lam Din Yu, Well	200	3,900	18	2,800	6,918
<i>Non-executive directors</i>					
Leung Wing Man, Mabel (appointed on 2 December 2024)	16	–	–	–	16
Hung Ka Hai, Clement (resigned on 1 January 2025)	200	840	–	–	1,040
<i>Independent non-executive directors</i>					
Chung Kwok Pan	200	–	–	–	200
Tong Hee Keung, Samuel	200	–	–	–	200
Lau Yip Shing	200	–	–	–	200
Wong Chun Sek, Edmund	200	–	–	–	200
Yeung Kwok Wing (resigned on 1 January 2025)	200	–	–	–	200
Total for 2024	1,816	14,010	36	7,700	23,562

The emoluments for executive directors of the Company are for their services in connection with the management of the affairs of the Company and the Group, while the emoluments for the non-executive director and independent non-executive directors of the Company are for their services as directors of the Company.

The performance related incentive payment is determined by reference to the individual performance of the directors of the Company and approved by the Remuneration Committee of the Company.

Mr. Lam Gee Yu, Will and Mr. Lam Din Yu, Well are the Managing Director and Managing Director (China) of the Company respectively.

During both years, no emolument was paid by the Group to the directors of the Company or five employees with highest emoluments as compensation for loss of office or an inducement to join or upon joining the Group. None of the directors of the Company has waived any emoluments for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. Directors' and Managing Director's Emoluments and Employee's Emoluments (Cont'd)

Employee's emoluments

Out of the five individuals with the highest emoluments in the Group, three (2024: three) of them are directors of the Company whose emoluments are disclosed above. The emoluments of the remaining two individuals (2024: two) are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other benefits	3,360	2,454
Retirement benefits schemes contributions	18	36
Performance related incentive payments	230	770
	3,608	3,260

The number of the highest paid individual whose emoluments fell within the following bands are as follows:

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

10. Income Tax (Credit) Expense

	2025 HK\$'000	2024 HK\$'000
Current tax charge:		
Hong Kong	4,342	6,679
Mainland China (<i>note</i>)	1,631	13,531
	5,973	20,210
(Over) under provision in prior years:		
Hong Kong	1,791	(4,896)
Mainland China	(25,922)	(3,056)
Other jurisdictions	17	–
	(24,114)	(7,952)
Deferred taxation (<i>Note 20</i>):		
Current year	6,817	4,587
	(11,324)	16,845

Note: Amount includes withholding tax of HK\$1,083,000 (2024: HK\$11,002,000) during the year ended 31 December 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. Income Tax (Credit) Expense (Cont'd)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the Mainland China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate applicable to the Mainland China subsidiaries of the Group is 25% from 1 January 2008 onwards, except for High Fashion Silk (Zhejiang) Co., Ltd. ("High Fashion Silk") and High Fashion (China) Co., Ltd. ("High Fashion (China)"), which have been recognised as an advanced technology enterprise by the Mainland China Tax Bureau. High Fashion Silk and High Fashion (China) are subject to an income tax rate of 15% for three years starting from the year being recognised as an advanced technology enterprise in Hangzhou.

In March 2023, the Ministry of Finance and the State Taxation Administration issued Announcement No. 7 of 2023 (the "Announcement on Further Improving the Policy of Super Deduction for Research and Development Expenses"), which increased the pre-tax deduction ratio for eligible research and development expenses to 100% effective from January 1, 2023. Accordingly, High Fashion Silk and High Fashion (China) are entitled to an additional 100% tax deduction on qualified research costs incurred.

The withholding tax arose from dividends declared by an entity in Mainland China is at withholding tax rate of 5% for both years.

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. However, as the Group's consolidated annual revenue is expected to be less than EURO 750 million in at least two of the four fiscal years preceding the tested year, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

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

	2025 HK\$'000	2024 HK\$'000
Profit before taxation	57,117	112,772
Tax at the income tax rate of 16.5% (2024: 16.5%)	9,425	18,607
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,313	(531)
Tax effect of income not taxable for tax purpose	(4,479)	(7,562)
Tax effect of expenses not deductible for tax purpose	5,400	3,944
Tax effect of tax losses not recognised	22,360	23,758
Utilisation of tax losses previously not recognised	(10,117)	(15,546)
Overprovision in prior years	(24,114)	(7,952)
Tax effect on two-tiered tax rate	(165)	(165)
Withholding tax in the Mainland China	1,083	11,002
Tax relief in relation to additional tax deductions on research and development costs incurred	(12,030)	(8,710)
Income tax (credit) expense	(11,324)	16,845

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. Profit for the Year

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

	2025 HK\$'000	2024 HK\$'000
Costs of inventories recognised as expenses (including allowance for inventory obsolescence of HK\$2,887,000 (2024: HK\$918,000))	2,401,875	2,535,506
Research expenses (included in cost of sales)	86,796	116,336
Depreciation of property, plant and equipment	73,519	60,066
Depreciation of right-of-use assets	6,452	5,812
Less: Amount capitalised in inventories	(58,283)	(47,747)
Depreciation recognised as selling and distribution/ administrative expenses	21,688	18,131
Auditor's remuneration	3,036	3,300
Staff costs (including directors' emoluments):		
Wages, salaries and bonuses	514,691	546,134
Retirement benefits schemes contributions	35,378	36,828
Less: Amount capitalised in investment properties under construction, construction in progress and inventories	(268,962)	(292,024)
Staff costs recognised as selling and distribution/administrative expenses	281,107	290,938
Gross rental income from investment properties	(61,709)	(116,850)
Less: Outgoings for investment properties rented out (included in cost of services)	29,851	39,305
Net rental income	(31,858)	(77,545)
Government grants (included in other income)	(1,159)	(109)
Bank interest income (included in other income)	(8,103)	(12,977)

12. Other Comprehensive Income (Expense)

	2025 HK\$'000	2024 HK\$'000
Fair value loss on equity instruments at FVTOCI	(5,028)	(5,000)
Exchange differences on translation to presentation currency	85,412	(46,778)
Exchange differences on translation of foreign operations	1,131	2
Other comprehensive income (expense) for the year, net of tax	81,515	(51,776)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. Dividends

	2025 HK\$'000	2024 HK\$'000
<i>Dividends recognised as distribution and paid during the year:</i>		
Interim dividend – 3.5 HK cents per ordinary share for 2025 (2024: 3.5 HK cents per ordinary share for 2024)	10,696	10,696
Final dividend – 12 HK cents per ordinary share for 2023	–	36,674
	10,696	47,370

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of HK\$0.035 (2024: nil) per ordinary share, in an aggregate amount of HK\$10,696,000 (2024: nil) has been proposed by the directors of the Company and is subject to the approval by the Company's shareholders at the forthcoming annual general meeting.

14. Earnings Per Share

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

	2025 HK\$'000	2024 HK\$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share attributable to owners of the Company	69,771	91,681

	'000	'000
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings per share	305,616	305,616

The computation of diluted earnings per share for the years ended 31 December 2025 and 31 December 2024 does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares during the years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. Property, Plant and Equipment

	Buildings (in Hong Kong) HK\$'000	Buildings (outside Hong Kong) HK\$'000	Construction in progress HK\$'000	Leasehold improvements HK\$'000	Plant and equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST								
At 1 January 2024	40,816	270,158	11,414	165,909	595,839	152,975	34,061	1,271,172
Additions	–	4,780	27,105	16,451	39,248	3,371	3,811	94,766
Transfers	–	–	(19,114)	3,858	15,256	–	–	–
Transfers from investment properties (Note 17)	–	4,768	–	–	–	–	–	4,768
Disposals	–	(118)	–	(229)	(29,257)	(1,138)	(1,756)	(32,498)
Exchange realignment	–	(5,769)	(297)	(4,925)	(11,761)	(934)	(396)	(24,082)
At 31 December 2024	40,816	273,819	19,108	181,064	609,325	154,274	35,720	1,314,126
Additions	29	–	39,358	22,717	30,099	1,477	468	94,148
Transfers	–	2,755	(36,306)	8,286	25,162	103	–	–
Transfers from investment properties (Note 17)	86,700	99,340	–	–	–	–	–	186,040
Disposals	–	(2,416)	–	(69)	(46,855)	(895)	(1,474)	(51,709)
Exchange realignment	–	7,307	568	6,726	14,996	1,228	509	31,334
At 31 December 2025	127,545	380,805	22,728	218,724	632,727	156,187	35,223	1,573,939
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
At 1 January 2024	7,159	113,451	–	146,565	418,941	103,862	27,296	817,274
Provided for the year	1,440	12,032	–	15,278	27,401	1,927	1,988	60,066
Eliminated on disposals	–	(109)	–	–	(26,377)	(773)	(1,323)	(28,582)
Exchange realignment	–	(3,110)	–	(3,962)	(8,201)	(473)	(287)	(16,033)
At 31 December 2024	8,599	122,264	–	157,881	411,764	104,543	27,674	832,725
Provided for the year	2,539	17,226	–	19,858	29,540	1,857	2,499	73,519
Eliminated on disposals	–	–	–	(69)	(37,242)	(719)	(1,285)	(39,315)
Exchange realignment	–	4,200	–	5,418	10,197	614	378	20,807
At 31 December 2025	11,138	143,690	–	183,088	414,259	106,295	29,266	887,736
CARRYING VALUE								
At 31 December 2025	116,407	237,115	22,728	35,636	218,468	49,892	5,957	686,203
At 31 December 2024	32,217	151,555	19,108	23,183	197,561	49,731	8,046	481,401

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For the year ended 31 December 2025

15. Property, Plant and Equipment (Cont'd)

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

Buildings	2% to 5% or over remaining lease term if shorter
Leasehold improvements	The shorter of lease terms and 5 years
Plant and equipment	9% to 20%
Furniture and fixtures	9% to 25%
Motor vehicles	15% to 25%

At as 31 December 2025, the Group has pledged its buildings in Hong Kong with a net book value of HK\$116,407,000, in aggregate, (2024: HK\$32,217,000) to secure general banking facilities granted to the Group.

16. Right-Of-Use Assets

	Leasehold land HK\$'000	Leased properties HK\$'000	Total HK\$'000
As at 31 December 2025			
Carrying amount	42,173	10,757	52,930
As at 31 December 2024			
Carrying amount	42,710	5,268	47,978
For the year ended 31 December 2025			
Depreciation charge	1,601	4,851	6,452
For the year ended 31 December 2024			
Depreciation charge	1,713	4,099	5,812

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For the year ended 31 December 2025

16. Right-Of-Use Assets (Cont'd)

	2025 HK\$'000	2024 HK\$'000
Expenses relating to short-term leases	213	375
Total cash outflow for leases	5,534	4,983
Addition of right-of-use assets (<i>note</i>)	11,702	1,387
Termination of right-of-use assets	(1,414)	(359)

Note: In 2025, the Group entered into new lease agreements for the use of leased properties for 5 to 10 years (2024: 3 years). On the lease commencement, the Group recognised right-of-use assets and lease liabilities of HK\$11,702,000 and HK\$11,702,000 (2024: HK\$1,387,000 and HK\$1,387,000), respectively.

For both years, the Group leases various offices premises, factories and warehouses for its operations. Lease contracts are entered into for fixed terms of 12 months to 10 years (2024: 12 months 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.

In addition, the Group owns several industrial buildings 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.

In addition, lease liabilities of HK\$11,047,000 (2024: HK\$5,934,000) are recognised with related right-of-use assets of HK\$10,757,000 (2024: HK\$5,268,000) as at 31 December 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

At as 31 December 2025, the Group has pledged certain of its leasehold land in Hong Kong with a net book value of HK\$812,000, in aggregate, (2024: HK\$850,000) to secure general banking facilities granted to the Group.

Details of the lease maturity analysis of lease liabilities are set out in Note 32.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. Investment Properties

	Completed investment properties HK\$'000	Investment properties held for development/ under construction HK\$'000	Total HK\$'000
FAIR VALUE			
At 1 January 2024	3,088,896	326,855	3,415,751
Additions	2,237	36,889	39,126
Transfer to property, plant and equipment (<i>Note 15</i>)	(4,768)	–	(4,768)
Transfer	321,243	(321,243)	–
Net (decrease) increase in fair value recognised in profit or loss (included in other gains and losses, net) – unrealised	(8,440)	1,081	(7,359)
Exchange realignment	(34,741)	(6,821)	(41,562)
At 31 December 2024	3,364,427	36,761	3,401,188
Additions	–	53,867	53,867
Transfer to property, plant and equipment (<i>Note 15</i>)	(186,040)	–	(186,040)
Transfer	1,594	(1,594)	–
Net increase in fair value recognised in profit or loss (included in other gains and losses, net) – unrealised	36,384	3,086	39,470
Exchange realignment	53,060	959	54,019
At 31 December 2025	3,269,425	93,079	3,362,504

The Group leases out various investment properties under operating leases with monthly rentals receivable up to ten years, with extension option subject to agreement of both lessor and lessee.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the functional currencies of respective group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

All of the Group's completed investment properties are held under operating leases to earn rentals and/or for capital appreciation purposes. They are measured using the fair value model and are classified and accounted for as investment properties.

During the year ended 31 December 2025, certain investment properties with fair value of HK\$186,040,000 (2024: HK\$4,768,000) were transferred to property, plant and equipment upon commencement of owner occupation.

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17. Investment Properties (Cont'd)

The fair values of the Group's investment properties at the end of the reporting period have been arrived at on the basis of valuations carried out by CBRE Advisory Hong Kong Limited and RHL Appraisal Limited (2024: CBRE Advisory Hong Kong Limited, Centaline Surveyors Limited and 浙江中企華資產評估有限公司), which are independent qualified professional valuers not connected with the Group. CBRE Advisory Hong Kong Limited, RHL Appraisal Limited and Centaline Surveyors Limited are members of the Institute of Valuers, while 浙江中企華資產評估有限公司 are certified public valuers in Mainland China.

For the completed investment properties, the valuations were arrived at by making reference to market evidence of transaction prices for similar properties in similar locations and conditions or on the basis of capitalisation of net income. The net income is the market rentals of all lettable units of the properties and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by making reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by making reference to the yields derived from analysing the sales transactions of similar properties in the relevant locations and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties. In estimating the fair value of the completed properties, the highest and best use of the properties is their current use.

For investment properties held for development/under construction, the valuations were arrived at by direct comparison with comparable properties as available in the market with due allowance for development costs and indirect cost that will be expended to complete the development of the properties, as well as developer's risks associated with the development at the valuation date and the return that the developer would require for bringing the properties to the completion status, which is determined by the valuers on the analysis of recent land transactions and the market value of similar completed properties in the relevant locations. In estimating the fair value, management of the Group has taken into account the highest and best use of the properties from the perspective of market participants, taking into account the future development potential of the properties.

The Group's investment properties are categorised into level 3 of the fair value hierarchy. At the end of each reporting period, the Group Finance Director ("GFD") works closely with the independent qualified professional valuers to establish and determine the appropriate valuation techniques and inputs to be used in determining the fair value of the investment properties. Discussions on valuation processes and results are held between GFD and the directors of the Company at least twice a year.

There is no transfer into or out of Level 3 for both years.

At as 31 December 2025, the Group has pledged its investment properties in Hong Kong and Mainland China with a carrying value of HK\$2,198,282,000, in aggregate, (2024: HK\$1,867,736,000) to secure general banking facilities granted to the Group.

Notes to the Consolidated Financial Statements

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17. Investment Properties (Cont'd)

The following table shows the valuation techniques used in the determination of the fair values of investment properties and unobservable inputs used in the valuation models:

Description	Fair value as at		Valuation techniques		Unobservable inputs	Relationship of inputs to fair value
	2025 HK\$'000	2024 HK\$'000				
Completed investment properties						
Office premises – Shenzhen	201,911	187,047	Income capitalisation approach	(i)	Capitalisation rate of 5.0% (2024: 4.7%), taking into account the capitalisation of rental income potential and nature of properties	The higher the capitalisation rate, the lower the fair value
				(ii)	Monthly market rent of RMB213 (2024: RMB192) per month per square meter in average	The higher the market rent, the higher the fair value
– Xiaoshan	381,412	451,660	Income capitalisation approach	(i)	Capitalisation rate of 6.5% (2024: 7.0%), taking into account the capitalisation of rental income potential and nature of properties	The higher the capitalisation rate, the lower the fair value
				(ii)	Monthly market rent of RMB24.2 (2024: RMB19.5) per month per square meter in average	The higher the market rent, the higher the fair value
– Shanghai	37,276	36,051	Income capitalisation approach	(i)	Capitalisation rate of 4.5% (2024: 3.7%), taking into account the capitalisation of rental income potential and nature of properties	The higher the capitalisation rate, the lower the fair value
				(ii)	Monthly market rent of RMB38.0 (2024: RMB39.5) per month per square meter in average	The higher the market rent, the higher the fair value
Retail premises – Xinchang	281,122	272,831	Income capitalisation approach	(i)	Capitalisation rate of 6.5% (2024: 3.7%), taking into account the capitalisation of rental income potential and nature of properties	The higher the capitalisation rate, the lower the fair value
				(ii)	Monthly market rent of RMB31.7 – RMB88.0 (2024: RMB23.9 – RMB61.8) per month per square meter in average	The higher the market rent, the higher the fair value

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17. Investment Properties (Cont'd)

Description	Fair value as at		Valuation techniques	Unobservable inputs	Relationship of inputs to fair value
	2025 HK\$'000	2024 HK\$'000			
Completed investment properties (Cont'd)					
Commercial complex – Hong Kong	1,261,300	1,411,000	Income capitalisation approach	(i) Capitalisation rate of 3.45% (2024: 3.25%), taking into account the capitalisation of rental income potential and nature of properties (ii) Monthly market rent of HK\$25.9 (2024: HK\$26.3 per month per square feet in average)	The higher the capitalisation rate, the lower the fair value The higher the market rent, the higher the fair value
– Tonglu	254,607	223,051	Income capitalisation approach	(i) Capitalisation rate of 7.5% to 9.0% (2024: 6.5% to 8.0%), taking into account the capitalisation of rental income potential and nature of properties	The higher the capitalisation rate, the lower the fair value
– Xiaoshan	851,797	782,787	Income capitalisation approach	(i) Capitalisation rate of 6.5% (2024: 7%), taking into account the capitalisation of rental income potential and nature of properties (ii) Monthly market rent of RMB30.8 – RMB83.0 (2024: RMB36 – RMB75) per month per square meter in average	The higher the capitalisation rate, the lower the fair value The higher the market rent, the higher the fair value
Investment properties held for development/ under construction					
Industrial and commercial complex – Xiaoshan	93,079	36,761	Market approach	(i) Market price of RMB428 (2024: RMB338) per square meter in average and adjusting for location of the land and construction cost of RMB41,506,000 (2014: Nil)	The higher the market price, the higher the fair value
	3,362,504	3,401,188			

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18. Interests in Joint Ventures

	2025 HK\$'000	2024 HK\$'000
Cost of unlisted investments in joint ventures	9,021	9,274
Share of post-acquisition losses	(968)	(998)
Exchange realignment	(501)	(719)
	7,552	7,557

As at 31 December 2025 and 2024, the Group has interests in the following joint ventures:

Name	Form of business structure	Place of registration and operations	Percentage of						Principal activities
			Ownership interest		Voting power		Profit sharing		
			2025 %	2024 %	2025 %	2024 %	2025 %	2024 %	
Hangzhou Dalifu Silk Finishing Co., Ltd.	Established	Mainland China	51	51	50	50	51	51	Dyeing, printing and sandwashing of fabric
The Silk Passion Company Limited ("Silk Passion")	Incorporated	Hong Kong	51	51	60	60	51	51	Trading, marketing and promoting silk products

In the opinion of the directors of the Company, these joint ventures, are not individually material to the Group for both years and therefore no separate disclosure on summarised financial information of these joint ventures is presented. The Group did not share any results from the joint ventures for both years.

The Group has discontinued recognition of its share of losses of certain joint ventures. The amount of unrecognised share of results of these joint ventures is as follows:

	2025 HK\$'000	2024 HK\$'000
Unrecognised share of losses of joint ventures for the year	4	3
Accumulated unrecognised share of losses of these joint ventures	10,082	10,078

At the end of both reporting periods, the Group has no commitment to fund the losses in relation to its investments in any of the joint ventures.

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19. Interest in an Associate

	2025 HK\$'000	2024 HK\$'000
Cost of unlisted investment in an associate	22,188	21,624

As at 31 December 2025, the Group has interest in the following associate:

Name	Form of business structure	Place of registration and operations	Percentage of						Principal activities
			Ownership interest		Voting power		Profit sharing		
			2025	2024	2025	2024	2025	2024	
			%	%	%	%	%	%	
Hangzhou Huanyu	Established	Mainland China	12.13	12.13	20 (note)	20 (note)	12.13	12.13	Research and development, production and trading of dyes and digital printing

Note: The Group is able to exercise significant influence over Hangzhou Huanyu because it has the right to appoint one out of the five directors of Hangzhou Huanyu under the articles of association of Hangzhou Huanyu.

Summarised financial information of material associate

Summarised financial information in respect of Hangzhou Huanyu is set out below. The summarised financial information of Hangzhou Huanyu is prepared in accordance with HKFRS Accounting Standards. Hangzhou Huanyu is accounted for using the equity method in these consolidated financial statements.

	2025 HK\$'000	2024 HK\$'000
Current assets	11,123	30,261
Non-current assets	29,428	11,755
Current liabilities	(5,255)	(11,367)

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19. Interest in an Associate (Cont'd)

Summarised financial information of material associate (Cont'd)

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in the consolidated financial statements:

	2025 HK\$'000	2024 HK\$'000
Net assets of Hangzhou Huanyu	35,300	30,649
Proportion of the Group's ownership interest in Hangzhou Huanyu	12.13%	12.13%
The Group's share of net assets of Hangzhou Huanyu	4,282	3,718
Goodwill	17,906	17,906
Carrying amount of the Group's interest in Hangzhou Huanyu	22,188	21,624

20. Deferred Taxation

	2025 HK\$'000	2024 HK\$'000
Deferred assets	12,582	12,756
Deferred liabilities	(346,163)	(335,346)
	(333,581)	(322,590)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The followings are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

	Deferred tax assets						
	Allowance of credit losses HK\$'000	Allowance on obsolete inventories HK\$'000	Impairment loss on property, plant and equipment HK\$'000	Tax losses HK\$'000	Fair value change of derivative financial instruments HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2024	1,971	9,421	160	49,335	316	5,768	66,971
(Charge) credit to profit or loss	(297)	(2,086)	-	1,250	302	(149)	(980)
Exchange realignment	(19)	(125)	-	-	-	(22)	(166)
At 31 December 2024	1,655	7,210	160	50,585	618	5,597	65,825
(Charge) credit to profit or loss	(205)	1,420	-	24,099	(618)	(53)	24,643
Exchange realignment	29	186	-	-	-	39	254
At 31 December 2025	1,479	8,816	160	74,684	-	5,583	90,722

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20. Deferred Taxation (Cont'd)

	Deferred tax liabilities						Total HK\$'000
	Accelerated tax depreciation of property plant and equipment HK\$'000	Revaluation of investment properties HK\$'000	Revaluation of properties and right-of- use assets transferred to investment properties HK\$'000	Withholding tax in respect of undistributed earnings of subsidiaries in Mainland China HK\$'000	Fair value change of derivative financial instruments and structured deposits HK\$'000	Acquisition cost of land use rights HK\$'000	
At 1 January 2024	(548)	(251,252)	(112,809)	(21,021)	-	(1,431)	(387,061)
Credit (charge) to profit or loss	298	(3,905)	-	-	-	-	(3,607)
Exchange realignment	-	1,091	865	279	-	18	2,253
At 31 December 2024	(250)	(254,066)	(111,944)	(20,742)	-	(1,413)	(388,415)
Credit (charge) to profit or loss	189	(5,135)	-	(26,376)	(138)	-	(31,460)
Exchange realignment	-	(2,248)	(1,838)	(305)	-	(37)	(4,428)
At 31 December 2025	(61)	(261,449)	(113,782)	(47,423)	(138)	(1,450)	(424,303)

Under the law in Mainland China, withholding tax is imposed on dividends declared to non-residents in respect of profits earned by subsidiaries in the Mainland China from 1 January 2008 onwards. Deferred tax liabilities have not been provided for in the consolidated financial statements in respect of the temporary differences attributable to the profits earned by subsidiaries in the Mainland China amounting to HK\$237,895,000 (2024: HK\$698,883,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

The Group has estimated unused tax losses of HK\$860,502,000 (2024: HK\$818,842,000) available for offsetting against future taxable profits of the companies in which the losses arise. A deferred tax asset has been recognised in respect of HK\$447,584,000 (2024: HK\$306,701,000) of the temporary differences, while no deferred tax asset has been recognised in respect of the remaining temporary differences of HK\$412,918,000 (2024: HK\$512,141,000) due to unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$326,437,000 (2024: HK\$288,538,000) that will expire in 5 years from the year of origination. Other tax losses may be carried forward indefinitely.

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21. Other Non-Current Assets

As at 31 December 2025, amount represents payments for life insurance contract of HK\$35,988,000 (2024: HK\$34,802,000) to insure an executive director. Under the contract, the beneficiary and contract holder is High Fashion Garments Management Limited ("HFGML"), a wholly owned subsidiary of the Company, and the total insured sum is United States Dollar ("US\$") 10,000,000 (equivalent to HK\$77,500,000). HFGML paid a gross premium of US\$3,582,000 (equivalent to HK\$27,763,000), including a premium charge at inception of the contract amounting to US\$215,000 (equivalent to HK\$1,666,000). HFGML may request a partial surrender or full surrender of the contract at any time and receive cash based on the cash value of the contract at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed income earned and minus insurance premium charged at inception. In addition, if withdrawal is made between the 1st to 15th year, there is a specified surrender charge. The insurer will pay HFGML a guaranteed interest of 5.2% per annum for the first year, followed by minimum guaranteed return of 3% per annum for the following years, with the actual return determined at the discretion of the insurer. Payments for life insurance was stated in the consolidated statement of financial position at cost adjusted for interest income and service charges, less impairment losses, if any.

22. Inventories

	2025 HK\$'000	2024 HK\$'000
Raw materials	261,837	282,126
Work in progress	126,610	101,435
Finished goods	142,316	114,350
	530,763	497,911

23. Properties Held for Sale

	2025 HK\$'000	2024 HK\$'000
Properties under development held for sale	367,632	189,337
Completed properties	20,005	19,497
	387,637	208,834
Analysis of leasehold land: Carrying amount	43,241	36,254

The carrying amount of leasehold land is measured at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge (2024: Nil) is made on the leasehold land taking into account the estimated residual values as at 31 December 2025.

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24. Trade Receivables

	2025 HK\$'000	2024 HK\$'000
Trade receivables		
Contracts with customers	669,931	631,112
Rental	5,590	25,525
	675,521	656,637
Less: Allowance for credit losses	(9,381)	(9,554)
	666,140	647,083

Trade receivables mainly comprise of receivable from sales of garments and related products and renting of properties. Credit terms granted to the customers for garments and related products trading range from 30 days to 90 days. Rentals are payable by tenants upon presentation of demand notes. No credit period is granted to tenants.

At 1 January 2024, trade receivables from contracts with customers net of allowance for credit losses amounted to HK\$633,289,000.

The aged analysis of the Group's trade receivables net of allowance for credit losses is presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition dates.

	2025 HK\$'000	2024 HK\$'000
Within 90 days	591,637	584,142
91 to 180 days	59,605	33,112
181 to 360 days	10,094	23,746
Over 360 days	4,804	6,083
	666,140	647,083

At 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$81,675,000 (2024: HK\$74,975,000) which are past due as at the reporting date. The trade receivables which have been past due 90 days or more from the reporting date amounted to HK\$18,924,000 (2024: HK\$30,001,000), of which HK\$18,924,000 (2024: HK\$28,883,000) are not considered as defaulted due to long and on-going business relationship and by considering the expected subsequent and historical repayment from these customers. The Group does not hold any collateral over these balances.

Details of impairment assessment on trade receivables are set out in Note 40.

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24. Trade Receivables (Cont'd)

Transfers of financial assets

As at 31 December 2025, certain subsidiaries of the Company had certain intra-group trade receivables backed by bills issued by other subsidiaries with an aggregate carrying amount of HK\$227,491,000 (2024: HK\$192,977,000) which were transferred to banks by discounting on a full recourse basis, these subsidiaries, therefore, continued to recognise their full carrying amounts and had recognised the cash received on the transfer as a collateralised borrowing with carrying amount of HK\$227,491,000 (2024: HK\$192,977,000). These intra-group trade receivables backed by bills carried at amortised cost were fully eliminated with those intra-group trade payables backed by bills in the consolidation.

25. Deposits, Prepayments and Other Receivables

	2025 HK\$'000	2024 HK\$'000
Prepayments and advances to suppliers	126,732	103,494
Value-added tax receivables and prepaid other taxes	61,923	54,689
Customs deposit	–	24,868
Other receivables	37,670	26,198
Utility and other deposits	3,866	3,878
	230,191	213,127

Details of impairment assessment on other receivables and refundable rental deposits are set out in Note 40.

26. Amounts Due from Joint Ventures

The amounts due from joint ventures were unsecured, interest-free and repayable on demand.

The amounts due from joint ventures represent a receivable of HK\$5,395,000 at 31 December 2024 which was non-trade in nature. In prior years, the Group considered the prospect of recovery for the amount due from Longford of HK\$17,086,000 to be remote due to the legal dispute and determined that a full impairment should be made after assessment of ECL in accordance with HKFRS 9 as described in Note 40 and an impairment loss of HK\$17,086,000 was recognised in profit or loss.

Details of impairment assessment on amounts due from joint ventures were set out in Note 40.

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27. Financial Assets at FVTPL

	Notes	2025 HK\$'000	2024 HK\$'000
Unlisted financial products in Mainland China	(a)	74,442	15,137
Unlisted funds in Hong Kong	(b)	9	10,515
		74,451	25,652

Notes:

- (a) The unlisted financial products in Mainland China with a principal amount of RMB67,101,000 (equivalent to HK\$74,442,000) (2024: RMB14,000,000 (equivalent to HK\$15,137,000)) have expected returns ranging from 1.4% to 3.9% (2024: 3.1% to 3.3%) per annum and they are due to redeemable at any time.

As at 31 December 2025, the Group's unlisted financial products of Nil (2024: HK\$10,812,000) were pledged to banks for the Group's banking facilities.

- (b) The unlisted funds in Hong Kong with a principal amount of US\$1,200 (equivalent to HK\$9,000) (2024: US\$1,300,000 (equivalent to HK\$10,103,000)) and have expected minimum returns of 6.35% (2024: 6.35% to 7.25%) per annum and the principal amount and the return thereof are guaranteed by a company listed on the Main Board of the Stock Exchange. The unlisted fund is redeemable in whole or partially every six months.

Details of fair value valuation of these financial assets at FVTPL are set out in Note 40.

28. Long-Term Bank Deposits/Short-Term Bank Deposits and Balances

The long-term and short-term bank deposits carry interests at rates ranging from 0.9% to 3.9% (2024: 1.1% to 5.1%) per annum.

Bank deposits are deposits placed with banks with original maturity of more than three months. Short-term bank deposits will mature within 12 months from the end of the reporting period and are classified as current assets, while long-term bank deposits will mature 12 months after the end of the reporting period and are classified as non-current assets.

At as 31 December 2025, the Group has pledged certain short-term bank deposits and balances with a carrying value of HK\$152,749,000 (2024: HK\$152,749,000) to secure general banking facilities granted to the Group.

Details of impairment assessment of long-term and short-term bank deposits and balances are set out in Note 40.

29. Cash and Cash Equivalents

Cash and cash equivalents include bank balances and short-term bank deposits with original maturity of less than three months for the purpose of meeting the Group's short-term cash commitments without restriction, which carry interest at market rates ranging from 0.001% to 0.3% (2024: 0.001% to 5.1%) per annum.

Details of impairment assessment of bank balances and short-term bank deposits with a short maturity of less than three months are set out in Note 40.

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For the year ended 31 December 2025

30. Trade Payables

The Group's trade payables included trade payables under supplier finance arrangements in which the Group has issued bills with a carrying amount of HK\$120,968,000 as at 31 December 2025 (2024: HK\$113,511,000) to the relevant suppliers for future settlement and continues to recognise trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension.

The following is an aged analysis of the trade payables (including supplier finance arrangements) presented based on the invoice date at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Within 90 days	542,264	392,707
91 to 180 days	80,734	48,252
181 to 360 days	17,609	4,244
Over 360 days	14,862	12,563
	655,469	457,766
Accrued purchases	120,969	218,112
	776,438	675,878

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

Accrued purchases represent the purchase of goods of which the invoices have not been received by the Group. The purchase invoices will normally be received within one month from the receipt of the goods purchased.

31. Other Payables and Accruals

	2025 HK\$'000	2024 HK\$'000
Accruals	15,540	19,208
Construction costs payable	–	6,381
Payables to non-trade suppliers	82,977	83,373
Staff salaries and welfare payable and bonus provision	63,362	104,707
Value-added tax payable	10,664	12,044
Others	6,382	7,434
	178,925	233,147

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For the year ended 31 December 2025

32. Lease Liabilities

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	1,778	4,072
Within a period of more than one year but not more than two years	1,465	1,196
Within a period of more than two years but not more than five years	2,921	666
More than five years	4,883	–
	11,047	5,934
Less: Amount due for settlement within 12 months shown under current liabilities	(1,778)	(4,072)
Amount due for settlement after 12 months shown under non-current liabilities	9,269	1,862

The incremental borrowing rates applied to lease liabilities range from 3.7% to 5.2% (2024: ranging from 3.7% to 5.2%) per annum.

33. Amount Due to an Associate

The amount due to Sherman-Theme (China) Limited, an associate of the Group, is unsecured, interest-free and repayable on demand.

34. Contract Liabilities

All contract liabilities of the Group as at 31 December 2025 and 2024 represent receipts in advance from customers for sale of garments and related products and are expected to be recognised as revenue during the year ended 31 December 2026 and 2025, respectively. As at 1 January 2024, such contract liabilities amounted to HK\$91,818,000.

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For the year ended 31 December 2025

35. Bank Borrowings

	2025 HK\$'000	2024 HK\$'000
Bank borrowings	1,831,045	1,599,928
Analysed as:		
Secured	1,426,880	1,379,282
Unsecured	404,165	220,646
	1,831,045	1,599,928
Carrying amount of bank borrowings repayable based on scheduled repayment dates set out in the loan agreements:		
Within one year	606,435	433,041
More than one year, but not exceeding two years	216,218	88,226
More than two years, but not exceeding five years	574,656	602,422
More than five years	122,150	145,416
	1,519,459	1,269,105
Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	268,319	247,898
More than one year, but not exceeding two years	43,267	72,113
More than two years, but not exceeding five years	–	10,812
	311,586	330,823
	1,831,045	1,599,928
Less: Amount due within one year shown under current liabilities	(918,021)	(763,863)
Amount shown under non-current liabilities	913,024	836,065

The exposure of the Group's borrowings as followings:

	2025 HK\$'000	2024 HK\$'000
Fixed-rate bank borrowings	345,473	236,153
Variable-rate bank borrowings	1,485,572	1,363,775
	1,831,045	1,599,928

Included in secured and unsecured bank borrowings as at 31 December 2025, amounts of HK\$1,067,085,000 (2024: HK\$1,109,928,000) and HK\$245,077,000 (2024: HK\$168,208,000) respectively are guaranteed by the Company and/or certain of its subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. Bank Borrowings (Cont'd)

As at 31 December 2025, the Group's secured bank borrowings were secured by certain properties, plant and equipment, investment properties, right-of-use assets, intra-group trade receivables backed by bills, bank deposits and balances and financial assets at FVTPL with an aggregate amount of HK\$2,474,405,000 (2024: HK\$2,235,675,000).

At 31 December 2025 and 2024, the variable-rate bank borrowings are carrying interest at HIBOR or Loan Prime Rate plus certain basis points. The ranges of effective interest rates (which are same as the contracted interest rates) on the Group's fixed-rate bank borrowings and variable-rate bank borrowings are 1.9% to 3% (2024: 1.9% to 3.45%) per annum and from 2.5% to 4.68% (2024: from 2.5% to 6.58%) per annum, respectively.

36. Provision for Long Service Payments

	HK\$'000
At 1 January 2024	3,074
Amount utilised during the year	(80)
At 31 December 2024	2,994
Amount utilised during the year	–
At 31 December 2025	2,994

The Group provides for the probable future long service payments expected to be made to employees under the Hong Kong Employment Ordinance. The provision represents management's best estimate of the probable future payments which have been earned by the employees from their service to the Group up to the end of the reporting period.

37. Share Capital

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 31 December 2025	1,000,000	100,000
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 31 December 2025	305,616	30,562

All the issued shares rank pari passu in all respects including all rights as to dividends, voting and return of capital.

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For the year ended 31 December 2025

38. Share-Based Payments

The Company passed an ordinary resolution at the annual general meeting to adopt a share option scheme on 30 May 2012 (the “2012 Share Option Scheme”) for a period of 10 years commencing on the adoption date. The 2012 Share Option Scheme expired on 29 May 2022 and no further option could thereafter be granted. Notwithstanding the expiry of the 2012 Share Option Scheme, the share options which had been granted and not exercised nor lapsed at the date of expiry shall remain valid and exercisable in accordance with the 2012 Share Option Scheme and in all other respects, the provisions of the 2012 Share Option Scheme shall remain in full force and effect.

Following the expiry of the 2012 Share Option Scheme, the Company passed a resolution at the 2022 annual general meeting held on 14 June 2022 to adopt the 2022 Share Option Scheme (the “2022 Share Option Scheme”) for the continuation of providing recognition to the contributions or services of executive directors, non-executive directors and eligible employees of the Group. Unless otherwise terminated or amended, the 2022 Share Option Scheme will remain in force for 10 years.

At 31 December 2025, the number of shares in respect of which options had been granted and remained outstanding under the 2012 Share Option Scheme was 5,000,000 (2024: 5,000,000), which if exercised in full representing 1.64% (2024: 1.64%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the 2022 Share Option Scheme is not permitted to exceed 30% of the shares of the Company in issue at any point in time, without prior approval from the Company’s shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company’s shareholders. In addition, any share options to a substantial shareholder of the Company or any of their respective associates that would result in the total number of shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of such grant exceeding 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares on the date of grant) in excess of HK\$5 million is subject to shareholders’ approval in a general meeting.

No consideration is payable by the Grantee in respect of the offer of the grant, the acceptance of the offer of grant or the grant of the Option. The exercise period of the share options granted is determinable by the directors of the Company, but no later than 10 years from the date of the offer. The minimum period for which an option must be held before it can be exercised is to be determined by the directors of the Company after taking into account a wide range of factors including but not limited to the responsibilities and years of services of each eligible participant, business development and other areas concerning the operation and sustainable development of the Group.

50% of the options granted were exercisable from 3 December 2019 to 2 December 2028, while the remaining 50% of the options granted were exercisable from 3 December 2020 to 2 December 2028. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company’s shares as stated in the Stock Exchange’s daily quotation sheet on the date of grant of option; (ii) the average closing price of the shares in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant of option; and (iii) the par value of the Company’s share.

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For the year ended 31 December 2025

38. Share-Based Payments (Cont'd)

Details of options granted are as follows:

Number of share options	Date of grant	Exercise period	Exercise price HK\$	Fair value at grant date HK\$
5,000,000 *	3 December 2018	3 December 2019 to 2 December 2028	1.76	0.3828

* Mr. Lam Gee Yu, Will and Mr. Lam Din Yu, Well, directors of the Company, held 2,500,000 and 2,500,000 share options as at 31 December 2024 and 2025 respectively.

There is no movement of the Company's share options granted during the years ended 31 December 2025 and 2024.

The Group did not recognise any expense for the year ended 31 December 2025 (2024: nil) in relation to share options granted by the Company.

39. 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 from prior year.

The capital structure of the Group consists of net debt, which includes the lease liabilities and bank borrowings and disclosed in Notes 32 and 35 respectively, net of long-term bank deposits, short-term bank deposits and balances, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors of the Company consider the cost of capital. The Group will balance its overall capital structure through payment of dividends, share buy-backs, issuance of new shares as well as raising new debts or repayment of existing debts.

40. Financial Instruments

Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Derivative financial instruments	1,322	–
Equity instruments at FVTOCI	588	5,616
Financial assets mandatorily measured at FVTPL	74,451	25,652
Financial assets at amortised cost	1,312,641	1,250,677
Financial liabilities		
Derivative financial instruments	70	3,749
Amortised cost	2,651,286	2,359,870

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. Financial Instruments (Cont'd)

Financial risk management objectives and policies

The Group's financial instruments include trade receivables, deposits and other receivables, customs deposit, derivative financial instruments, equity instruments at FVTOCI, amounts due from joint ventures, financial assets at FVTPL, long-term bank deposits, short-term bank deposits and balances, cash and cash equivalents, trade payables, other payables, amount due to an associate and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases. The carrying amounts of major foreign currency denominated monetary assets and monetary liabilities (including trade receivables, deposits and other receivables, long-term bank deposits, short-term bank deposits and balances, cash and cash equivalents, trade payables, other payables and bank borrowings) which expose the Group to foreign currency risk at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
HK\$ against RMB	3,109	1,839	2,501	572
US\$ against RMB	149,687	124,179	–	–
RMB against HK\$	226	480	–	–

And, the Group also had intra-group balances denominated in foreign currencies as follows:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
HK\$ against RMB	–	–	87,169	86,206
RMB against HK\$	107,476	113,286	541,073	600,086

In addition, the Group was also exposed to foreign currency risk arising from foreign currency forward contracts which were not subject to cash flow hedges as at 31 December 2025 and 2024. Management of the Group monitors foreign exchange exposure and considers hedging significant foreign exchange exposure should the need arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

Currency risk (Cont'd)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2024: 5%) strengthening in the group entities' functional currencies against the relevant foreign currencies except for the Group's exposure of US\$ relative to HK\$ since the directors of the Company consider HK\$ is pegged to US\$ and the exposure related to US\$ is insignificant. 5% (2024: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% (2024: 5%) change in foreign currency rates. The sensitivity analysis also includes intra-group balances where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive/negative number below indicates an increase/decrease in post-tax profit for the year.

	Impact on HK\$		Impact on US\$		Impact on RMB	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Profit or loss	3,679	3,610	(6,362)	(5,278)	18,418	20,669

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

No sensitivity analysis on foreign exchange forward contracts is performed for the years ended 31 December 2025 and 2024 as it is not regarded as significant.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, bank borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk relating to the variable-rate bank deposits and balances, bank borrowings and derivative financial instruments, including interest rate swap, which mainly concentrated on fluctuation of HIBOR. Management of the Group monitors interest rate exposure and considers hedging significant interest rate exposure should the need arise.

Notes to the Consolidated Financial Statements

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40. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

Interest rate risk (Cont'd)

Sensitivity analysis

For the variable-rate bank balances at 31 December 2025 and 2024, the directors of the Company consider the Group's exposure to cash flow interest rate risk is minimal taking into account the minimal fluctuation on market interest rate. Accordingly, no sensitivity analysis on interest rate risk on bank balances is presented.

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. The analysis includes the variable-rate bank borrowings, assuming that outstanding balances at the end of the reporting period are outstanding for the whole year. A 50 basis points (2024: 50 basis points) increase or decrease represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year would decrease/increase by approximately HK\$6,270,000 (2024: HK\$5,719,000).

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

No sensitivity analysis on interest rate swap contracts is performed for the years ended 31 December 2024 as it is not regarded as significant.

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 receivables, deposits and other receivables, customs deposit, amounts due from joint ventures, long-term bank deposits, short-term bank deposits and balances and cash equivalents, whose carrying amounts best represent the maximum exposure to credit risk. 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 trade receivables and financial assets (deposits and other receivables, customs deposit, amounts due from joint ventures, long-term bank deposits, short-term bank deposits and balances and cash equivalents) under ECL model.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

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

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due over 30 days amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements

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40. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

The tables below detail the credit risk exposures of the Group's financial assets at amortised cost which are subject to ECL assessment:

	Notes	External credit rating	12-month or lifetime ECL	Gross carrying amount	
				2025 HK\$'000	2024 HK\$'000
Trade receivables	24	N/A	Lifetime ECL (not credit-impaired)	672,700	652,868
	24	N/A	Lifetime ECL (credit-impaired)	2,821	3,769
Deposits and other receivables	25	N/A	12-month ECL (not credit-impaired)	41,536	30,076
Customs deposit	25	N/A	12-month ECL (not credit-impaired)	–	24,868
Amounts due from joint ventures	26	N/A	12-month ECL (not credit-impaired)	–	5,395
		N/A	Lifetime ECL (credit-impaired)	–	17,086
Long-term bank deposits	28	Baa2	12-month ECL (not credit-impaired)	5,547	–
Short-term bank deposits and balances	28	Aa2 – Baa3 (2024: Aa2 – Baa3)	12-month ECL (not credit-impaired)	231,031	234,480
Cash equivalents	29	Aa1 – Baa3 (2024: Aa1 – Baa3)	12-month ECL (not credit impaired)	367,692	332,950

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40. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

Trade receivables

Before accepting any new customer, the Group assesses the potential customer's credit quality by internal credit rating and defines credit limits by customer. Credit limits attributed to customers are reviewed twice a year. The terms of payment of the major customers are under bank's letter of credit. Other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group performs impairment assessment under ECL model on trade receivables which are not credit-impaired collectively grouped by internal credit rating and individually for debtors which are credit impaired. The expected credit losses on trade receivables are estimated by reference to past due status of the individual debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, future economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The debtors which are not credit-impaired are grouped by internal credit rating and assessed collectively as below:

Internal credit rating	2025			2024		
	Loss rate	Gross carrying amount HK\$'000	Impairment loss allowance HK\$'000	Loss rate	Gross carrying amount HK\$'000	Impairment loss allowance HK\$'000
Low risk	0.16%	545,470	866	0.16%	553,270	863
Watch list	3.20%	25,654	820	3.20%	21,083	674
Doubtful	7.37%	104,394	7,695	6.50%	78,515	5,100
		675,518	9,381		652,868	6,637

An estimated loss rate is applied to each group of internal credit rating. The loss rates are estimated taking into consideration past repayment history and proxy to default rates published by international credit-rating agencies and are adjusted for forward-looking information.

Debtors which are credit impaired with gross carrying amounts of HK\$2,821,000 (2024: HK\$3,769,000) are assessed individually, with impairment allowance on the impaired balance of HK\$2,821,000 (2024: HK\$2,917,000).

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For the year ended 31 December 2025

40. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

Trade receivables (Cont'd)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2024	4,880	4,782	9,662
Impairment losses under expected credit loss model, net of reversal	2,280	(2,415)	(135)
Write-offs	–	(14)	(14)
Transfer	(623)	623	–
Exchange realignment	100	(59)	41
At 31 December 2024	6,637	2,917	9,554
Impairment losses under expected credit loss model, net of reversal	682	(809)	(127)
Write-offs	–	(91)	(91)
Transfer	769	(769)	–
Exchange realignment	100	(59)	41
At 31 December 2025	8,188	1,189	9,377

Deposits and other receivables, customs deposit and amounts due from joint ventures

For deposits and other receivables (mainly represent refund and claims receivables and utility deposits), customs deposit and amounts due from joint ventures, the directors of the Company make individual assessment on the ECL of these balances based on creditability of debtors, historical settlement records, past experience, and also available reasonable and supportive forward-looking information, to ensure that adequate provisions for impairment losses are made.

The directors of the Company consider that there is no material credit risk inherent with the outstanding balance of deposits and other receivables and customs deposit after individual assessment on the recoverability of these balances based on creditability of debtors, historical settlement records, past experience, and also available reasonable and supportive forward-looking information.

The directors of the Company consider that the risk of default by the counterparties is low taking into account the creditability of debtors, historical settlement records and the financial position of the joint ventures except for the amount due from Longford. At 31 December 2024, the Group considered the prospect of recovery for the amount due from Longford was remote due to the legal dispute and determined that a full impairment of HK\$17,086,000 was recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Credit risk and impairment assessment (Cont'd)

Long-term bank deposits, short-term bank deposits and balances and cash equivalents

The Group's long-term bank deposits, short-term bank deposits and balances and cash equivalents are placed with banks of high credit ratings. The directors of the Company assessed the credit risk by reference to information relating to probability of default and loss given default of the respective external credit rating grades published by external credit rating agencies and concluded the risk of default by counterparties is low.

The credit risk on cash equivalents, long-term bank deposits and short-term bank deposits and balances is limited because the counterparties are banks with high credit rating ranging from Aa1 to Baa3 (2024: Aa1 to Baa3) assigned by international credit-rating agencies. The Group performed an impairment assessment at 12m ECL by reference to information published by external credit rating agencies relating to probability of default and loss given default of the respective credit rating grades, and concluded that the risks of default of these counterparties are low. Accordingly, no impairment loss has been recognised as amount involved is insignificant.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative financial instruments. The table has 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. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of whether the banks would choose to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

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

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments is prepared based on the contractual maturities as management of the Group considers that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

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40. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

Liquidity tables

	Weighted average interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 2 years HK\$'000	2 – 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
2025								
Non-derivative financial liabilities								
Trade payables	N/A	776,438	-	-	-	-	776,438	776,438
Other payables	N/A	83,112	-	-	-	-	83,112	83,112
Amount due to an associate	N/A	691	-	-	-	-	691	691
Lease liabilities	3.20	534	1,501	1,732	3,415	5,274	12,456	11,047
Bank borrowings								
– Fixed-rate	1.70	252,619	94,681	-	-	-	347,300	305,473
– Variable-rate	3.74	344,122	281,016	255,291	632,990	157,248	1,670,667	1,485,572
		1,457,516	377,198	257,023	636,405	162,522	2,890,664	2,662,333
Derivative-net settlement								
Derivative financial instruments								
– forward exchange contracts	N/A	(70)	-	-	-	-	(70)	(70)
2024								
Non-derivative financial liabilities								
Trade payables	N/A	675,878	-	-	-	-	675,878	675,878
Other payables	N/A	83,373	-	-	-	-	83,373	83,373
Amount due to an associate	N/A	691	-	-	-	-	691	691
Lease liabilities	4.51	1,063	3,185	1,250	680	-	6,178	5,934
Bank borrowings								
– Fixed-rate	3.70	236,996	-	-	-	-	236,996	236,153
– Variable-rate	5.57	327,444	266,382	147,468	717,299	166,840	1,625,433	1,363,775
		1,325,445	269,567	148,718	717,979	166,840	2,628,549	2,365,804
Derivative-net settlement								
Derivative financial instruments								
– forward exchange contracts	N/A	(3,749)	-	-	-	-	(3,749)	(3,749)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

Liquidity tables (Cont'd)

Bank loans with a repayment on demand clause are included in the “on demand or less than 3 month” time band in the above maturity analysis. As at 31 December 2025, the aggregate carrying amounts of these bank loans amounted to HK\$311,586,000 (2024: HK\$330,823,000). Taking into account the Group’s financial position, the management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management believes that such bank loans will be repaid within 2 years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Weighted average interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	1-2 years HK\$'000	2-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Non-derivative financial liabilities							
31 December 2025	3.6	93,469	183,989	43,267	-	320,725	311,586
31 December 2024	4.3	156,201	100,279	75,205	11,410	343,095	330,823

The amounts included above for variable interest rate instruments of non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value of the Group’s financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group’s equity instruments at FVTOCI, derivative financial instruments and financial assets at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

For valuation technique using discounted cash flows, the discount rates used take into consideration the credit risk of the relevant counterparties of the contracts or the Group, as appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. Financial Instruments (Cont'd)

Financial risk management objectives and policies (Cont'd)

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

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation(s) technique and key input(s)
	31 December 2025	31 December 2024		
Foreign exchange forward contracts	Assets – HK\$1,322,000	Assets – nil	Level 2	Valuation technique: Discounted cash flow.
	Liabilities – nil	Liabilities – HK\$3,749,000		Key inputs: Forward exchange rates, contracted exchange rates and discount rates.
Interest rate swap contracts	Liabilities – HK\$70,000	Liabilities – nil	Level 2	Valuation technique: Discounted cash flow and option pricing model. Key inputs: Forward interest rates, contracted interest rates, discount rate and HSBC Dynamic Term Premium Index 10 as published on Bloomberg Screen and its volatility.
Unlisted financial products in Mainland China	Assets – HK\$74,442,000	Assets – HK\$15,137,000	Level 2	Valuation techniques: Quoted price for identical assets from a platform
Unlisted funds in Hong Kong	Assets – HK\$9,000	Assets – HK\$10,515,000	Level 2	Valuation techniques: Redeemable value provided by financial intuitions
Equity instruments at FVTOCI	Assets – HK\$588,000	Assets – HK\$5,616,000	Level 2	Valuation technique: Net asset value.

There is no transfer amongst level 1 and 2 for both years.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

41. Financial Assets and Financial Liabilities Subject to Offsetting Enforceable Master Netting Arrangements

The Group has entered into certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Netting Agreements (“ISDA Agreements”) signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. The carrying amounts of financial assets and financial liabilities presented under “Derivative financial instruments” in the consolidated statement of financial position is HK\$1,322,000 and HK\$70,000 (2024: nil and HK\$3,749,000), respectively.

The gross amounts of the recognised financial assets and financial liabilities disclosed above, which are subject to enforceable master netting arrangements, are measured as follows:

- Derivatives financial instruments – fair value

42. Operating Leasing Arrangements The Group as lessor

The Group leases its investment properties under operating lease arrangements with lease term of one to ten years.

As at 31 December 2025, the Group received rentals from tenants in advance amounting to HK\$79,497,000 (2024: HK\$69,734,000) for leases after twelve months from the end of the reporting period that is classified as non-current other liabilities.

Fixed lease payments receivable on leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	42,612	45,230
In the second year	33,724	62,082
In the third year	29,077	45,799
In the fourth year	27,436	33,307
In the fifth year	18,369	25,821
After five years	41,820	38,866
	193,038	251,105

43. Capital Commitments

	2025 HK\$'000	2024 HK\$'000
Capital expenditure in respect of the property, plant and equipment and investment properties contracted for but not provided for in the consolidated financial statements	180,381	394,368

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

44. 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 statement of cash flows as cash flows from (used in) financing activities.

	Dividend payable (Note 13) HK\$'000	Bank borrowings (Note 35) HK\$'000	Lease liabilities (Note 32) HK\$'000	Total HK\$'000
At 1 January 2024	–	1,642,253	9,307	1,651,560
Net cash flows	(47,370)	(103,453)	(4,608)	(155,431)
Finance costs (Note 8)	–	72,553	356	72,909
Interest capitalisation (Note 8)	–	3,847	–	3,847
Dividends declared	47,370	–	–	47,370
New lease entered	–	–	1,387	1,387
Early termination of lease	–	–	(359)	(359)
Exchange realignment	–	(15,272)	(149)	(11,421)
At 31 December 2024	–	1,599,928	5,934	1,605,862
Net cash flows	(10,696)	157,984	(5,321)	141,967
Finance costs (Note 8)	–	51,054	376	51,430
Interest capitalisation (Note 8)	–	7,199	–	7,199
Dividends declared	10,696	–	–	10,696
New lease entered	–	–	11,702	11,702
Early termination of lease	–	–	(1,710)	(1,710)
Exchange realignment	–	14,880	66	14,946
At 31 December 2025	–	1,831,045	11,047	1,842,092

45. Major Non-Cash Transactions

In 2025, the Group entered into new lease agreements for the use of leased properties for 3 years (2024: 3 years) and recognised right-of-use assets and lease liabilities of HK\$11,702,000 and HK\$11,702,000 (2024: HK\$1,387,000 and HK\$1,387,000), respectively, upon lease commencement, that are non-cash transactions.

In 2025, the Group terminated certain leases and derecognised right-of-use assets and lease liabilities of HK\$1,414,000 (2024: HK\$359,000) and HK\$1,414,000 (2024: HK\$1,710,000), respectively, and recognised a gain of HK\$296,000 (2024: HK\$28,000) upon termination of the leases, that are non-cash transactions.

46. Related Party Transactions

Apart from amounts due from joint ventures, amount due to an associate and share options held by the directors of the Company as set out in Notes 26, 33 and 38, respectively, the Group had the following transactions with related parties during the year:

Compensation of key management personnel

The remuneration of directors of the Company, which are the key management personnel during the year are set out in Note 9, is determined by the remuneration committee having regard to the performance of individuals and market trends.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

47. Particulars of Principal Subsidiaries

Details of the Company's principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
			2025 %	2024 %	
Advance Textile and Apparel Limited	Hong Kong	HK\$1	100	100	Garments and related products trading
Angel Star Investment Limited	Hong Kong	HK\$2 Ordinary HK\$2 Non-voting deferred	65	65	Holding of trademarks
Bramead International Inc.	BVI/USA	US\$1	100	100	Holding of trademarks
Dayu Garments Company Limited	Hong Kong	HK\$2	100	100	Garments and related products trading and retailing
Dongguan Dalisheng Fashion Co., Ltd.	Mainland China	HK\$28,000,000	80	80	Garments and related products manufacturing
Dongguan Yihao Fashions Limited	Mainland China	HK\$18,659,510	100	100	Garments and related products manufacturing
Eminent Garment (Cambodia) Limited	Cambodia	US\$12,000,000	100	100	Garments and related products manufacturing
Eminent Garment Limited	Hong Kong	HK\$2	100	100	Garments and related products trading
杭州譽瑞資產管理有限公司	Mainland China	RMB3,000,000	100	100	Property management
High Fashion Accessories and Gifts Limited	Hong Kong	HK\$2	100	100	Garments and related products trading
High Fashion Apparel Limited	BVI/Hong Kong	US\$1,000	100	100	Investment holding
High Fashion (China) (note)	Mainland China	US\$121,865,779	100	100	Dyeing, printing and sandwashing of fabrics and garments and related products manufacturing
High Fashion Garments Company Limited	Hong Kong	HK\$2 Ordinary HK\$10,000,000 Non-voting deferred	100	100	Garments and related products trading and property leasing
High Fashion Garments, Inc.	USA	US\$5,000	100	100	Marketing and garments and related products trading

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

47. Particulars of Principal Subsidiaries (Cont'd)

Name of subsidiary	Place of incorporation or registration/ operations	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Group		Principal activities
			2025 %	2024 %	
High Fashion Garments Management Limited	Hong Kong	HK\$20 Ordinary HK\$20 Non-voting deferred	100	100	Provision of management services
High Fashion International (USA) Inc.	USA	US\$1,800	100	100	Investment holding
High Fashion Knit Company Limited	Hong Kong	HK\$2	100	100	Garments and related products trading
High Fashion Garments International Company Limited	Hong Kong	HK\$2 Ordinary HK\$1,000,000 Non-voting deferred	100	100	Garments and related products trading and provision of investment services
High Fashion Knitwear Overseas Limited	Hong Kong	HK\$2 Ordinary HK\$10,000 Non-voting deferred	100	100	Garments and related products trading and investment holding
High Fashion Silk (note)	Mainland China	US\$50,000,000	100	100	Silk weaving
Navigation Limited	BVI	US\$1	100	100	Investment holding
上海達利發絲綢有限公司	Mainland China	RMB500,000	100	100	Sales of silk products
Shenzhen Daliyu Fashion Co. Ltd.	Mainland China	RMB10,000,000	100	100	Garments and related products retailing
The King Garment Limited	Hong Kong	HK\$2	100	100	Garments and related products trading
Theme Garments (Shenzhen) Company Limited (note)	Mainland China	RMB60,000,000	100	100	Garments and related products retailing
Theme International Holdings (B.V.I.) Limited	BVI	US\$10,001	100	100	Investment holding
新昌縣達利商業廣場有限公司	Mainland China	RMB5,000,000	100	100	Property development
新昌縣達利順文化創意有限公司	Mainland China	RMB6,000,000	100	100	Silk culture tourism development
新昌達利置業有限公司	Mainland China	RMB5,000,000	100	100	Property development
Zhejiang High Fashion Culture Creativity Co., Ltd. (note)	Mainland China	US\$20,000,000	100	100	Culture development

Note: These companies are registered as a wholly-owned foreign enterprise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

47. Particulars of Principal Subsidiaries (Cont'd)

High Fashion Apparel Limited is a directly held wholly-owned subsidiary of the Company. Except for High Fashion Apparel Limited, all subsidiaries listed above are indirectly held by the Company.

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

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

48. Performance Guarantees

As at 31 December 2025, performance bonds of HK\$15,532,000 (2024: HK\$21,624,000) were given by banks in favour of China Customs for import goods under unsecured banking facilities.

49. Statement of Financial Position and Reserves of the Company

	2025 HK\$'000	2024 HK\$'000
Non-current asset		
Investment in a subsidiary	338,342	329,745
Current assets		
Prepayment	151	151
Amount due from subsidiaries	169,953	181,101
Cash and cash equivalents	177	179
	170,281	181,431
Current liabilities		
Other payables and accruals	1,935	2,047
Net current assets	168,346	179,384
	506,688	509,129
Capital and reserves		
Share capital	30,562	30,562
Reserves	476,126	478,567
Total equity	506,688	509,129

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. Statement of Financial Position and Reserves of the Company (Cont'd)

Movement in the Company's reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Contribution surplus HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2024	287,656	16,520	8,511	101,171	(90,856)	1,914	209,144	534,060
Exchange differences arising on translation	-	-	-	-	(7,027)	-	-	(7,027)
Loss for the year	-	-	-	-	-	-	(1,096)	(1,096)
Dividends declared and paid in cash	-	-	-	-	-	-	(47,370)	(47,370)
At 31 December 2024	287,656	16,520	8,511	101,171	(97,883)	1,914	160,678	478,567
Exchange differences arising on translation	-	-	-	-	8,597	-	-	8,597
Loss for the year	-	-	-	-	-	-	(342)	(342)
Dividends declared and paid in cash	-	-	-	-	-	-	(10,696)	(10,696)
At 31 December 2025	287,656	16,520	8,511	101,171	(89,286)	1,914	149,640	476,126

Financial Summary

A summary of the published results and of the assets and liabilities of the Group for the last five financial periods, as extracted from the audited 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	3,064,416	3,336,832	3,306,882	3,515,405	2,887,860
Profit before taxation	57,117	112,772	142,245	210,206	185,854
Taxation	11,324	(16,845)	(29,415)	(54,811)	(38,240)
Profit for the year	68,441	95,927	112,830	155,395	147,614
Profit (loss) for the year attributable to:					
Owners of the Company	69,771	91,681	113,662	154,043	147,214
Non-controlling interests	(1,330)	4,246	(832)	1,352	400
	68,441	95,927	112,830	155,395	147,614

Assets and Liabilities

	2025 HK\$'000	At 31 December			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	6,676,004	6,179,047	6,349,958	6,227,581	6,166,623
Total liabilities	(3,443,545)	(3,087,989)	(3,255,681)	(3,089,588)	(3,043,977)
	3,232,459	3,091,058	3,094,277	3,137,993	3,122,646

Schedule of Principal Investment Properties

Particulars	Approximate Gross Floor Area (square meters)	Lease Term	Usage	Stage of Completion	Group's interest (%)
G/F-10/F, partly 11/F and 12/F, High Fashion Centre, 1-11 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong. <i>(note i)</i>	16,215	Medium term	Commercial/Office	Completed	100%
Shennan Road, Che Gong Miao, Fu Tian District, Shenzhen. Hanggang Fuchun Commercial Building 12 units on L1 & L2.	3,667	Long term	Commercial/Office	Completed	100%
8, Qiannong Road (E), Xiaoshan Economic and Technological Development Zone, Hangzhou, Zhejiang Province. <i>(note ii)</i>	82,146	Medium term	Industrial	Completed	100%
109, Renmin East Road, Xinchang County, Shaoxing, Zhejiang Province. 達利廣場	33,252	Medium term	Commercial	Completed	100%
Jiangbin East Road, Xinchang County, Shaoxing, Zhejiang Province. 達利大廈	6,913	Long term	Commercial/Office	Completed	100%
Southeast intersection of Yingchun South Road and 320 National Road, Chengxin Zone, Tonglu County, Zhejiang Province. (land lot no. 1&2)	56,632	Medium term	Cultural and tourist attraction	Completed	100%
Qianjiang farm, Qianjiang Road South, Bridge South, Xiaoshan, Hangzhou, Zhejiang Province.	135,953	Long term	Industrial	Under development	100%
Unit 1 Block 17, 618 Ding Yuan Lu Songjiang Qu, Shanghai, China	3,795	Medium term	Industrial	Completed	100%

notes:

- (i) The lot number of the property is Lot No. 338. Partly 11/F and 12/F as well as 13/F of High Fashion Centre serving as the Group's head office not included in the above.
- (ii) Areas currently occupied by the Group's manufacturing business not included in the above.

Corporate Information

Board Of Directors

Executive Directors

Mr. Lam Foo Wah (*Chairman*)
Mr. Lam Gee Yu, Will (*Managing Director*)
Mr. Lam Din Yu, Well (*Managing Director (China)*)

Non-executive Directors

Ms. Leung Wing Man, Mabel
Mr. Lau Yip Shing

Independent Non-executive Directors

Mr. Chung Kwok Pan
Mr. Tong Hee Keung, Samuel
Mr. Wong Chun Sek, Edmund

Audit Committee

Mr. Wong Chun Sek, Edmund (*Chairman*)
Mr. Lau Yip Shing
Mr. Chung Kwok Pan
Mr. Tong Hee Keung, Samuel

Remuneration Committee

Mr. Chung Kwok Pan (*Chairman*)
Mr. Lam Gee Yu, Will
Mr. Wong Chun Sek, Edmund

Nomination Committee

Mr. Lam Foo Wah (*Chairman*)
Mr. Lam Din Yu, Well (resigned on 15 October 2025)
Ms. Leung Wing Man, Mabel
Mr. Lau Yip Shing (resigned on 15 October 2025)
Mr. Chung Kwok Pan
Mr. Tong Hee Keung, Samuel
Mr. Wong Chun Sek, Edmund

Risk Management Committee

Mr. Lam Gee Yu, Will (*Chairman*)
Mr. Lam Din Yu, Well
Ms. Leung Wing Man, Mabel
Mr. Lau Yip Shing
Mr. Chung Kwok Pan
Mr. Tong Hee Keung, Samuel
Mr. Wong Chun Sek, Edmund

Company Secretary

Ms. Cheuk Chui King

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Legal Adviser in Hong Kong

Wilkinson & Grist

Legal Adviser on Bermuda Law

Conyers Dill & Pearman

Registered Office

Clarendon House, 2 Church Street,
Hamilton HM11, Bermuda

Head Office and Principal Place of Business

11/F, High Fashion Centre,
1-11 Kwai Hei Street, Kwai Chung,
New Territories, Hong Kong

Principal Share Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street,
Hamilton HM11, Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

China Construction Bank (Asia) Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited, Hong Kong Branch

Stock Code

608

Company Website

www.highfashion.com.hk

Shareholders & Investor Relation Information

Results Announcement:

2025 Final	23 March 2026
2025 Interim	26 August 2025
2024 Final	31 March 2025
2024 Interim	23 August 2024

2026 Annual General Meeting

9 June 2026

Closure of Register of Members

Events

Book close period (both days inclusive)

For attendance to 2026
Annual General Meeting

5 June 2026 to 9 June 2026

For entitlement of the proposed
final dividend

17 June 2026 to 18 June 2026

Dividends:

2025 Final	HK\$0.035 per share payable on 10 July 2026, subject to the shareholders' approval at 2026 AGM
2025 Interim	HK\$0.035 per share paid on 3 October 2025
2024 Final	Nil
2024 Interim	HK\$0.035 per share paid on 4 October 2024

Authorised Shares

1,000,000,000 ordinary shares

Issued Shares

305,615,420 ordinary shares (as at 31 December 2025)

Board Lot

2,000 shares

Financial Year End

December 31

Stock Code

608

Company Website

www.highfashion.com.hk

Listing Date

4 August 1992