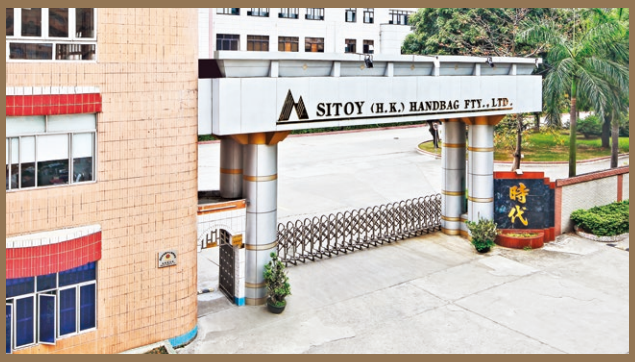












2026

ANNUAL REPORT
年報

時代集團控股有限公司
SITOY GROUP HOLDINGS LTD.



OUR VALUES

我們的價值

Sitoy Group Holdings Limited (the "Company" or "Sitoy Group") and its subsidiaries (together, the "Group") are one of the world's leading manufacturers of branded high-end and luxury handbags, small leather goods, travel goods, footwear products and a brand distributor in Greater China. The Group is principally engaged in design, research, development, manufacturing, sales, retailing and wholesales of handbags, small leather goods, travel goods and footwear products, provision of advertising and marketing services, and property investment. Since 2011, the Group has entered the rapidly growing China handbag retailing market and become a vertically integrated handbags and small leather goods company. In 2026, the Group has also begun developing household products, supported by proprietary characters, brand names, logos and intellectual property. The Group currently owns four self-owned brands, namely TUSCAN'S, Fashion & Joy, Duffy and Sitoy.

時代集團控股有限公司(「本公司」或「時代集團」)及其附屬公司(統稱「本集團」)為世界頂尖的高端品牌及奢侈手袋、小皮具、旅行用品、鞋履產品製造商之一,也是大中華區品牌分銷商。本集團主要從事手袋、小皮具、旅行用品及鞋履產品設計、研發、製造、銷售、零售及批發,提供廣告及營銷服務,以及物業投資。由二零一一年起,本集團已進駐增長迅速的中國手袋零售市場,成為垂直整合手袋及小型皮革產品公司。於二零二六年,本集團亦已著手開發家居產品,並依託自有角色、品牌名稱、標識及知識產權作為支撐。本集團目前擁有四個自家品牌,即TUSCAN'S、Fashion & Joy、Duffy及萌迪魚。

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ABOUT TUSCAN'S



In 1974, Mr. Antonio Perrotti and Mr. Giovanni Starnini co-founded TUSCAN'S in a bid to set the trend with premium leather.

The Italian city of Florence in Tuscany is the cradle of traditional Italian leather craftsmanship. The city has been home to some of the shiniest names in fashion for centuries. Embodying the romantic atmosphere of the terroir, TUSCAN'S lays claim to the rich leatherwork heritage of Florence. TUSCAN'S entered the Chinese Mainland and Hong Kong market in 2011, with an aim to spark off a transformation in style that blends Italian style with Eastern fashion and puts personality and classic design to the fore.



ABOUT SITOY

Sitoy is a brand-new creative lifestyle brand launched by Sitoy Group in 2026. Covering a diverse range of categories including home goods, cultural creativity, fragrance, beauty, trendy toys, storage supplies, travel accessories and gifts, the brand takes "Art + Fun" as its core philosophy. It advocates a relaxed and comfortable lifestyle, enables happiness in daily moments, and continuously injects vibrant and interesting aesthetic inspiration into people's lives.





ABOUT FASHION & JOY



Fashion & Joy is a Hong Kong brand of travel luggage and business accessories, designed and expertly crafted for bold young trend-setters who aspire stylish sophistication.

Gearing to the needs of fashion-conscious consumers with a passion for travel, Fashion & Joy presents a collection of luggage and business accessories that juxtapose urban chic and functionality. We believe in travelling with style. Fashion & Joy offers trend lovers, particularly young fashionistas, a unique and pioneering travel experience.

Every Fashion & Joy product is a symbol of the brand's core values: uniqueness, excellent functionality and superb quality. Blending excellent design, functional features and individual character, Fashion & Joy travel goods are your dazzling Generation X statement. Travel is now a stage for your fashionable image.



ABOUT DUFFY



Originated in Stockholm, Sweden, Duffy creates luxury leather goods that combine artisanal craftsmanship and modern innovation.

The brand was introduced to Hong Kong and China by Sitoy Group since 1972, keeping the brand's DNA to design refined and timeless styles with a touch of traditional oriental art for modern women to last, aiming to become the new iconic luxury brand in China.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yeung Michael Wah Keung *(Chairman)*
Dr. Yeung Wo Fai *(Chief Executive Officer)*
Mr. Yeung Andrew Kin *(Deputy General Manager)*
Mr. Chan Tung Chit *(Chief Financial Officer)*

Independent Non-executive Directors

Mr. Yeung Chi Tat
Ms. Lee Pao Yue
Ms. So Sze Wan, Lisa*

AUTHORISED REPRESENTATIVES

Dr. Yeung Wo Fai
Mr. Yeung Andrew Kin

COMPANY SECRETARY

Mr. Wong Yu Kit

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

9th Floor, Sitoy Tower
164 Wai Yip Street, Kwun Tong
Kowloon, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

The Third Industrial District
Qiaotou Village, Houjie Town
Dongguan, Guangdong Province
The People's Republic of China

BOARD COMMITTEES

Audit Committee

Mr. Yeung Chi Tat *(Chairman)*
Ms. Lee Pao Yue
Ms. So Sze Wan, Lisa*

Remuneration Committee

Ms. Lee Pao Yue *(Chairlady)*
Mr. Yeung Michael Wah Keung
Mr. Yeung Chi Tat

Nomination Committee

Mr. Yeung Michael Wah Keung *(Chairman)*
Ms. Lee Pao Yue
Ms. So Sze Wan, Lisa*

Environmental, Social and Governance Committee

Dr. Yeung Wo Fai *(Chairman)*
Mr. Yeung Chi Tat
Ms. Lee Pao Yue
Ms. So Sze Wan, Lisa*

* **Appointed on 17 November 2025**

LEGAL ADVISER AS TO HONG KONG LAWS

Woo Kwan Lee & Lo

PRINCIPAL BANKERS

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A,
Block 3, Building D,
P.O. Box 1586, Gardenia Court,
Camana Bay,
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F.,
Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong

AUDITORS

Ernst & Young

STOCK CODE

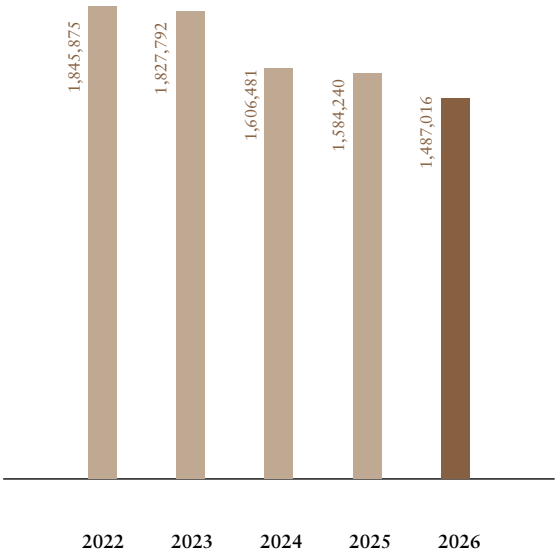
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COMPANY WEBSITE

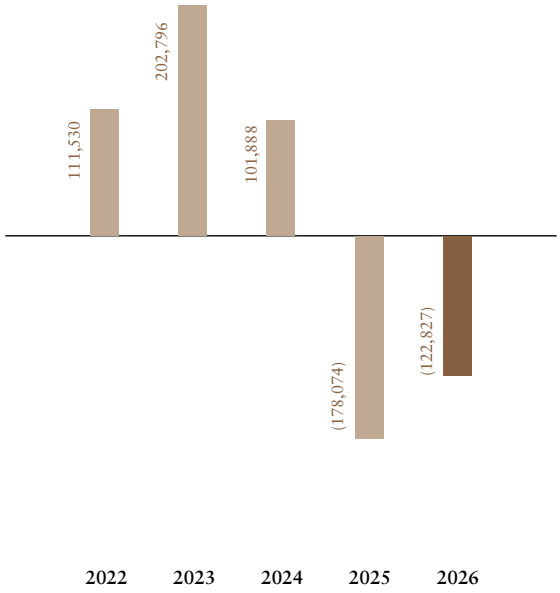
www.sitoy.com

FINANCIAL HIGHLIGHTS

REVENUE
HK$'000

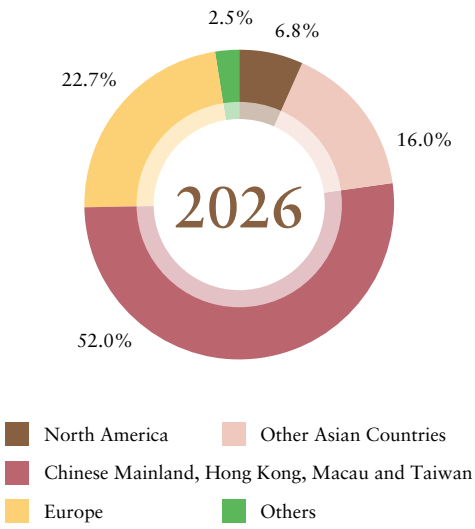


PROFIT/(LOSS) FOR THE YEAR
HK$'000

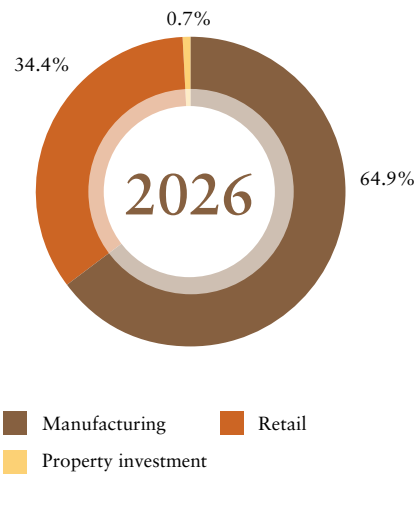


Consolidated revenue decreased by 6.1% year-on-year to HK$1,487.0 million

2026 REVENUE BY GEOGRAPHICAL SEGMENT



2026 REVENUE BY OPERATING SEGMENT



Geographically, Chinese Mainland, Hong Kong, Macau and Taiwan and Europe were our two largest markets

FINANCIAL HIGHLIGHTS

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Revenue	1,487,016	1,584,240
Gross profit	417,698	516,063
Loss before tax	(124,177)	(168,871)
Loss for the year	(122,827)	(178,074)
Net assets per share (note 1) (approximately)	HK$1.50	HK$1.63
Basic loss per share (note 2) (approximately) (HK cents)	(12.72)	(18.50)
Diluted loss per share (note 2) (approximately) (HK cents)	(12.72)	(18.50)
Dividends per share (note 3) (HK cents)	4	6
Total assets	1,684,705	1,882,902
Net assets	1,448,110	1,570,731
Current ratio	3.51 times	3.15 times
Quick ratio	2.75 times	2.57 times
Gearing ratio (note 4)	N/A	N/A
Return on equity	(8.48%)	(11.34%)
Return on total assets	(7.29%)	(9.46%)

Notes:

1. The calculation of the net assets per share amount is based on the net assets as at 30 June 2026 to ordinary equity holders of the Company, and the number of ordinary shares of 965,430,000 in issue as at 30 June 2026 (30 June 2025: 965,430,000).

2. The calculation of the basic loss per share amount is based on the loss for the year ended 30 June 2026 attributable to ordinary equity holders of the Company of approximately HK$122,827,000 (loss for the year ended 30 June 2025: HK$178,074,000), and the weighted average number of ordinary shares of 965,430,000 (30 June 2025: 962,639,000) in issue during the year.

   The calculation of the diluted loss per share amount is based on the loss for the years ended 30 June 2026 and 2025 attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the years ended 30 June 2026 and 2025, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

3. The Directors (as defined below) recommended the payment of a special dividend of HK2 cents per share for the year ended 30 June 2026 (30 June 2025: special dividend of HK4 cents). Together with the interim dividend of HK2 cents per share for the period ended 31 December 2025 (31 December 2024: HK2 cents), the annual dividends will amount to HK4 cents per share for the year ended 30 June 2026 (30 June 2025: HK6 cents). For more details, please refer to note 12 to the consolidated financial statements of the Group for the year ended 30 June 2026.

4. The Group's net debt is less than zero as at 30 June 2026 and hence no gearing ratio was presented. Gearing ratio is net debt divided by total capital plus net debt. The Group's net debt consists of lease liabilities, trade and bills payables and other payables and accruals, less cash and cash equivalents.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present to you the annual results of Sitoy Group Holdings Limited (the "Company" or "Sitoy Group") and its subsidiaries (collectively, the "Group") for the year ended 30 June 2026 ("FY2026" or the "Year under Review").

OVERALL RESULTS

During the Year under Review, the Group's financial performance was significantly affected by the intense competition in both global and domestic markets resulted in certain impairment charges being recognised and the downturn in the Hong Kong commercial property market.

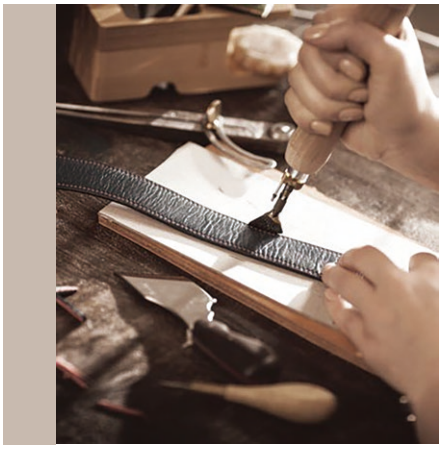
For FY2026, the Group recorded revenue of approximately HK$1,487.0 million, representing a decrease of 6.1% compared with the previous year. Gross profit decreased by 19.1% to approximately HK$417.7 million, with a gross profit margin of 28.1%. Loss attributable to ordinary equity holders of the Company was approximately HK$122.8 million. Basic loss per share was HK12.72 cents.

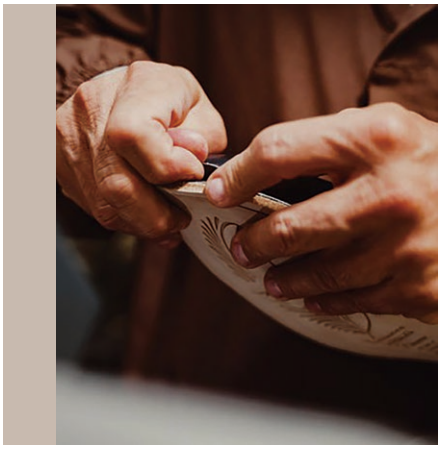
The board of directors of the Company (the "Board") has proposed the payment of a special dividend of HK2 cents per share for FY2026.

RETAIL BUSINESS

The Hong Kong and Chinese Mainland retail markets continued to evolve in a two-speed manner. While overall retail activity improved, supported by recovering tourism, stronger inbound spending and better consumer sentiment, competition intensified across digital platforms, and mid-market and neighbourhood retail remained under pressure from e-commerce penetration and cross-border spending patterns.

The Group has established the Sitoy e-Commerce Center, with a total gross floor area of over 4,400 square meters, providing comprehensive facilities including livestreaming studios, retail outlets and showrooms. The Sitoy e-Commerce Center is now operating at full scale with more than 30 livestreaming rooms and has become a notable attraction in Dongguan. During the Year under Review, the Group further expanded its e-commerce presence across multiple platforms, including proprietary brand websites, Tmall, JD.com, Facebook, TikTok, WeChat Channels and Xiaohongshu. Our in-house livestreaming sales team has grown to approximately 250 staff, comprising anchors, assistant anchors, merchandisers, designers and back-office support personnel.





CHAIRMAN'S STATEMENT

In response to changing consumption patterns, the Group continued to strengthen its omni-channel retail strategy and product differentiation. We have also begun developing household products, supported by proprietary characters, brand names, logos and intellectual property. Our first concept store was opened in September 2026. We believe this segment will broaden our product offerings and support more diversified revenue streams.

The Group currently operates four self-owned brands, namely TUSCAN'S, Fashion & Joy, Duffy and Sitoy. Each brand has its own identity and targets different customer segments, covering men's and women's bags, leather goods, footwear, apparel, accessories and household products, thereby enhancing product differentiation.

Revenue from the retail segment decreased by 22.0% to approximately HK$510.8 million compared with the previous year. Segment profit before tax was approximately HK$4.1 million, as compared to a segment loss before tax of HK$62.3 million in the previous year, primarily due to the absence in the current year of a one-off loss of approximately HK$83.6 million incurred for the termination of the Cole Haan Business (as defined in the announcement of the Company dated 26 November 2024) in the previous year.

MANUFACTURING BUSINESS

Regarding the manufacturing business, during the Year under Review, the segment revenue was approximately HK$965.9 million, with a segment loss before tax of approximately HK$76.3 million.

The manufacturing business continued to operate in a market shaped by supply chain reconfiguration, customer demand diversification and the relocation of production capacity to Southeast Asia. Indonesia is increasingly emerging as an important manufacturing hub in the region, and the Group's local factory has continued to support existing customers while attracting new brand partners.

Our two-storey factory in Indonesia, with a gross floor area exceeding 15,000 square meters, has attracted key industrial players and brand customers from North America. Leveraging our long-standing and stable relationships with these customers, the factory is currently operating at full capacity, with production capacity having doubled compared with last year.

To support operations in Indonesia, the Group has redeployed experienced personnel from its PRC facilities and recruited additional senior staff to strengthen operational oversight.

The Group remains committed to enhancing its competitiveness by sourcing high-quality raw materials at competitive prices, upgrading production facilities, and continuously optimising and streamlining production processes to meet the evolving requirements of both existing and new customers. Despite a challenging operating environment, the Group continues to explore new business opportunities.

CHAIRMAN'S STATEMENT

PROPERTY INVESTMENT BUSINESS

The Group has maintained stable return from the property investment business. Currently, all of the available-for-rent floors of Sitoy Tower have been leased out. In addition to leasing purpose, a portion of floors of Sitoy Tower was reserved for use as the head office and principal place of business of the Company and product showrooms in Hong Kong. On the one hand, it generated a stable and long-term rental income for the Group. On the other hand, it facilitated the presentation of our latest and best product designs and crafts to customers, which helped propel the Group's manufacturing and retail business with contributions in different aspects. Furthermore, the office premises located at Hoi Yuen Road, Kwun Tong and Silvercord, Tsim Sha Tsui, which were originally for our own use, were transferred to investment properties in 2017 and in 2019 respectively, and were fully rented out, continuing to bring a stable rental income to the Group. During the Year under Review, property investment segment has generated segment revenue of approximately HK$10.3 million and incurred a segment loss before tax of approximately HK$46.5 million due to the revaluation loss of HK$52.7 million recorded. It was mainly due to factors such as tight office market competition, weak demand, economic uncertainty and geopolitics, which have jointly led to continuous declines in prime office building price in Hong Kong.

PROSPECT

Looking ahead, the retail environment is expected to remain competitive and increasingly differentiated across customer segments and sales channels. Consumer spending in Hong Kong and the PRC is showing signs of recovery, supported by the return of visitors, improving inbound consumption and resilient demand for selected premium products. Nevertheless, the continued expansion of e-commerce and cross-border shopping is expected to place pressure on mass-market, mid-tier and neighbourhood retail. Against this backdrop, the Group will continue to strengthen its omni-channel retail strategy by integrating its physical stores, proprietary websites and major online platforms. We will focus on improving product development, inventory management, customer engagement and operational efficiency, while leveraging livestreaming, social commerce and data-driven marketing to enhance conversion and customer loyalty.

The Group will also continue to develop its household products business and expand the product portfolio of its self-owned brands. Through distinctive product designs, proprietary intellectual property and carefully selected retail formats, we aim to attract new customer groups and create additional sources of revenue. We will maintain a disciplined approach to store expansion and capital allocation, prioritising locations, products and channels that offer sustainable profitability. We are confident that the household products business will bring in more opportunities in terms of revenue and profit to the Group.

Regarding our manufacturing business, the global manufacturing landscape is expected to remain affected by supply chain restructuring, geopolitical uncertainties, changing sourcing requirements and fluctuations in raw material, labour and logistics costs. At the same time, Indonesia continues to offer opportunities as an important manufacturing base in Southeast Asia, supported by its established footwear, bags, leather and broader industrial supply chains.

Our priorities will include optimising production processes, improving capacity utilisation, strengthening procurement and cost-control measures, and investing selectively in machinery, technology and employee training. We will also continue to evaluate opportunities to expand our overseas production capacity through organic development, strategic cooperation or merger and acquisition, subject to commercial viability and prudent financial considerations.

With our established customer relationships, manufacturing experience and growing presence in Indonesia, the Group is well positioned to capture opportunities arising from the continued diversification of global supply chains. However, we will remain alert to changes in international trade policies, foreign exchange movements, labour costs and customer demand, and will adjust our production and investment plans accordingly.

CHAIRMAN'S STATEMENT

For the Group's property investment business, our principal objective will remain the protection of recurring rental income and the preservation of long-term asset value. We will continue to maintain high occupancy levels at Sitoy Tower and our other investment properties by strengthening tenant relationships, improving leasing flexibility and responding promptly to changing occupier requirements. The Group will adopt a prudent approach to lease renewals, tenant selection, capital expenditure and asset enhancement. Where appropriate, we will improve the facilities, presentation and utilisation of our properties in order to enhance their competitiveness and support tenant retention.

Although the near-term outlook remains subject to economic, interest-rate and geopolitical uncertainties, we believe that Hong Kong's role as an international business and financial centre, together with the gradual recovery of office and retail activity, will provide a foundation for stabilisation over the medium to long term. The Group will remain focused on maintaining stable cash flows, strengthening financial resilience and creating sustainable value from its property portfolio.

Despite the challenges and difficulties ahead, we are confident in the future business environment. The Group is led by an experienced management team, guided by business improvement plans and combined with our product cost control measures that will optimise the overall cost structure. Together with our competitive advantages and strong financial fundamentals and also by leveraging our strong industry expertise, established customer base, and growing retail network, the Group is well positioned to achieve sustainable growth and create long-term value for our shareholders.

Finally, I would like to take this opportunity to express heartfelt thanks to the shareholders, clients, suppliers, customers and other parties for their steadfast support to the Group, and to my fellow Board members, management team and all staff members for their hard work during this period. Sitoy Group will aspire to higher achievements in order to bring greater returns to the shareholders.

Yeung Michael Wah Keung
Chairman

Hong Kong
28 September 2026

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

Retail business

Revenue generated from this segment decreased by approximately 22.0% year-on-year to approximately HK$510.8 million for FY2026. However, the segment results improved from a loss before tax of approximately HK$62.3 million in the prior year to a profit before tax of approximately HK$4.1 million in the current year. The prior-year loss was mainly attributable to the termination of the Cole Haan Business in late November 2024, which resulted in a one-off significant loss of approximately HK$83.6 million and such loss did not recur in FY2026.

During FY2026, the Group's retail operations in the Chinese Mainland market continued to face intensifying competition, with an increasing number of market participants and heightened consumer expectations regarding product quality, design, and price competitiveness. In response to these market dynamics, certain products required promotional pricing and markdowns in order to manage inventory levels. Accordingly, the Group recognised an inventory impairment charge of approximately HK$10.5 million for the year in respect of its retail segment. Management will continue to monitor market trends and inventory turnover closely and will adjust procurement, product mix, and pricing strategies as appropriate to mitigate future impairment risks.

The Group operated four self-owned brands which are TUSCAN'S, Fashion & Joy, Duffy and Sitoy as at 30 June 2026. TUSCAN'S is a brand of high-quality handbags originating in Italy. Fashion & Joy is a self-developed brand focusing on stylish travel luggage and business accessories designed and expertly crafted for bold and young trend-setters. Duffy is a brand of refined design and timeless style with a touch of traditional oriental art for modern women to last, aiming to become the new iconic luxury brand in China. "Sitoy" is a newly developed proprietary brand targeting the retail market for accessories and household products. It adopts an affordable, design-oriented lifestyle retail concept, offering a diverse range of practical and fashionable products for everyday consumers.

Manufacturing business

During FY2026, the Group's purchase orders received from its external customers have increased by approximately 5.2% when compared to the previous year. The manufacturing business has generated segment revenue from external customers of approximately HK$965.9 million with segment loss before tax of approximately HK$76.3 million when compared to the previous year's segment loss before tax of approximately HK$3.8 million. It is mainly attributable to global economic uncertainties and exchange-rate fluctuations.

During FY2026, the Group recorded a trade receivable of approximately HK$21.8 million arising from a long-standing customer with whom the Group has maintained a business relationship over multiple years. Historically, this customer has demonstrated a strong credit standing and a good track record of settlement. However, in recent months, there have been significant adverse developments in the customer's financial condition, and management assesses that the customer is now in pre-moratorium status and it is highly probable that the customer will enter bankruptcy protection proceedings. In light of these circumstances and after considering all available information, management has concluded that the recoverability of the outstanding balance is highly uncertain. Accordingly, the Group recognised a full impairment provision of approximately HK$21.8 million against this trade receivable in FY2026.

MANAGEMENT DISCUSSION & ANALYSIS

The Group has lodged an insurance claim in respect of this receivable under its trade credit insurance policy. As at the date of this report, the insurance claim remains under review by the insurer and the final settlement amount, if any, has not been determined. Due to the uncertainty surrounding the timing and outcome of the claim, no insurance recovery has been recognised in FY2026. Management expects that, should the claim be approved, the related insurance compensation will be recognised in the next financial year, subject to the terms and conditions of the policy and the insurer's final assessment.

Furthermore, the continued appreciation of Renminbi against US dollar resulted in increased foreign exchange losses in the manufacturing business, adversely affecting the segment's financial performance. The Group will closely monitor developments in the foreign exchange market and continue to adopt appropriate measures to manage its foreign exchange exposure in order to mitigate the potential impact of adverse currency movements on its operations.

The following strategies were adopted by the Group, which were well recognised:

(1) Market and Product Diversifications: more than five years ago, we began to diversify our market reach. Currently, the proportion of revenue from North America, Europe and Asian markets is more evenly distributed. Our facilities produce handbags, small leather goods and traveling goods, which fulfill various needs of our customers;

(2) Maintaining Our Core Competitiveness: with the lead by a capable and experienced management team, we are not only able to provide a high level of craftsmanship and reliable supply chain management which can reduce the production lead time, but also top quality products and credibility to our customers; and

(3) Production Flexibilities: with our different product plants in the PRC and Indonesia, we are able to manage our production lines to fit various production requirements as our brand customers are all implementing a global sourcing strategy. Our overseas plant in Indonesia started contributing revenue since the first quarter of 2025, which offers alternatives to our new customers, especially those brand customers from North America. Indonesia is one of the fast developing countries which offer various advantages, such as high population and competitive labor cost.

Property investment business

The Group expanded into the property investment market in 2016 by acquiring a 20-storey office building, now named as "Sitoy Tower", located in East Kowloon at No. 164 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong. Prime office locations such as Central, Causeway Bay and nearby areas are occupied by enterprises and companies from the financial industry. Tenants from other industries, therefore, have to seek prime offices in other areas, such as East Kowloon, which are getting popular because of convenient locations, well-connected transportation options, and abundant lifestyle offerings such as shopping centres and entertainment facilities. In addition, the Company's office premises located at 4-5th Floors, The Genplas Building, No. 56 Hoi Yuen Road, Kwun Tong ceased to be for its own use and was transferred to investment properties for rental income and capital appreciation purpose in early 2017. In 2019, the Group transferred its self-use property located at No. 1011, 10th Floor, Tower 1, Silvercord, No. 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, to investment property for rental income and capital appreciation purposes. The property investment segment is expected to generate stable returns for the Group. The property investment business has generated revenue of approximately HK$10.3 million with a segment result of loss before tax of approximately HK$46.5 million during FY2026 as a result of net fair value loss on the investment properties of approximately HK$52.7 million. The net fair value loss is mainly due to factors such as tight office market competitions, weak demand, economic uncertainty and geopolitics, which have jointly led to continuous declines in prime office building prices in Hong Kong.

MANAGEMENT DISCUSSION & ANALYSIS

PRODUCT RESEARCH, DEVELOPMENT AND DESIGN

The internal Creative Centre and R&D Centre of the Group offer customers one-stop design, research, development and manufacturing solutions, which help the Group serve its customers in response to fast changing consumer preferences and fashion trends as well as to develop and manufacture products with complex designs. By offering customers value-added services and a high level of craftsmanship, the Group will strengthen its competitive edge in the industry, which in turn will attract and retain leading international and Chinese Mainland brands of high-end and luxury products as our customers. In the future, the Group shall continue to source high quality raw materials at competitive prices, enhance the production machines, tools and systems and continue to optimise and streamline production procedures, ensure and stabilise the product qualities and reduce the reliance on labours to boost competitiveness of the Group and satisfy brand customers' demands.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 6.1% to approximately HK$1,487.0 million for FY2026 from approximately HK$1,584.2 million for the year ended 30 June 2025 ("FY2025"), mainly due to the downturn of the retail business.

Cost of sales

Cost of sales of the Group was maintained at approximately HK$1,069.3 million for FY2026 compared with approximately HK$1,068.2 million for FY2025.

Gross profit and gross profit margin

Gross profit decreased by approximately 19.1% to approximately HK$417.7 million for FY2026 from approximately HK$516.1 million for FY2025. The gross profit margin decreased to approximately 28.1% for FY2026 from approximately 32.6% for FY2025. It was mainly due to appreciation of Renminbi against United States dollar.

Other income and gains

Other income and gains decreased by approximately 43.7% to approximately HK$9.8 million for FY2026 from approximately HK$17.3 million for FY2025. It was mainly due to appreciation of Renminbi against US dollar, which recorded mainly unrealised net exchange loss of approximately HK$44.9 million for FY2026 while incurred net exchange gain of approximately HK$5.4 million for FY2025.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 23.2% to approximately HK$210.1 million for FY2026 from approximately HK$273.7 million for FY2025. Following the termination of the Cole Haan Business in late 2024, no related selling and distribution expenses were incurred in FY2026, contributing to a reduction in total expenses.

MANAGEMENT DISCUSSION & ANALYSIS

Administrative expenses

Administrative expenses decreased by approximately 4.9% to approximately HK$217.3 million for FY2026 from approximately HK$228.5 million for FY2025. Following the termination of the Cole Haan Business in late 2024, no related administrative expenses were incurred in FY2026, contributing to a reduction in total expenses.

Other expenses

Other expenses decreased to approximately HK$101.2 million for FY2026 from approximately HK$197.9 million for FY2025. The decrease was primarily due to two factors: 1) a lower fair value loss on investment properties, approximately HK$52.7 million (FY2025: HK$109.2 million); and 2) the one-off significant loss of approximately HK$83.6 million incurred in FY2025 due to the termination of the Cole Haan Business did not recur in FY2026.

Income tax expense

Under the current laws of the Cayman Islands and the British Virgin Islands, the Group is not subject to tax on its income or capital gains in the Cayman Islands and the British Virgin Islands. In addition, any payments of dividends are not subject to withholding tax in the Cayman Islands or the British Virgin Islands.

Hong Kong profits tax as applicable to the Group was 16.5% for FY2026 and FY2025 on the estimated assessable profits arising in or derived from Hong Kong during the relevant year.

Macau Complementary Income Tax has not been provided for as the Group had no assessable profit arising in Macau during FY2026 (FY2025: nil).

Indonesia Complementary income tax has not been provided for as the Group had no assessable profit arising in Indonesia during FY2026 (FY2025: nil).

The PRC corporate income tax was based on a statutory rate of 25% (FY2025: 25%) of the assessable profit of all the subsidiaries incorporated in the PRC as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008.

Loss for FY2026

The Group recorded a loss for FY2026 of approximately HK$122.8 million when compared to the loss for FY2025 of approximately HK$178.1 million. There were some major factors including 1) the fact that the one-off significant loss of approximately HK$83.6 million in FY2025 due to the termination of the Cole Haan Business did not recur in FY2026; 2) less fair value loss of investment properties compared with the prior year; and 3) a full impairment provision of approximately HK$21.8 million against the trade receivable from a manufacturing customer.

MANAGEMENT DISCUSSION & ANALYSIS

Investment properties

Details of investment properties of the Group with carrying amounts of approximately HK$505.7 million and HK$558.4 million as at 30 June 2026 and 2025 respectively are as follows:

As at 30 June 2026 and 2025

Property	Address	Use	Lease term
Ground to 2nd, room B of 3rd, 4th to 6th and 11th to 20th Floors, Sitoy Tower	Ground to 2nd, room B of 3rd, 4th to 6th and 11th to 20th Floors, Sitoy Tower, No. 164 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong (Kwun Tong Inland lot number 316)	Commercial (for rental income and capital appreciation purposes)	Medium term lease
4th to 5th Floors, The Genplas Building	4th to 5th Floors, The Genplas Building, No. 56 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong (Kwun Tong Inland lot number 58)	Industrial (for rental income and capital appreciation purposes)	Medium term lease
No. 1011, 10th Floor, Tower 1, Silvercord	No. 1011, 10th Floor, Tower 1, Silvercord, No. 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (Kowloon Inland lot number 10456)	Commercial (for rental income and capital appreciation purposes)	Medium term lease

Sitoy Tower is a trendy office tower with a total gross floor area of approximately 70,000 square feet. Room A of 3rd, 7th to 10th Floors are for the Group's own use as the Group's head office, showrooms for merchandise display and market week, whilst the remaining floors of Sitoy Tower are for leasing purpose.

MANAGEMENT DISCUSSION & ANALYSIS

During the year ended 30 June 2017, the Company's offices located at 4th to 5th Floors, The Genplas Building, No. 56 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong (with a gross floor area of approximately 9,710 square feet) ceased for the Group's own use and were leased out for rental income.

During the year ended 30 June 2019, the Company's office located at No. 1011, 10th Floor, Tower 1, Silvercord, No. 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (with a gross floor area of approximately 2,060 square feet) ceased for the Group's own use and was leased out for rental income.

Cash and cash equivalents

Cash and cash equivalents decreased by approximately 36.2% to approximately HK$278.9 million as at 30 June 2026. The decrease was mainly due to negative net cash flow generated from operating activities during FY2026.

Capital expenditure

For FY2026, capital expenditure of the Group amounted to approximately HK$31.9 million, primarily related to the expansion of retail business, upgrade and expansion of manufacturing facilities mainly in Indonesia.

Significant investments

The Group had no significant investments held during FY2026.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

The Group had no other material acquisitions or disposals of subsidiaries, associates or joint ventures during FY2026.

Treasury policy

The Group adopts a treasury policy that aims to better control its treasury operations and lower borrowing cost. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board would also consider various funding sources depending on the Group's funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The Board reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.

Liquidity and financial resources

The liquidity and financial resources position of the Group remains strong as it continues to adopt a prudent approach in managing its financial resources. The Group's cash and cash equivalents as at 30 June 2026 amounted to approximately HK$278.9 million (FY2025: HK$437.4 million), which are mainly denominated in Hong Kong dollars, Renminbi, Euro, US dollars and Indonesian Rupiah. Based on the sufficient cash and bank balances and readily available banking facilities, the Group has sufficient financial resources and a strong cash position to satisfy working capital requirements for business development, operations and capital expenditure. New investment opportunities, if any, would be funded by the Group's internal resources.

The Group's net debt is less than zero as at 30 June 2026 (2025: less than zero) and hence no gearing ratio was presented. Gearing ratio is net debt divided by total capital plus net debt. The Group's net debt consists of lease liabilities, trade and bills payables and other payables and accruals, less cash and cash equivalents.

MANAGEMENT DISCUSSION & ANALYSIS

Foreign exchange risk

The Group had transactional currency exposures for FY2026. Such exposures arose from sales or purchases by operating units in currencies other than the units' functional currency. During FY2026, 63.2% (FY2025: 56.5%) of the Group's sales were denominated in currencies other than the functional currency of the operating units making the sale, whilst approximately 92.2% (FY2025: 86.8%) of the costs were denominated in the units' functional currency.

Most of the transactions of the Group were denominated in Hong Kong dollars, US dollars, Euro, Renminbi and Indonesian Rupiah. The Group is exposed to foreign exchange risk arising from exposure to the US dollars, Euro, Renminbi and Indonesian Rupiah against Hong Kong dollars.

It is the Group's consistent policy to centralize foreign exchange management to monitor total foreign currency exposure, to net off affiliate positions, and, if necessary, to consolidate hedging transactions with banks. In addition, various bank facilities have been arranged in these currencies, to meet our daily operating expenses and capital investment requirements. Hence, in our operating business model, the Group's revenue is mostly matched to the currencies of the outlay. As far as possible, the Group aims to achieve natural hedging by investing and borrowing in the functional currencies. Where a natural hedge is not possible, the Group will mitigate foreign exchange risks via appropriate foreign exchange forward contracts.

As at 30 June 2026 and 2025, the Group did not have any outstanding foreign exchange forward contracts and other financial derivatives outstanding.

Pledge of assets

As at 30 June 2026, approximately HK$27.8 million of time deposits were pledged as security for banking facilities granted to the Group (FY2025: HK$26.6 million).

Inventory turnover days

Inventory turnover days decreased to 65 days for FY2026 from 70 days for FY2025.

Trade receivables turnover days

Trade receivables turnover days increased to 70 days for FY2026 from 65 days for FY2025. The stability of the trade receivables turnover days was primarily attributable to the strict credit control policies implemented by the Group.

Trade and bills payables turnover days

Trade and bills payables turnover days maintained at 63 days for FY2026 and FY2025. Trade payables are non-interest bearing and are generally settled within 90 days.

Off-balance sheet commitments and arrangements and contingent liabilities

As at 30 June 2026, the Group did not have any material off-balance sheet commitments and arrangements and contingent liabilities.

MANAGEMENT DISCUSSION & ANALYSIS

EMPLOYEES

As at 30 June 2026, the Group had about 5,300 employees. In addition to the basic salaries, performance bonuses will be offered to those staff members with good performance. The subsidiaries of the Company are subject to social insurance, provident housing fund and certain other employee benefits in accordance with local laws and regulations. The Group also adheres to statutory employment standards and those requested by customers, such as minimum wage levels and maximum working hours. Moreover, the Group provides staff quarters for most employees and, in the case of certain senior employees, family quarters. The Group also provides various amenities and recreation facilities such as canteens, sports grounds, library and internet center for its employees. In respect of employees' religious needs, the Group provides related facilities such as mushola prayer rooms. The Group will continue to improve the working environment in the manufacturing facilities and the living qualities for its staff. The Directors believe that the remuneration packages and fringe benefits offered by the Group to its staff members are competitive in comparison with market standards and practices. Since human resource management is an important factor in maintaining and further enhancing the Group's strong expertise and know-how in the craftsmanship of handbags, small leather goods and travel goods, the in-house employee training center provides pre-job training programs to the new recruits before they are assigned to work at the manufacturing facilities of the Group. From time to time, different levels of on-the-job training will be provided to the employees to broaden their skills and enhance their productivity.

The Company also adopted a share option scheme approved on 15 November 2011 and a share award scheme approved on 12 July 2018 for the purpose of, among other things, recognition of employees' contribution.

DIRECTORS' PROFILE

EXECUTIVE DIRECTORS

Mr. Yeung Michael Wah Keung, aged 77, is an executive Director, the Chairman, a member of remuneration committee and the chairman of nomination committee of the Company. He was appointed as a Director on 21 February 2008. He has been with the Group since its establishment in the 1970s and is one of the founders. He is responsible for the Group's overall business development, strategic planning and corporate management.

He has over 50 years of experience in the handbag and leather goods industry, and has focused on manufacturing luxury branded handbags and small leather goods for more than 20 years. He is currently a director of certain subsidiaries of the Group. He is the brother of Dr. Yeung Wo Fai, an executive Director, the chief executive officer and a substantial shareholder of the Company. He is also the father of Mr. Yeung Andrew Kin, an executive Director and deputy general manager of the Group. He is also a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO").

Dr. Yeung Wo Fai, aged 73, is an executive Director, the chief executive officer and the chairman of environmental, social and governance committee of the Company. He holds a Doctorate degree in Business Administration from the Lincoln University College of Malaysia. He was appointed as a Director on 21 February 2008 and is also one of the founders. He has been with the Group since 1974. He is responsible for the overall daily operations of the Group's business. He is also responsible for product development, marketing and administration of the Group.

He has over 50 years of experience in the handbag and leather goods industry, and has focused on manufacturing luxury branded handbags and small leather goods for more than 20 years. He is currently a director of certain subsidiaries of the Group. He is the brother of Mr. Yeung Michael Wah Keung, an executive Director, the Chairman and a controlling shareholder of the Company. He is also the uncle of Mr. Yeung Andrew Kin, an executive Director and deputy general manager of the Group. He is also a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mr. Yeung Andrew Kin, aged 52, is an executive Director of the Company, head of retail and deputy general manager of the Group. He is in charge of the retail business of the Group. He joined the Group in September 1999 and was appointed as a Director on 23 May 2011. He is responsible for the overall operations and strategic planning of the retail business of the Group. He is also responsible for the corporate management and business development of the retail business of the Group. He graduated from Simon Fraser University, British Columbia, Canada with a bachelor's degree in science in 1999.

He has over 25 years of experience in the handbag and leather goods industry and has focused on strategic planning and business development for more than 20 years. Before he started focusing on the development of the Group's retail business, he had held various positions in the Group in relation to sales and marketing and merchandising. He is currently a director of certain subsidiaries of the Company. He is the son of Mr. Yeung Michael Wah Keung, an executive Director, the Chairman and a controlling shareholder of the Company. He is also the nephew of Dr. Yeung Wo Fai, an executive Director, the chief executive officer and a substantial shareholder of the Company.

Mr. Chan Tung Chit, aged 41, is an executive Director and the chief financial officer of the Group. He was appointed as a Director on 6 December 2023. He is responsible for the Group's overall financial management and reporting, internal control and risk management, mergers and acquisitions, and investor relations. Mr. Chan is also currently the supervisor or commissioner of certain subsidiaries of the Group.

DIRECTORS' PROFILE

He has more than 15 years of experience in the accounting profession with extensive experience in financing, accounting and auditing industries. Before joining the Group in late 2015, he worked in an international accounting firm and his last position was a manager in assurance and business advisory services department. He has been involved in numerous IPO, annual audit, interim review and special transaction engagements of Hong Kong listed companies, state owned enterprises and has deep knowledge of the listing procedures and regulatory requirements of listed companies, including internal controls, risk management, accounting and financial disclosures.

He graduated from the City University of Hong Kong with a bachelor's degree of business administration in accountancy in 2009. He is a fellow member of the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yeung Chi Tat, aged 56, is an independent non-executive Director, the chairman of audit committee and a member of remuneration committee and environmental, social and governance committee of the Company. He was appointed as an independent non-executive Director on 15 November 2011.

He possesses extensive experience in auditing, corporate restructuring and corporate finance. He worked at a major international accounting firm for over 10 years and then worked for various Hong Kong listed companies as vice-president, chief financial officer, financial controller and/or company secretary. He has been appointed as an independent non-executive director of Xin Yuan Enterprises Group Limited (Stock Code: 1748), a company whose shares are listed on the Main Board of the Stock Exchange, with effect from April 2026. He is also an independent non-executive director of ZO Future Group (formerly known as Birmingham Sports Holdings Limited) (Stock Code: 2309), ImmuneOnco Biopharmaceuticals (Shanghai) Inc. (Stock Code: 01541), Shiyue Daotian Group Co., Ltd. (Stock Code: 09676), Sichuan Baicha Baidao Industrial Co., Ltd. (Stock Code: 02555) and Lingbao Gold Group Company Ltd. (Stock Code: 03330), all of which are listed on the Main Board of the Stock Exchange. He was an independent non-executive director of Beijing Capital Grand Limited (Stock Code: 1329) from May 2023 to February 2025, during which its shares were delisted from the Main Board of the Stock Exchange in January 2025. He was an independent non-executive director of ANTA Sports Products Limited (Stock Code: 2020) from February 2007 to June 2018, Boer Power Holdings Limited (Stock Code: 1685) from September 2010 to June 2020, both of which are listed on the Main Board of the Stock Exchange, and Guodian Technology & Environment Group Corporation Limited (Stock Code: 1296), a company formerly listed on the Main Board of the Stock Exchange, from August 2017 to June 2022. He was an independent director of New Hope Dairy Co., Ltd. (Stock Code: 002946) from December 2016 to June 2023, a company whose shares are listed on the Shenzhen Stock Exchange.

He graduated from the University of Hong Kong with a bachelor's degree of business administration and obtained a master's degree in professional accounting with distinction from Hong Kong Polytechnic University. He is a fellow member of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, and a Certified Public Accountant practicing in Hong Kong. He is the President (2022-2023) (2025-2026) and the Executive council member of the Hong Kong Independent Non-executive Director Association.

* The English company name is for identification purpose only.

DIRECTORS' PROFILE

Ms. Lee Pao Yue, aged 60, is an independent non-executive Director, the chairlady of remuneration committee, a member of each of the nomination committee, audit committee and environmental, social and governance committee of the Company. She was appointed as an independent non-executive Director on 6 December 2023.

She has over 30 years of experience in brand management and business development in the luxury goods and accessories industries. She has established strong network and connections with key market players, including major property developers and shopping centres in Greater China and across Southeast Asia. Ms. Lee graduated from the University of Manitoba of Canada with a bachelor's degree in Agriculture in Food Science.

Ms. So Sze Wan, Lisa ("Ms. So"), aged 50, is an independent non-executive Director, a member of each of audit committee and nomination committee of the Company. She was appointed as an independent non-executive Director on 17 November 2025.

She has accumulated over 20 years of legal experience by working in various listed and sizeable companies in Hong Kong. She holds the position of Chief Legal Officer at K11 by AC Limited, a member of Almad Group Limited specializing in cultural retail management and operating luxury city clubs.

From October 2017 to November 2024, she has been the head of legal of K11 Concepts Limited, a subsidiary of New World Development Company Limited (a company whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 0017)). From 2016 to 2017, she was the head of legal of Nikon Holdings Hong Kong Limited. From 2015 to 2016, she was the assistant general counsel of LCW Management Limited. From 2010 to 2015, she was the general counsel and company secretary of Yip's Chemical Holdings Limited (a company whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 0408)).

Ms. So graduated from the University of Hong Kong with a Bachelor of Laws degree and obtained a Master of Laws degree from King's College London. She is a practising solicitor in Hong Kong.

Ms. So is an independent non-executive director of Cornerstone Technologies Holdings Limited (Stock Code: 8391) which is listed on the GEM Board of the Stock Exchange.

Ms. So was a director of the following company which was incorporated in Hong Kong and was dissolved:

Name of company	Principal business activity before dissolution	Date of dissolution	Details
Read to Lead Foundation Limited	Charity activities	31 July 2015	Dissolved by deregistration

SENIOR MANAGEMENT

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

CORPORATE GOVERNANCE REPORT

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the shareholders of the Company. The Board strives to adhere to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as risk management and internal control, fair disclosure and accountability to all shareholders of the Company to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for the shareholders of the Company. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for the shareholders of the Company.

ADOPTION AND COMPLIANCE OF CORPORATE GOVERNANCE PRACTICES

The Board has adopted a set of corporate governance practices which aligns with or is more restrictive than the requirements set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Board is of the view that the Company has complied with the code provisions set out in the CG Code for FY2026.

DIRECTORS' AND RELEVANT EMPLOYEES' SECURITIES TRANSACTIONS

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

Specific enquiry has been made of all Directors and all Directors have confirmed that they had fully complied with the required standard set out in the Model Code for FY2026.

Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than those in the Model Code.

No incident of non-compliance with these guidelines by the relevant employees was noted by the Company during FY2026.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises seven Directors, consisting of four executive Directors, and three independent non-executive Directors. Effective from 17 November 2025, Mr. Kwan Po Chuen, Vincent retired as the independent non-executive Director of the Company.

Board Composition and Tenure

Director's Name	Role	Cumulative Length of Tenure (as at 30 June 2026)	Current Period of Appointment/Term
Mr. Yeung Michael Wah Keung	Executive Director *(Chairman)*	15 Years	Three years under service agreement
Dr. Yeung Wo Fai	Executive Director *(Chief Executive Officer)*	15 Years	Three years under service agreement
Mr. Yeung Andrew Kin	Executive Director *(Deputy General Manager)*	15 Years	Three years under service agreement
Mr. Chan Tung Chit	Executive Director *(Chief Financial Officer)*	2.5 Years	Three years under service agreement
Mr. Yeung Chi Tat	Independent Non-Executive Director	14.5 Years	Three years subject to retirement by rotation
Ms. Lee Pao Yue	Independent Non-Executive Director	2.5 Years	Three years subject to retirement by rotation
Ms. So Sze Wan, Lisa	Independent Non-Executive Director	7 months	Three years subject to retirement by rotation

CORPORATE GOVERNANCE REPORT

Biographical information of the Directors and the details of the composition of the Board are set out below and in the sections headed "Corporate Information", "Directors' Profile" and "Directors' Report" respectively of this annual report.

The Board delegates day-to-day operations of the Group to the management. Both the Board and the management have clearly defined authorities and responsibilities under various internal control and check-and-balance mechanisms.

The Board monitors the development and financial performance and sets strategic directions of the Group's business.

Matters including material investment decisions, approving financial statements, declaration of dividend, are reserved to the Board. The management implements the Board's decisions, makes business proposals and reports to the Board on the overall performance of the Group. Daily operations and administration of the business are delegated to the executive Directors and the management of the Company.

During the year, five regular Board meetings were held. Among others, the following key issues were discussed in the Board meetings:

– considered and approved retirement and appointment of independent non-executive director;

– considered and approved the annual results and report of the Group for the year ended 30 June 2025;

– considered and discussed the quarterly results of the Group for three months ended 30 September 2025;

– considered and approved the interim results and report of the Group for the six months ended 31 December 2025; and

– considered and discussed the quarterly results of the Group for nine months ended 31 March 2026.

At least 14 days' notice of a regular Board meeting should be given to all Directors to provide them with an opportunity to attend and all Directors are given an opportunity to include matters in the agenda for a regular meeting. Board papers are dispatched to the Directors at least three days before the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting.

The Chairman conducts the proceedings of the Board at all Board meetings. He ensures that sufficient time is allocated for discussion and consideration of each item on the agenda and that equal opportunities are given to the Directors to speak and express their views and share their concerns. All Directors have access to the Company Secretary, who is responsible for ensuring that the Board procedures are complied with and for advising the Board on compliance matters.

CORPORATE GOVERNANCE REPORT

During the year, the respective attendances of the Directors at the above Board meetings and the annual general meeting held on 17 November 2025 are set out in the table below:

	Attendance	
Name of Directors	Board Meetings	Annual General Meeting
Executive Directors		
Mr. Yeung Michael Wah Keung	5/5	✓
Dr. Yeung Wo Fai	5/5	✓
Mr. Yeung Andrew Kin	5/5	✓
Mr. Chan Tung Chit	5/5	✓
Independent Non-executive Directors		
Mr. Yeung Chi Tat	5/5	✓
Ms. Lee Pao Yue	5/5	✓
Ms. So Sze Wan, Lisa *(appointed on 17 November 2025)*	4/4	N/A
Mr. Kwan Po Chuen, Vincent *(retired on 17 November 2025)*	1/1	✓

During FY2026, the Company has received confirmations of independence from all independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. All of them meet the independence criteria set out in Rule 3.13 of the Listing Rules. Thus, the Board considers that they are independent.

The Company has also received confirmations from all Directors that they have given sufficient time and attention to the affairs of the Company for the year. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organizations and other significant commitments, with the identity of the public companies or organizations and an indication of the time involved. The Board regularly reviews whether each Director has devoted sufficient time to the discharge of his or her duties and responsibilities and the contribution he or she has made to the Company.

Except for the family relationship between Mr. Yeung Michael Wah Keung, Dr. Yeung Wo Fai and Mr. Yeung Andrew Kin as disclosed in Directors' Profile on pages 21 to 23 of this annual report, there is no financial, business, family or other material or relevant relationship between Board members.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Directors keep abreast of the responsibilities as a director and of the conduct, business activities and development of the Company.

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Ms. So Sze Wan, Lisa, who was appointed as an independent non-executive Director on 17 November 2025, has obtained legal advice from a qualified Hong Kong law firm on 13 November 2025 pursuant to Rule 3.09D of the Listing Rules. She has formally confirmed to the Company that she fully understands her obligations as a director of a listed issuer under Hong Kong law.

CORPORATE GOVERNANCE REPORT

All Directors are required to participate in continuous professional development to develop and refresh their knowledge and skills, ensuring that their contribution to the Board remains informed and relevant. The Company maintains a comprehensive training record for all Directors. During the financial year ended 30 June 2026, all Directors complied with Code Provision C.1.4 by participating in appropriate continuous professional development.

During FY2026, the key methods of attaining continuous professional development by each of the Directors are summarized as follows:

		CPD areas covered and hours						
Directors	Format of training	The roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness	The Company's obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments	Corporate governance and ESG matters	Risk management and internal controls	Updates on industry-specific developments, business trends and strategies relevant to the Company	Others	Total number of hours of CPD training completed
Mr. Yeung Michael Wah Keung	By external provider	–	2	–	–	–	–	2
	By internal provider	–	–	–	–	–	–	–
	Self-study	2	2	2	2	2	–	10
Dr. Yeung Wo Fai	By external provider	–	2	–	–	–	–	2
	By internal provider	–	–	–	–	–	–	–
	Self-study	2	2	2	2	2	–	10
Mr. Yeung Andrew Kin	By external provider	–	2	–	–	–	–	2
	By internal provider	–	–	–	–	–	–	–
	Self-study	2	2	2	2	2	–	10
Mr. Chan Tung Chit	By external provider	4	4	4	4	4	–	20
	By internal provider	–	–	–	–	–	–	–
	Self-study	2	2	2	2	2	–	10
Mr. Yeung Chi Tat	By external provider	4	14	2.5	7.5	18	7	53
	By internal provider	–	–	–	–	–	–	–
	Self-study	2	2	2	2	–	–	8
Ms. Lee Pao Yue	By external provider	2.5	2	–	–	–	–	4.5
	By internal provider	–	–	–	–	–	–	–
	Self-study	2	2	2	2	2	–	10
Ms. So Sze Wan, Lisa	By external provider	2	–	4	1.5	9.5	–	17
	By internal provider	–	–	–	–	3	–	3
	Self-study	2	3	2	–	4	–	11
Mr. Kwan Po Chuen, Vincent (retired on 17 November 2025)	By external provider	–	–	–	–	–	–	–
	By internal provider	–	–	–	–	–	–	–
	Self-study	5	5	5	5	–	–	20

CORPORATE GOVERNANCE REPORT

BOARD SKILLS MATRIX

Pursuant to Code Provision B.1.5 of the CG Code, the table illustrates the current mix of skills and expertise represented on the Board. Multiple skills and/or expertise may apply to one Director. A detailed board skills matrix is provided in the table below, outlining each skill area, its relevance and importance in serving the Company's purpose, values, strategy and desired culture, the assessment of adequacy and the corresponding enhancement plans. The board skills matrix was reviewed by the Nomination Committee and submitted to the Board in September 2026. The current board skills matrix was considered adequate and the further enhancement plan would be carried out continuously.

Board Expertise and Skills	Description	No. of Director/%	Importance and Relevancy	Adequacy	Plans to address gaps/expand skills
Strategy	Ability to identify strategic opportunities and threats, whilst developing and implementing plans to achieve corporate objectives	7/7	Essential skills	Adequate	Directors' training helps to keep abreast of the relevant knowledge including business landscape.
Leadership	Ability to lead corporate teams and implement plans and policies	7/7	Essential skills	Adequate	Board members are encouraged to keep on enhancing their skills in such areas.
Industry knowledge and experience	An understanding of the company's business daily operations, market development, competitors, technology and innovation	7/7	Essential skills	Adequate	Briefing or update will be provided when necessary.
Financial literacy/ business acumen	Ability to read and comprehend corporate accounts, financial materials and financial reporting requirements	6/7	Essential skills	Adequate	Updates on the accounting/financial changes will be provided to Board members which can help them to catch up with the latest accounting/financial development.
Risk management and compliance	Ability and experience in implementing, managing or overseeing risk management and internal control systems for legal and regulatory compliance	7/7	Essential skills	Adequate	Briefing or update will be provided when necessary.
People management experience	Experience at a senior level with responsibilities for people management and successful implementation of change	7/7	Essential skills	Adequate	Board members are encouraged to keep on enhancing their skills in such areas.
Diversity (e.g. age, gender, culture)	Contribution to board diversity in terms of age, gender, cultural background etc.	7/7	Essential skills	Adequate	Board Diversity Policy and the board composition will be reviewed by Nomination Committee annually with reference to the Company's own circumstances and needs.
Emerging topics	Understanding and knowledge of emerging topics to ensure that the company is forward-thinking	7/7	Essential skills	Adequate	Trainings may be arranged by professional bodies to facilitate Board members' understanding on the emerging topics.
Qualifications	Formal qualifications in relevant fields to assist the board in its decision-making, for example, accounting/ finance, economics/business, law	4/7	Essential skills	Adequate	Existing skills mix of the Board will be reviewed annually. Board members are also encouraged to refresh and further develop their knowledge and expertise.

CORPORATE GOVERNANCE REPORT

BOARD PERFORMANCE REVIEW

Pursuant to Code Provision B.1.4 of the CG Code, the Company should conduct a formal evaluation of the board's performance at least every two years. During the year, a formal board performance review was organized and conducted internally in the form of questionnaire. Led by the Chairman and supported by the Company Secretary, each director was invited to provide his/her views on the performance of the Board/board committee and any suggestions for improving the board process. The review covered various areas, including board composition and skills, board culture and dynamics, board practices, quality and timeliness of information to the board, board meetings, compliance and training, risk management and internal controls, and stakeholder engagement.

Criteria	Aspects to be reviewed	Average Score (1–10; 10 = highest)
Board composition and skills	• Whether the board has an appropriate mix of skills, expertise, experience, backgrounds and diversity to deliver the issuer's strategic objectives and meet the challenges of today's fast-moving world and emerging areas of concern (e.g. geo-political tensions; changing regulations; evolving artificial intelligence technology)	8.3
	• Board refreshment/succession plans	7.9
	• Whether the board has anticipated any planned changes to the issuer's business objectives and assessed whether it needs to acquire further skills or qualifications	7.6
Board culture and dynamics	• Whether the board's values and behaviours align with the company's goals and objectives, and are conducive to effective governance and decision-making	8.4
	• How well do the directors communicate and work together	8.1
	• Quality of key working relationships (e.g. board chair/chief executive officer, board/management)	8.0
	• Quality of strategic discussions and decision-making on the board	8.1
Board practices	• Whether the current board practices (e.g. agenda setting, governance practices, board committee structure) are fit for purpose and whether any improvements are required for the effective functioning of the board	8.4
Quality and timeliness of information to the board	• Quality and timeliness of the information provided to the board (e.g. by the management) on the company and its performance	8.4
	• Whether board papers and necessary materials are delivered in a timely manner to facilitate adequate preparation before meetings	9.1

CORPORATE GOVERNANCE REPORT

Criteria	Aspects to be reviewed	Average Score (1–10; 10 = highest)
Board meetings	• Whether board meetings are effectively conducted so as to fulfil their intended purposes	8.7
Compliance and training	• Whether the board adheres to applicable legal and regulatory requirements	9.0
	• Whether directors' developmental and training needs are adequately supported	8.0
Risk management and internal controls	• Whether the board allocates sufficient time and attention to discuss and manage risk	8.7
	• Whether the board has adequate processes in place for identifying and reviewing risks, and for overseeing the issuer's risk management and internal controls systems	8.7
Stakeholder engagement	• How the board communicates with, listens and responds to shareholders and other key stakeholders	8.1
	• How stakeholder feedback is reflected in the board's discussions or decision-making	8.4

The assessment resulted in an average overall score of 8.4 out of a full mark of 10.0, indicating that the Board has performed at a satisfactory level. No significant areas for improvement were identified. Meanwhile, several comments were received on areas in relation to board composition and skills, board culture and dynamics, quality and timeliness of information to the board, and compliance and training.

The results of the evaluation were reviewed by the Nomination Committee and submitted to the Board in September 2026. The Board has considered the suggestions for improvement received and would take steps for further enhancement.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of Chairman and the Chief Executive Officer are held separately by Mr. Yeung Michael Wah Keung and Dr. Yeung Wo Fai. The Chairman is responsible for leading the Board in respect of the overall development strategy of the Group. The Chief Executive Officer is delegated with the authorities to manage the day-to-day operation of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has entered into an appointment letter with the Company pursuant to for a term of three years. The terms of service of Mr. Yeung Chi Tat and Ms. Lee Pao Yue will expire on 5 December 2026, while that of Ms. So Sze Wan, Lisa will expire on 16 November 2028. Their terms of appointment shall be subject to the rotational retirement provision of the articles of association of the Company.

CORPORATE GOVERNANCE REPORT

Pursuant to code provision B.2.3 of the CG Code as set out in Appendix C1 of the Listing Rules, for an independent non-executive director who has served more than nine years, the recommendation for the re-appointment of such independent non-executive director by the nomination committee to the Board for such independent non-executive director to stand for election at a general meeting shall state why the nomination committee believes he or she is still independent and should be re-elected, including the factors considered, the process and the discussion of the nomination committee in arriving at such determination.

The Company has received annual confirmation in accordance with Rule 3.13 of the Listing Rules from each of the independent non-executive Directors of the Company as regards their independence to the Company and considers that each of the independent non-executive Directors of the Company is independent of the Company.

The independent non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board. Through serving on Board committees and active participation in Board meetings, taking the lead in managing issues involving potential conflicts of interest, all independent non-executive Directors make various contributions to the effective direction of the Company.

The Board has adopted effective mechanism to ensure independent views and input are available to the Board. The Directors, upon reasonable request, may seek independent professional advice in appropriate circumstances, at the Company's expense, to enable them to perform their duties to the Company. The Board reviews the implementation and effectiveness of such mechanism on an annual basis.

BOARD COMMITTEES

To assist the Board in the execution of its duties and to facilitate effective management, certain functions of the Board have been delegated by the Board to various Board committees, which review and make recommendations to the Board on specific areas. The Board has established a total of four Board committees, details of which are set out below.

Each committee consists of Directors and has its terms of reference. The terms of reference of the Board committees setting out their roles and the authority delegated to them by the Board have been posted on the designated website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's website at www.sitoy.com.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the CG Code on 15 November 2011 and revised on 26 March 2012, 23 February 2016 and 17 December 2018 respectively. The primary duties of the audit committee are to review and supervise the financial reporting process, risk management over the financial reporting system and internal control systems of the Group. The audit committee comprises Mr. Yeung Chi Tat (chairman), Ms. Lee Pao Yue and Ms. So Sze Wan, Lisa, all of whom are independent non-executive Directors. The audit committee has reviewed the annual results announcement and the annual report of the Group for the year ended 30 June 2026.

During the year, the audit committee held two physical meetings. The respective attendances of the members of audit committee are presented as follows:

Members	Attendance
Mr. Yeung Chi Tat *(Chairman)*	2/2
Ms. Lee Pao Yue	2/2
Ms. So Sze Wan, Lisa *(appointed on 17 November 2025)*	1/1
Mr. Kwan Po Chuen, Vincent *(retired on 17 November 2025)*	1/1

CORPORATE GOVERNANCE REPORT

During the year, the audit committee had performed the following duties:

- reviewed and commented on the annual results and report of the Group for the year ended 30 June 2025;
- reviewed and commented on the interim results and report of the Group for the six months ended 31 December 2025;
- discussed with the external auditors the financial matters of the Group, and reviewed their findings, recommendations and representations and the effectiveness of the Group's risk management and internal control systems;
- discussed with the independent internal control reviewer the internal control matters of the Group and reviewed the independent internal control reviewer's findings and recommendations;
- reviewed and recommended the re-appointment of the external auditors; and
- reviewed the arrangement for employees of the Group to raise concerns about possible impropriety in financial reporting, internal control and other matters.

NOMINATION COMMITTEE

The Company has established a nomination committee with written terms of reference in compliance with the CG Code on 15 November 2011 and revised on 26 March 2012, 3 June 2013 and 29 September 2025 respectively. The primary duties of the Nomination Committee are to review the structure, size, and diversity of the Board at least annually to ensure it aligns with the Company's corporate strategy. The Committee is responsible for identifying qualified individuals for directorships, formulating and executing the nomination policy, and assessing the independence of Independent Non-Executive Directors (INEDs). Additionally, it makes formal recommendations to the Board regarding the appointment, re-election, and succession planning of directors, while overseeing the newly elevated internal board performance review framework.

A member of the nomination committee shall abstain from voting and shall not be counted in the quorum of a meeting in respect of a resolution in which he or any of his associates has any material interest, including the recommendation on nomination for appointment of such person as a Director. The nomination committee comprises the executive Director, Mr. Yeung Michael Wah Keung (chairman) and the independent non-executive Directors, Ms. Lee Pao Yue and Ms. So Sze Wan, Lisa.

During the year, the nomination committee had held two physical meetings. The respective attendance of the members of nomination committee is presented as follows:

Members	Attendance
Mr. Yeung Michael Wah Keung *(Chairman)*	2/2
Ms. Lee Pao Yue	2/2
Ms. So Sze Wan, Lisa *(appointed on 17 November 2025)*	N/A
Mr. Kwan Po Chuen, Vincent *(retired on 17 November 2025)*	1/1

CORPORATE GOVERNANCE REPORT

During the year, the nomination committee had performed the following duties:

- reviewed the structure, size, and diversity (including gender, age, skills, and experience) of the Board, assisted the Board in maintaining a Board skill matrix, and made recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

- conducted an annual assessment of the independence of all Independent Non-Executive Directors (INEDs) and reviewed their regulatory independence confirmations;

- reviewed the performance and time commitment of retiring directors and made formal recommendations to the Board regarding their proposed re-election at the annual general meeting;

- monitored the implementation of the newly elevated internal board performance review, evaluating the core capabilities and effectiveness of the Board as a whole through customized director questionnaires;

- assessed each director's time commitment and contribution to the board, as well as the director's ability to discharge his or her responsibility effectively, taking into account his or her professional qualifications and work experience, other existing directorships, roles, capacities, significant external time commitments and other factors or circumstances relevant to his or her character, integrity, independence and experience.

The nomination committee considers the Directors' time commitment and contribution to the Board (as a whole) to be adequate for the following reasons:

- the nomination committee systematically assessed each Director's actual time commitment and performance during the year. Upon review, each Director's existing directorships and other significant external time commitments have not impaired their ability to discharge their responsibilities effectively to the Board;

- the professional backgrounds, qualifications and experience of each Director are aligned with the overall skillset required by the Board, enabling them to provide valuable insights to the Board's discussions and decision-making;

- During the year, all Directors attended Board and Board committee meetings as expected, actively participated in discussions, and made sufficient contributions.

NOMINATION POLICY

The Board has adopted the nomination policy (the "Nomination Policy") on 17 September 2018 which sets out the nomination criteria and procedures for the Company to select candidate(s) for possible inclusion in the Board. The Nomination Policy could assist the Company to achieve board diversity in the Company and enhance the effectiveness of the Board and its corporate governance standard.

When assessing the suitability of a candidate, factors such as the qualifications, skills, integrity and experience will be taken into consideration as a whole. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules. Since the selection of candidates should ensure that diversity remains a central feature of the Board, a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, and professional experience would be considered.

CORPORATE GOVERNANCE REPORT

The process to identify potential candidates for the Board would be as follows:

(1) identifying potential candidates, including recommendations from the Board members, professional search firms and the shareholders of the Company;

(2) evaluating the candidates based on the approved selection criteria through methods such as reviewing the resume and conducting the background checks;

(3) reviewing the profiles of the shortlisted candidates and interview them; and

(4) making recommendations to the Board on the selected candidates.

The Nomination Policy also includes the Board succession plan to assess whether vacancies on the Board would be created or expected due to the Directors' resignation, retirement, death and other circumstances and to identify candidates in advance if necessary. The Nomination Policy will be reviewed on a regular basis.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "Board Diversity Policy") on 3 June 2013 and revised on 29 September 2025. The nomination committee of the Company reviews the implementation and effectiveness of the Board Diversity Policy annually, and will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

Below is the summary of the Board Diversity Policy:

The Company recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regions, industry experience, background, race, gender, culture, personality, work-style and other qualities of Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires to be effective.

The nomination committee discusses annually the measurable objectives for achieving diversity of the Board taking into account the Company's business model and specific needs. During the year, the nomination committee reviewed the existing composition of the Board and highlighted the importance of maintaining an appropriate balance around the Board table through a diverse mix of skills, experience, knowledge and background to complement the Company's corporate strategy. Gender diversity is a significant element of this. The Board is committed to ensuring that women have an equal chance as men in developing their careers with the Company.

As at the date of this report, the Board comprises five male members and two female members. The nomination committee of the Company will pursue opportunities to increase the proportion of female members when selecting and making recommendations on suitable candidates for Board appointments. The goal will be to maintain at least the current level of female representation or improve gender diversity as appropriate.

The nomination committee of the Company will use a wide range of channels to source potential Board candidates, including executive search firms, professional networks, industry associations and referrals. The Company will consider gender diversity in its succession channels, and adopts appropriate measures to establish a talent pool of potential director successors which could achieve gender diversity.

CORPORATE GOVERNANCE REPORT

WORKFORCE DIVERSITY

The Group is fundamentally committed to fostering a diversified and inclusive corporate culture across all operational tiers. In accordance with the Listing Rules, the Board continuously monitors and reviews its workforce diversity metrics to maintain an equitable gender balance.

As of 30 June 2026, the Group actively tracked its gender distribution by separating operational levels, where (i) senior management comprised approximately 71% male and 29% female, while (ii) the workforce (excluding senior management) maintained a ratio of approximately 33% male and 67% female.

When evaluated holistically across the entire Group inclusive of the senior management, the total gender ratio stood at approximately 33% male and 67% female as of the 30 June 2026 reporting date.

Looking forward, the Board will continue to systematically evaluate its recruitment pipelines and career advancement policies to sustain a balanced gender diversity ratio and prevent single-gender dominance across the Group.

As an equal opportunity employer, the Group makes decisions on recruitment and promotion based on meritocracy and takes into account factors based on its business model and specific needs from time to time. The Group puts efforts in promoting equal opportunities and ensures all employees are treated with dignity and respect regardless of gender and other forms of diversity such as age, nationality, religions, family status, etc.

The Board considers that gender diversity is currently achieved and is committed to maintain gender diversity in the workforce level.

REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference in compliance with the CG Code on 15 November 2011 and revised on 26 March 2012, 27 February 2023 and 29 September 2025 respectively.

The remuneration committee, with delegated responsibility, determines the remuneration package of individual executive Director and senior management of the Group and makes recommendations on the remuneration of non-executive Directors. The Board retains its power to determine the remuneration of non-executive Directors (including independent non-executive Directors).

The primary duties of the remuneration committee are to make recommendations to the Board on the remuneration policies and structure of the remuneration for the Directors and senior management and to set up a formal and transparent procedure for determination of such remuneration policies. A member of the remuneration committee shall abstain from voting in respect of a resolution regarding the remuneration payable to him. The remuneration committee comprises the independent non-executive Directors, Ms. Lee Pao Yue (chairlady), Mr. Yeung Chi Tat, and the executive Director, Mr. Yeung Michael Wah Keung.

During the year, the remuneration committee had held two physical meetings. The respective attendances of the members of remuneration committee are set out in the table below:

Members	Attendance
Ms. Lee Pao Yue *(Chairlady)*	2/2
Mr. Yeung Michael Wah Keung	2/2
Mr. Yeung Chi Tat	2/2

CORPORATE GOVERNANCE REPORT

During the year, the remuneration committee had performed the following duties:

– reviewed and approved the remuneration package of certain executive Directors;

– reviewed and approved year end bonus to the executive Directors; and

– reviewed and approved the remuneration package to a non-executive Director.

REMUNERATION POLICY

The remuneration of the employees and the Directors holding offices of the Group were based on internal equity factors and external market conditions and will be reviewed from time to time.

The remuneration of the employees including executive Directors generally consists of:

– fixed salary/allowance – which is set according to the duties, responsibilities, skills, experiences and market influences;

– pension – which is based on the Mandatory Provident Fund Contribution Scheme or the local statutory pension scheme;

– short-term variable incentive – which may include commission, discretionary cash bonus depending on the achievement of short-term corporate objectives and/or personal targets;

– long-term variable incentive – which may include share options and/or award shares designed to encourage long-term commitment; and

– other benefits in kind – which may include accommodation, company car and related services.

For the remuneration payable to the executive Directors, who are regarded as senior management of the Company, please refer to the note 9 to the consolidated financial statements.

The remuneration of independent non-executive Directors was fixed, payable quarterly.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

On 28 February 2022, the Board resolved to establish the environmental, social and governance (the "ESG") committee (the "ESG Committee") with written terms of reference.

The primary duties of the ESG Committee are to assist the Board in reviewing the policies and overseeing matters with respect to environmental, social and governance responsibility, including: a) workplace quality; b) environmental protection; c) operating practices; and d) community involvement and social responsibility. The ESG Committee comprises Dr. Yeung Wo Fai (Chairman), Mr. Yeung Chi Tat, Ms. Lee Pao Yue and Ms. So Sze Wan, Lisa.

CORPORATE GOVERNANCE REPORT

During the year, the ESG Committee had held two physical meetings. The respective attendances of the members of the ESG Committee are set out in the table below:

Members	Attendance
Dr. Yeung Wo Fai *(Chairman)*	2/2
Mr. Yeung Chi Tat	2/2
Mr. Kwan Po Chuen, Vincent *(retired on 17 November 2025)*	1/1
Ms. Lee Pao Yue	2/2
Ms. So Sze Wan, Lisa *(appointed on 17 November 2025)*	1/1

During the year, the ESG Committee had performed the following duties:

– reviewed the ESG events organized and potential ESG projects; and

– reviewed and made recommendation to the Board on the ESG report.

ENVIRONMENTAL POLICY

The Group is committed to the development of sustainability of communities. An environmental policy has been adopted by the Group for implementation of environmentally friendly measures and practices in the operation of the Group's businesses. The Group adheres to the principle of Recycling and Reducing and implements green office practices, e.g. using recycled paper, setting up recycling bins, and double-sided printing and copying.

The Group will review the environmental policy from time to time and consider implementing further environmentally friendly measures and practices in the operation of the Group's businesses. A discussion and analysis of the Group's environmental policy can be found in the Environmental, Social and Governance Report, which is available on the company website (www.sitoy.com) and the Stock Exchange website (www.hkexnews.hk).

CORPORATE GOVERNANCE FUNCTION

The Board is entrusted with the overall responsibility of developing and maintaining sound and effective corporate governance within the Group and is committed to ensuring that an effective governance structure is put in place to continuously review and improve the corporate governance policies and practices within the Group in light of the evolving operating environment and regulatory requirements.

The Board has undertaken the day-to-day responsibility for all corporate governance functions of the Group. All members of the Board are responsible for performing the corporate governance duties set out in the written terms of reference adopted by the Board.

During the year, the Board had reviewed the training and continuous professional development of the Directors and senior management, the Company's policy and practices on compliance with legal and regulatory requirements, the compliance with the CG Code for FY2026 and disclosure in this corporate governance report, as well as the code of conduct and compliance manual (if any) applicable to employees and Directors.

On 28 September 2026, the Board had reviewed the Company's compliance with the CG Code for the year and disclosure in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

The remunerations in respect of audit and non-audit services for FY2026 provided by the Company's auditors, Ernst & Young, are as follows:

	HK$'000
Audit services	2,000
Non-audit services	–

ACKNOWLEDGEMENT OF RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for preparing the consolidated financial statements of the Group. In preparing the consolidated financial statements for the Year under Review, the Directors have:

– based on a going concern basis;

– selected suitable accounting policies and applied them consistently; and

– made judgments and estimates that were prudent, fair and reasonable.

The report of the auditors of the Company on their reporting responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report from pages 59 to 63 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

During the year, the Group has complied with Principle D.2 of the CG Code by establishing appropriate and effective risk management and internal control systems. The management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis and ensure that the effectiveness of the Group's systems is reviewed at least annually. The Board acknowledged its responsibility for the Group's risk management and internal controls systems. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Group adopts a risk management system which manages the risk (including, amongst others, material risks relating to ESG) associated with its business and operations. The system comprises the following phases:

- *Identification:* Identify attribution of risks, business objectives and risks that could affect the achievement of objectives.

- *Evaluation:* Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.

- *Management:* Consider the risk responses, ensure effective communication with the Board and on-going monitor the residual risks.

Based on the risk assessments conducted during the year, no significant risk was identified.

CORPORATE GOVERNANCE REPORT

Internal Control System

The Group has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follows:

- *Control Environment:* A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- *Risk Assessment:* A dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
- *Control Activities:* Action established by policies and procedures to help ensure that management's directives to mitigate risks to the achievement of objectives are carried out and ensure timely, accurate and complete disclosure of discloseable information.
- *Information and Communication:* Internal and external communication to provide the Group with the information needed to carry out day-to-day controls or disclose to prevent a false market in the Group's securities.
- *Monitoring:* Ongoing and independent evaluations to ascertain whether each component of internal control is present and functioning normally.

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

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

The Group's risk management and internal control systems have been designed to deal with identified risks, safeguard its assets, prevent and detect fraud, misconduct and loss, ensure the accuracy of the Group's financial reports and achieve compliance with applicable laws and regulations. Such systems are to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and reviewing their effectiveness and ensuring review of the effectiveness of these systems has been conducted at least annually. Several areas have been considered during the Board's review, which include but are not limited to (i) the changes in the nature and extent of significant risks (including ESG risks) since the last annual review, and the Group's ability to respond to changes in its business and the external environment; (ii) the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems; and (iii) the effectiveness of the Group's processes and controls for financial reporting and compliance with the Listing Rules.

CORPORATE GOVERNANCE REPORT

During the year, each of the departments of the Group identified major risk events, including ESG risks, in the area they operate and assess the possibility of occurrence and potential impacts of these risk events to the Group. Each department also prepares solutions and mitigation measures to deal with the possible risk events to the management. The assessment result has been submitted to the Audit Committee for consideration.

The Board reviewed the effectiveness of the Group's risk management (including ESG risks) and internal control systems during the year. The Company has appointed SHINEWING Risk Services Limited ("SHINEWING") to carry out the internal audit function such as the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems covering financial, operational and legal compliance controls twice during the year.

During the review, SHINEWING conducted interview with relevant processes owners, performed walkthrough test and test of control on the Group's risk management and internal control systems covering financial, operational and legal compliance controls. From the review reports, corrective actions and improvement programs have been proposed for the deficiencies found in the risk management and internal control systems. The results of the reviews have been submitted to the Audit Committee for the purpose of assessing the adequacy and the effectiveness of the Company's risk management and internal control systems. The Audit Committee had a meeting with SHINEWING to review findings on the Group's risk management and internal control systems and respective corrective actions done on an on-going basis. Based on the review results for the year, there were no material deficiencies identified. In addition, management is of the view that the risk management and internal controls systems of the Group has not changed and it remains appropriate and effective in all aspects. Management is also of the view that there were no significant changes in the Group's assessment of its risks, including ESG risks, during the reporting period. The Board, through the review from Audit Committee, concluded that the Group's risk management (including ESG risks) and internal controls systems were adequate and effective and the Company had complied with the provision on risk management and internal control of the CG code during the year. The Board also considered that the resources for the design, implementation and monitor the risk management and internal control systems, including staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit, and financial reporting functions, as well as those relating to the issuer's ESG performance and reporting were adequate.

Internal Audit Function

The Company does not have an internal audit department. The Board has reviewed the need for an internal audit function and is of the view that in light of the size, nature and complexity of the business of the Group, as opposed to diverting resources to establish a separate internal audit department, it would be more cost effective to appoint external independent professionals to perform independent review of the adequacy and effectiveness of the risk management and internal control systems of the Group. Nevertheless, the Board will continue to review at least annually the need for an internal audit department.

SHAREHOLDERS' COMMUNICATION POLICY

The Board recognizes the importance of maintaining effective communication with the shareholders of the Company. The Company establishes various communication tools to ensure the shareholders of the Company are kept well informed of timely information of the Company, and for the Company to solicit and understand the views of the shareholders and stakeholders of the Company. During the FY2026, the Company proactively executed its Shareholders' Communication Policy through a multi-tiered engagement strategy:

- Annual General Meeting (AGM): The AGM served as the primary, interactive portal for direct dialogue between retail investors, institutional shareholders, and the Board. All active directors, including the Chairmen of the Audit, Nomination, and Remuneration Committees, were present to answer corporate strategy and financial health questions.

CORPORATE GOVERNANCE REPORT

- Earnings Briefings and Direct Dialogue: Following the release of our interim and annual financial results, executive management – led by the Chief Financial Officer – conducted dedicated market updates and retail investor inquiries.

- Digital & Electronic Communication Dissemination: To ensure timely and green access to material information, the Group fully utilized its website www.sitoy.com to publicize the corporate changes, financial results, and statutory declarations to the public instantly.

As part of its regular review, the Board has reviewed the Shareholders' Communication Policy during the year ended 30 June 2026. In view of the various existing shareholder communication channels and measures for handling shareholders' enquiries, the Board is of the view that such policy is effective and adequately implemented.

DIVIDEND POLICY

The Board has adopted the dividend policy (the "Dividend Policy") on 17 September 2018 which sets out the appropriate procedure on declaring and recommending the dividend payment of the Company. The Company takes priority to distributing dividends in cash and shares its profits with the shareholders of the Company. The dividend distribution decision of the Company will depend on, among others, the financial results, the current and future operations, liquidity and capital requirements, financial condition and other factors as the Board may deem relevant. The Board may also declare special dividends from time to time. The Dividend Policy will be reviewed on a regular basis.

The Board confirms that all decisions regarding the declaration, recommendation, and payment of the dividend for the FY2026 were made by the Board. The Board further confirms that all dividend decisions made by the Board during FY2026 were made in accordance with the Company's Dividend Policy, and that the payment of the dividend for FY2026 was made in strict accordance with the established Dividend Policy, balancing sustainable shareholder returns with the retention of adequate capital for the Group's future operational growth.

SECRETARY

The Board has resolved to appoint Mr. Wong Yu Kit ("Mr. Wong") as the company secretary of the Company with effect from 23 September 2024. For biographical details of Mr. Wong, please refer to the Company's announcement on 23 September 2024. Mr. Wong undertook sufficient training covering corporate governance to comply with the requirements under Rule 3.29 of the Listing Rules for FY2026. Mr. Wong is delegated by an external service provider and Dr. Yeung Wo Fai, the executive director, is the principal contact person of Mr. Wong.

SHAREHOLDERS' RIGHTS

(a) Procedures for convening of an extraordinary general meeting and putting forward proposals at shareholders' meeting

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to the articles of association of the Company, (i) two or more shareholders who hold in aggregate not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company or (ii) any one shareholder which is a recognised clearing house (or its nominee(s)) and holds not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company, may deposit a written request (the "Written Requisition") at the head office and principal place of business in Hong Kong of the Company (at 9th Floor, Sitoy Tower, 164 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong) for attention of The Board of Directors to request the Board to convene an extraordinary general meeting of the Company. The Written Requisition should state the full name of the requisitionist(s), the matter(s) and the proposed resolution(s) to be considered at the general meeting of the Company, and must be signed by all the requisitionist(s).

CORPORATE GOVERNANCE REPORT

The Board shall consider the Written Requisition and, if thought fit, shall within 21 days from the date of deposit of the Written Requisition proceed to convene a general meeting to be held within such number of days in accordance with the articles of association of the Company and in compliance with the requirements of the Listing Rules. Pursuant to the articles of association of the Company, an annual general meeting of the Company and an extraordinary general meeting of the Company called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting of the Company shall be called by not less than 14 days' notice in writing.

If the Board does not proceed within 21 days from the date of deposit of the Written Requisition to convene a general meeting to be held within such number of days in accordance with the articles of association of the Company and in compliance with the Listing Rules, the requisitionist(s) themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the Written Requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene a general meeting shall be reimbursed to them by the Company.

(b) Procedures for members to propose a person for election as a director of the Company

The procedures for the shareholders of the Company to propose a person for election as a Director of the Company are available and accessible on the Company's website at www.sitoy.com.

(c) Procedures for directing enquiries to the Company

To direct enquiries to the Board, the shareholders of the Company should submit his/her/its enquiries in writing with contact details (including, the registered name, address and telephone number, etc.) to the Board of Directors as follows:

By post to the head office and principal place of business in Hong Kong at 9th Floor, Sitoy Tower, 164 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong.
Fax: (852) 2343 2808

(d) Matters relating to share registration

For share registration related matters, such as share transfer and registration, change of name and address of shareholders of the Company, loss of share certificates or dividend warrants, the shareholders of the Company can contact the Hong Kong branch share registrar and transfer office at the following:

Union Registrars Limited
Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong
Tel: (852) 2849 3399
Fax: (852) 2849 3319

DIRECTORS' REPORT

The Board of the Company is pleased to present the annual report and the audited consolidated financial statements of the Group for FY2026.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of the Group are design, research, development, manufacturing, sales, retailing and wholesales of handbags, small leather goods, travel goods and footwear products, provision of advertising and marketing services and property investment. Particulars of the principal activities of the Company's major subsidiaries are set out in note 4 to the consolidated financial statements of the Group for FY2026.

RESULTS AND PROPOSED DIVIDENDS

The results of the Group for FY2026 are set out in the consolidated statement of profit or loss on page 64.

An interim dividend of HK2 cents per share was paid on 27 April 2026. The Directors proposed the payment of a special dividend of HK2 cents per share for FY2026 (FY2025: a special dividend of HK4 cents per share) to the shareholders whose names appear on the register of members of the Company on Friday, 27 November 2026. The proposed dividend, subject to approval by the shareholders of the Company at the annual general meeting to be held on Monday, 16 November 2026 (the "2026 AGM"), will be paid on or before Monday, 21 December 2026.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 10 November 2026 to Monday, 16 November 2026 (both days inclusive), during which period no share transfer will be registered. The record date for determining shareholders of the Company entitled to attend the 2026 AGM will be Monday, 16 November 2026. In order to be eligible to attend and vote at the 2026 AGM, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited (the "Hong Kong Branch Share Registrar"), at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Monday, 9 November 2026.

The register of members of the Company will be closed from Tuesday, 24 November 2026 to Friday, 27 November 2026 (both days inclusive), during which period no share transfer will be registered. The record date for determining shareholders of the Company entitled to receive the proposed dividend will be Friday, 27 November 2026. In order to qualify for the proposed dividend, all completed transfer documents, accompanied by relevant share certificates, must be lodged with the Hong Kong Branch Share Registrar at the address stated above, for registration not later than 4:00 p.m. on Monday, 23 November 2026.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 152 of the annual report. This summary does not form part of the audited consolidated financial statements.

DIRECTORS' REPORT

SHARE CAPITAL

Details of the share capital of the Company for FY2026 are set out in note 26 to the consolidated financial statements of the Group for FY2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During FY2026, there was no purchase, sale or redemption of the Company's listed securities (including sale of treasury shares, if any) by the Company or any of its subsidiaries.

RESERVES AND DISTRIBUTABLE RESERVES

Details of the movements in reserves of the Group and the Company during the year and distributable reserves of the Company as at 30 June 2026 are set out on page 67 in the consolidated statement of changes in equity and note 29 to the consolidated financial statements of the Group for FY2026 respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association and the Companies Law of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS

Details of movements during the year in property, plant and equipment, investment properties and right-of-use assets of the Group are set out in notes 14, 15 and 16 to the consolidated financial statements of the Group for FY2026 respectively.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of revenue attributable to the Group's five largest customers to the total revenue of the Group was 48.3% for FY2026. The percentage of revenue attributable to the Group's largest customer to the total revenue of the Group was 13.6% for FY2026.

The percentage of purchases attributable to the Group's five largest suppliers to the total purchases of the Group was 27.7% for FY2026. The percentage of purchases attributable to the Group's largest supplier to the total purchases of the Group was 6.6% for FY2026.

To the best of the Directors' knowledge, none of the Directors, their close associates or any shareholder who owns more than 5% of the Company's share capital had an interest in any of the major customers or suppliers above.

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries, which are not contracts of service with any Director or any person engaged in the full-time employment of the Company, were entered into or existed during the year.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are as follows:

Executive Directors:
Mr. Yeung Michael Wah Keung *(Chairman)*
Dr. Yeung Wo Fai *(Chief Executive Officer)*
Mr. Yeung Andrew Kin *(Deputy General Manager)*
Mr. Chan Tung Chit *(Chief Financial Officer)*

Independent Non-executive Directors:
Mr. Yeung Chi Tat
Ms. Lee Pao Yue
Ms. So Sze Wan, Lisa *(appointed on 17 November 2025)*
Mr. Kwan Po Chuen, Vincent *(retired on 17 November 2025)*

On 17 November 2025, Mr. Kwan Po Chuen, Vincent retired from his positions as an independent non-executive Director, and a member of audit committee, nomination committee and environmental, social and governance committee of the Company as he would like to devote more time to his other business commitment.

Article 112 of the articles of association of the Company states that "The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting."

Article 108(a) of the articles of association of the Company states that "Notwithstanding any other provisions in these Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office."

Details of the Directors to be re-elected at the AGM are set out in the circular to be despatched to the Shareholders.

The Company has received annual confirmation in accordance with Rule 3.13 of the Listing Rules from each of the independent non-executive Directors of the Company as regards their independence from the Company and considers that each of the independent non-executive Directors of the Company is independent of the Company.

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

ESG POLICIES AND PERFORMANCE

During FY2026, the Group has complied with the 'comply or explain' provisions set out in the Environmental, Social and Governance Reporting Guide. The information about the Company's ESG policies and performance during FY2026 is set out in the Environmental, Social and Governance Report, which is available on the Company's website (www.sitoy.com) and the Stock Exchange website (www.hkexnews.hk).

ANTI-CORRUPTION AND WHISTLE-BLOWING POLICY

The Group strictly adheres to the rules and regulations relating to anti-corruption and fraudulent behaviors set out by the relevant authorities. At the same time, the Group maintains a high standard of business integrity throughout its operations. We require our employees to follow our employee manual and code of business conduct and ethics, which contains internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention mechanisms, negligence and corruption. We also carry out regular on-the-job compliance training for our senior management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility. Our staff can anonymously report any suspected corrupt incident to the Company.

The Group has established a whistle-blowing policy and has communicated it to its employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, confidentially and anonymously, about possible improprieties in any matter related to the Company.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long positions

Name of Director	Capacity/ Nature of interest	Number of ordinary shares of the Company interested	Number of underlying shares of the Company interested pursuant to share options	Number of underlying shares of the Company interested pursuant to the award shares	Aggregate number of shares of the Company interested	Approximate percentage of the Company's issued share [note 1]
Mr. Yeung Michael Wah Keung	Beneficial owner/personal interest	437,720,000	–	–	437,720,000	45.34%
Dr. Yeung Wo Fai	Beneficial owner/personal interest	236,070,000	–	–	236,070,000	24.45%
Mr. Yeung Andrew Kin	Beneficial owner/personal interest	10,500,000	–	–	10,500,000	1.09%
Mr. Chan Tung Chit	Beneficial owner/personal interest	1,484,636	–	–	1,484,636	0.15%

Note:

1. The percentage was calculated based on 965,430,000 shares in issue as at 30 June 2026.

Details of the Directors' interests in share options and the award shares granted by the Company are set out below under the heading "Share Option Scheme" and "Share Award Scheme" below.

(b) Rights to acquire shares of the Company

Save as disclosed in the sections headed "Share Option Scheme" and "Share Award Scheme" below, at no time during the year, the Directors or chief executive of the Company (including their spouses and children under 18 years of age) had any interest in, or had been granted, or had exercised, any rights to subscribe for shares (warrants or debentures, if applicable) of the Company or any of its associated corporations required to be disclosed pursuant to the SFO.

Other than as disclosed herein, at no time during the year was the Company, its subsidiaries or holding companies or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisitions of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executive of the Company had registered an interest or a short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2026, the Directors are not aware of any person or corporation (other than the Directors or chief executive of the Company) having an interest or short position in the shares and underlying shares which would be required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 June 2026, none of the Directors had any interest in any business which competes or may compete with the business of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, no Director or his connected entity has or had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries, fellow subsidiaries or its parent company were parties subsisting during FY2026.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the fullest extent permitted by the Companies Law of the Cayman Islands) which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has also arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during FY2026.

UPDATE ON DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Director of the Company since the date of the last interim report are set out as follows:

Mr. Yeung Chi Tat has been appointed as an independent non-executive director of Xin Yuan Enterprises Group Limited (Stock Code: 1748), a company whose shares are listed on the Main Board of the Stock Exchange, with effect from April 2026.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are set out below.

DIRECTORS' REPORT

SHARE OPTION SCHEME

A share option scheme was approved and adopted on 15 November 2011 (the "Share Option Scheme") to provide the Company with a flexible means of giving incentives to, rewarding, remunerating, compensating and/or providing benefits to the participants of the scheme.

The Board may, at its discretion, invite any Directors (excluding independent non-executive Directors), any senior managers or any employees (whether full-time or part-time) of each member of the Group provided that the Board shall have absolute discretion to determine whether or not one falls within the above categories (together, the "Participants" and each a "Participant"), to take up options to subscribe for shares of the Company at a price determined. In determining the eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

The total number of shares which may be issued upon exercise of all options granted or to be granted under the Share Option Scheme and any other share option scheme of the Company, shall not in aggregate exceed 10% of the total number of shares in issue immediately following completion of the IPO and the Capitalization Issue (as defined in the prospectus issued by the Company on 24 November 2011), unless the Company obtains prior approval from its shareholders. The options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating such 10% limit.

The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of the shares in issue from time to time. No options may be granted under the Share Option Scheme and any other share option schemes of the Company (or its subsidiary) if this will result in such limit being exceeded.

The total number of shares available for issue under the Share Option Scheme is 95,340,000 (representing approximately 9.88% of the existing issued shares of the Company) and a total of 4,500,000 shares (representing approximately 0.47% of the existing issued shares of the Company) may be issued upon exercise of all options that have been granted but not yet lapsed or exercised under the Share Option Scheme.

Unless approved by shareholders of the Company in general meeting in the manner stipulated in the Listing Rules, the maximum entitlement for any one Participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

Where the Board proposes to grant any option to a Participant who is a substantial shareholder of the Company, or any of his/her/its respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) to him/her/it in the 12-month period up to and including the proposed offer date of such grant (the "Relevant Date"): (a) representing in aggregate more than 0.1% of the total number of shares in issue on the Relevant Date; and (b) having an aggregate value, based on the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the Relevant Date in excess of HK$5,000,000, such proposed grant of options must be approved by the shareholders of the Company in general meeting.

DIRECTORS' REPORT

The period under which an option must be exercised shall be such period as the Board may in its absolute discretion determine at the time of grant, save that such period shall not be longer than ten years from the date on which an offer is made to the Participant pursuant to the Share Option Scheme. The minimum period for which an option must be held before it can be exercised is determined by the Board upon the grant of an option. The amount payable upon acceptance of an offer of the grant of an option is HK$1.00. The full amount of the exercise price for the subscription of shares must be paid upon exercise of an option.

The subscription price in respect of each share issued pursuant to the exercise of the options granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the offer date; (b) a price being the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the offer date; and (c) the nominal value of a share. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on 15 November 2011. The Share Option Scheme had expired on 14 November 2021. As such, no share options were available for grant under the Share Option Scheme as at 1 July 2025 and 30 June 2026.

During FY2026, no share options were conditionally or unconditionally (as the case may be) granted and 4,500,000 outstanding share options have been lapsed under the Share Option Scheme. Accordingly, there were no share options outstanding as at 30 June 2026.

Details of the movements of the share options under the Share Option Scheme during FY2026 are as follows:

				Number of Share Options					
Grantees	Date of Grant	Exercise Price	Exercise Period	Balance as at 1 July 2025	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 30 June 2026
Eligible employees[(i)]	21 September 2015	HK$3.84	21 September 2016 to 20 September 2025[(ii)]	4,500,000	–	–	–	4,500,000	–
Grand Total:				4,500,000	–	–	–	4,500,000	–

Notes:

(i) Share options were granted to certain eligible employees, all working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and are participants of the Share Option Scheme with share options not exceeding the respective individual limits.

DIRECTORS' REPORT

(ii) The share options granted to the eligible employees shall be vested in three equal tranches subject to certain vesting conditions as set out in their respective offer letters, including, among others, financial targets of the Group. The vesting periods of the share options are between the date of grant and the dates of commencement of exercise periods. The vesting and exercise periods of the share options are as follows:

Share options	Vesting period	Exercise period
One-third of share options (rounded up to the nearest 1,000 share options)	21 September 2015 to 20 September 2016	21 September 2016 to 20 September 2025
One-third of share options (rounded up to the nearest 1,000 share options)	21 September 2015 to 20 September 2017	21 September 2017 to 20 September 2025
Remaining share options	21 September 2015 to 20 September 2018	21 September 2018 to 20 September 2025

(iii) The values of share options are subject to (i) subjectivity and uncertainty relating to the assumptions to which such values are subject; and (ii) limitations of the model used to estimate such values.

Except as disclosed above, no share option had lapsed or was granted, exercised or cancelled under the Share Option Scheme during FY2026. Further details of the Share Option Scheme are disclosed in note 27 to the consolidated financial statements.

SHARE AWARD SCHEME

On 12 July 2018, the Board adopted a share award scheme (the "**Share Award Scheme**") to provide the Company with flexible means of giving incentives to the participants of the scheme, being any selected Directors and senior managers of the Group, in order to retain them for continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The Board may, at its discretion, determine from time to time the vesting criteria and conditions or periods for the award shares to be vested.

The total number of shares to be granted under the Share Award Scheme shall not exceed 10% of the total number of issued shares of the Company from time to time (being 96,543,000 shares as at the date of this annual report based on the total number of 965,430,000 shares of the Company in issue as at the date of this annual report). The maximum number of award shares which may be granted to a selected participant but unvested under the Share Award Scheme shall not exceed 1% of the total number of issued shares of the Company from time to time.

On 12 July 2018, 9,000,000 share awards were granted to nine grantees including an executive director and other senior managers under the Share Award Scheme. Vesting of the shares is conditional upon the fulfilment of certain vesting conditions. The fair value of each awarded share at the grant date was HK$2.00, which was equal to the market price of the shares on the date of grant. As the vesting condition of the first tranche was fulfilled by the grantees, 2,792,000 share awards were vested to the grantees on 12 July 2019. As the vesting condition of the second tranche was fulfilled by the grantees, 3,000,000 share awards were vested to the grantees on 12 July 2020. As the vesting condition of the third tranche was not fulfilled by the grantees, 3,260,848 share awards were lapsed.

DIRECTORS' REPORT

On 10 March 2023, 3,260,848 share awards were granted to twelve grantees including senior managers under the Share Award Scheme. Vesting of the shares is conditional upon the fulfilment of certain vesting conditions. The awards will entitle the grantees to a total of 3,260,848 ordinary shares of HK$0.10 each in the capital of the Company, representing approximately 0.34% of the total issued shares of the Company. The fair value of each awarded share at the grant date was HK$0.83, which was equal to the market price of the shares on the date of grant. The fair value of the share awards was HK$2,707,000, of which the Group recognized an expense of approximately HK$2,707,000 for the year ended 30 June 2023. As the vesting condition was fulfilled by the grantees, 3,260,848 shares were vested to the grantees on 24 April 2023.

On 26 June 2023, 13,601,000 share awards were granted to twelve grantees including senior managers under the Share Award Scheme. Vesting of the share is conditional upon the fulfilment of certain vesting conditions. The awards will entitle the grantees to a total of 13,601,000 ordinary shares of HK$0.10 each in the capital of the Company, representing approximately 1.41% of the total issued shares of the Company. The fair value of each awarded share at the grant date was HK$0.85, which was equal to the market price of the shares on the date of grant. The fair value of the share awards was approximately HK$11,561,000, of which the Group recognized an expense of approximately HK$117,000 for the year ended 30 June 2023, approximately HK$7,551,000 for the year ended 30 June 2024 and approximately HK$1,857,000 for the year ended 30 June 2025. As the vesting condition was partially fulfilled by the grantees, (i) 6,430,000 shares were vested to the grantees and 11,000 shares had lapsed on 26 June 2024; and (ii) 4,776,000 shares were vested to the grantees and 2,384,000 shares have lapsed on 26 June 2025.

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on 12 July 2018. As at the date of this annual report, the remaining life of the Share Award Scheme is approximately 1 year and 9 months. At the date of approval of these consolidated financial statements, the Company had no shares held under the Share Award Scheme.

During FY2026, there were no share awards granted, vested, cancelled or lapsed. Moreover, there were no share awards outstanding subject to vesting conditions as at 1 July 2025 and 30 June 2026.

At the date of approval of these consolidated financial statements, the Company had no shares held under the Share Award Scheme.

The number of share awards available for grant under the Share Award Scheme was 70,681,152 as at 1 July 2025 and 30 June 2026, and the number of underlying shares was 70,681,152 shares, accounting for approximately 7.32% of the total issued shares of the Company.

As no share awards were granted during FY2026, the calculation of the number of shares that may be issued in respect of share awards granted under the Share Award Scheme during FY2026 divided by the weighted average number of ordinary shares in issue is not applicable.

For further details, please refer to the announcements of the Company dated 10 March 2023, 26 April 2023, 26 June 2023 and 26 February 2024 respectively.

Further details of the Share Award Scheme are disclosed in note 28 to the consolidated financial statements.

DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS

On 31 May 2024, Sitoy (Hong Kong) Handbag Factory Limited (as tenant), an indirect wholly-owned subsidiary of the Company, entered into the renewal tenancy agreement with Maxon Properties Limited ("Maxon") (as landlord), a company incorporated in Hong Kong with limited liability which is directly wholly-owned by Mr. Yeung Michael Wah Keung ("Mr. Michael Yeung"), in relation to the lease of the residential unit situated at Kadoorie Avenue, Kowloon, Hong Kong for a term of three years commencing on 1 July 2024, at a rental of HK$200,000 per month (inclusive of government rent, government rates and management fees).

Mr. Michael Yeung is an executive Director, the Chairman and a controlling shareholder of the Company. As Maxon is an associate of Mr. Michael Yeung, it is therefore a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the above constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 31 May 2024.

The related party transactions of the Company for FY2026 are set out in note 34 to the consolidated financial statements of the Group for FY2026. Except for those disclosed in note 34 to the consolidated financial statements of the Group for FY2026, other related party transactions of the Company did not constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the connected transactions and the continuing connected transactions entered into by the Group during FY2026.

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 latest practicable date prior to the issue of this report, the Company has complied with the applicable public float requirement of not less than 25% of the Company's total number of issued shares under Rules 13.32B of the Listing Rules during the year and up to date of this report.

As at 30 June 2026, the public float of the Company was approximately 28.97%. The composition of ownership of the ordinary shares of the company listed on the Stock Exchange is as follows:

Group of Shareholders	Number of Issued Shares held	Approximate % of Shareholding
(a) Non-public shareholders		
Mr. Yeung Michael Wah Keung	437,720,000	45.34%
Dr. Yeung Wo Fai	236,070,000	24.45%
Mr. Yeung Andrew Kin	10,500,000	1.09%
Mr. Chan Tung Chit	1,484,636	0.15%
(b) Public shareholders	279,655,364	28.97%
Total number of issued shares	965,430,000	100.00%

Note: For details of the ownership of the ordinary shares of the company disclosed in paragraph (a) above, please refer to the paragraph headed "Directors' and chief and executive's interests and short positions in the shares, underlying shares and debentures" of the "Directors' Report" of this report.

For the composition of the share capital of the Company as at 30 June 2026, please refer to note 26 to the consolidated financial statements.

DIRECTORS' REPORT

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

There was no important event affecting the Group occurred after 30 June 2026 and up to the date of this annual report.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 24 to 42 of this annual report.

BUSINESS REVIEW

A fair review of the business and outlook of the Company as well as a discussion and analysis of the Group's performance during FY2026 and the material factors underlying its results and financial position can be found in the Chairman's Statement on pages 9 to 12 and the Management Discussion & Analysis on pages 13 to 20 of this annual report. An analysis using financial key performance indicators can be found in the Financial Highlights on pages 7 to 8 of this annual report. These discussions and financial highlights form part of this Directors' Report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Company complies with the requirements under the Companies Law of the Cayman Islands, the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance.

The PRC and Indonesian subsidiaries are governed by the laws and regulations relating to taxation, foreign exchange, product quality, trademarks, environmental protection, labor and social insurance. Any non-compliance will impose fines or other serious penalty actions against the subsidiaries. We have implemented various measures to ensure compliance with such laws and regulations, including but not limited to consulting our local legal adviser and tax professional.

During FY2026, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that had a significant impact on the Group's business.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's activities involve retail business, manufacturing business as well as property investment business. The principal types of risk faced by each business segment are listed below.

Retail business

For the retail business, the risks and uncertainties include:

- Falling consumer spending leading to excess inventory in the retail channels and the need for aggressive discounting activity, and/or inventory obsolescence and discounting due to rapid changes in fashion trends.
- Changes in government policy that reduce customers' desire to buy fashion products.
- The Group faces risks associated with the reliance on/potential loss of key management personnel.

DIRECTORS' REPORT

- Impact on sales, costs, profit and cash:
  - Economic conditions in China
  - Change in market trends
  - Cost of wages and salaries, rents, services and utilities
  - Competitor activity
- The Group's operations and interests in other areas are subject to the risk of adverse movements in foreign currency exchange rates as the HK$ is used as the reporting currency.
- Failure or unavailability of operational and/or IT infrastructure.

Manufacturing business

For the manufacturing business, the risks and uncertainties include:

- The Group faces risks and challenges associated with managing different production line staff.
- The Group faces risks associated with the reliance on/potential loss of key management personnel.
- Changes in government policy that may create adversity for the manufacturing industry.
- Fluctuations in commodities and other production inputs could impact the profitability of the Group.
- Impact on sales, costs, profit and cash:
  - Economic conditions
  - Rising cost of wages and salaries, rents, services and utilities
  - Change in market trends
  - Competitor activity
- Failure or unavailability of operational and/or IT infrastructure.

DIRECTORS' REPORT

Property investment business

For the property investment business, the risks and uncertainties include:

- The Group faces risks and challenges associated with locating potential tenants with acceptable price and other terms.
- Changes in government policy that may create adversity for the real estate market.
- The Group faces risks associated with the reliance on/potential loss of key management personnel.
- Impact on sales, costs, profit and cash:
  - Global market fluctuation and economic conditions in Hong Kong
  - Macroeconomic environment of Hong Kong
  - Interest rates in Hong Kong
  - Real estate market in Hong Kong
  - Cost of agency fees
- The Group faces the risk of declining fair value of the investment properties in the future.
- Possibility of realization of the assumption used in valuation of the properties.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

We believe that our employees are important assets of the Group. We use our best efforts to attract and retain appropriate and suitable personnel. We assess the available human resources on a continuous basis and will determine the need to recruit additional personnel to cope with our business development from time to time. We also emphasise continuing education and quality training of our staff to enhance their work performance. We offer training programmes to our employees, which are designed to develop their skills to meet our enterprise goals and our customers' requirements.

The Group also values the knowledge and skills of its employees, and continues to provide favourable career development opportunities for its employees.

The Group offers attractive remuneration packages to its employees, which include salaries, discretionary bonuses and allowances. We determine the salaries of our employees mainly on the basis of their qualifications, experience, position and seniority.

DIRECTORS' REPORT

Customers

We maintain close and stable relationships with our major customers. However, due to the business nature, we do not have any long-term contracts with our major customers. To cope with this situation, we maintain our relationships with our customers by ensuring the quality of our products and services, on-time delivery and maintaining our reputation in the industry.

We strive to strengthen our market position and actively establish rapport with potential customers from time to time, introducing our expertise and experience in the industry.

We believe that our ability to maintain our retail services at a high standard would improve customer satisfaction and in turn enhance our capacity in the future.

The Group generally allows the credit terms from its manufacturing customers including telegraphic transfers before shipment, letters of credit at sight to 150 days and telegraphic transfers within 14 to 150 days. Please refer to the note 20 to the consolidated financial statements for more details of the trade receivables of the Group as at 30 June 2026.

During the year, the Group has not experienced any major disruption of business due to shipment delay or default of payment by our customers due to their financial difficulties. We did not have any major product dispute with our customers.

Suppliers

The Group has always paid great attention to and maintained a good working relationship with the upstream suppliers. We maintain a list of approved suppliers. We assess and evaluate the industry qualification, reference check, business scale, on-time delivery, financial stability and compliance history of the suppliers to determine whether a supplier is eligible for inclusion in the list of approved suppliers. We generally procure materials from suppliers in the list of approved suppliers to ensure the quality of the materials supplied.

We have not entered into long-term agreements with our suppliers.

Close relationships with a stable list of reliable suppliers would enable us to obtain quotes in an efficient manner. It would also enable us to provide quality work in a timely manner, whereby we can procure the necessary materials and supplies as and when they are needed from time to time, reducing the risk of shortage or delay in delivery of materials causing disruption to our operations. We believe that our reputation in the industry for on-time settlement of accounts payable helps us build a stable network of quality suppliers. We have therefore cultivated long-term and well-established relationships with the major suppliers.

The payment terms granted by suppliers were generally from telegraphic transfers before shipment to 120 days. The payables were usually settled within the credit period. Please refer to the note 23 to the consolidated financial statements for more details of the trade and bills payables of the Group as at 30 June 2026.

The Group did not have any significant disputes with its major suppliers during the year.

The aforementioned suppliers and customers are good working partners creating value for the Group.

DIRECTORS' REPORT

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting to re-appoint Ernst & Young as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company.

On behalf of the Board
Sitoy Group Holdings Limited

Yeung Michael Wah Keung
Chairman
Hong Kong, 28 September 2026

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Sitoy Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sitoy Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 64 to 151, which comprise the consolidated statement of financial position as at 30 June 2026, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") 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 Hong Kong Institute of Certified Public Accountants ("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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties As at 30 June 2026, investment properties amounted to approximately HK$505,708,000, representing approximately 30% of the total consolidated assets of the Group, and the amount was material to the consolidated financial statements. To support management's assessment of the fair value of the investment properties, it is the Group's policy that property valuations are performed by an external appraiser at least once a year. The valuation of the investment properties involving significant judgement was highly dependent on estimates and was based on a number of assumptions, such as market rent, market yield and term yield. The related accounting policies, estimates and disclosures of the valuation of investment properties are included in notes 2.4, 3(iv) and 15 to the consolidated financial statements.	We considered the objectivity, independence and expertise of the external appraiser. We assessed the valuation approach and the key assumptions used, which included market rent, market yield, term yield and estimated price, which were used in developing the valuation through the income approach or market approach. Our internal valuation specialists were involved to assist us in evaluating the techniques and key assumptions used in the calculation based on valuation guidelines and industry practice.
Provision for inventories As at 30 June 2026, the Group's inventories amounted to approximately HK$172,879,000. Because of the rapidly changing market conditions, significant judgement and estimates made by management were involved in identifying inventories with net realisable values that were lower than their costs, and the obsolescence with reference to the selling prices and saleability of inventories, and prevailing sales trends. The related accounting policies, estimates and disclosures of the provision for inventories are included in notes 2.4, 3(vi) and 19 to the consolidated financial statements.	We evaluated management's assessment of the obsolescence of inventories with reference to their ageing, condition, and the historical and prevailing sales trends. We also evaluated sales forecasts prepared by management by benchmarking them against market information and the historical sales trends of the Group. Our procedures included, among others, selecting samples of inventories and reviewing their net realisable values with reference to their selling prices subsequent to the end of the reporting period and the Group's pricing strategy.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS 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 IFRS Accounting Standards as issued by the IASB 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hooi Wan Yee (practising certificate number: P07668).

Ernst & Young
Certified Public Accountants
Hong Kong

28 September 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 June 2026

		Year ended 30 June	
	Notes	2026 HK$'000	2025 HK$'000
REVENUE	6	1,487,016	1,584,240
Cost of sales		(1,069,318)	(1,068,177)
Gross profit		417,698	516,063
Other income and gains	6	9,760	17,331
Selling and distribution expenses		(210,115)	(273,723)
Administrative expenses		(217,328)	(228,500)
Impairment losses on financial assets, net		(22,273)	(836)
Other expenses	30	(101,274)	(197,889)
Finance costs	8	(645)	(1,317)
LOSS BEFORE TAX	7	(124,177)	(168,871)
Income tax credit/(expense)	11	1,350	(9,203)
LOSS FOR THE YEAR		(122,827)	(178,074)
Attributable to:			
Equity holders of the Company		(122,827)	(178,074)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic and diluted (HK cents)		(12.72)	(18.50)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2026

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
LOSS FOR THE YEAR	(122,827)	(178,074)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	58,132	2,007
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	58,132	2,007
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	58,132	2,007
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(64,695)	(176,067)
Attributable to:		
Equity holders of the Company	(64,695)	(176,067)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 30 June 2026

	Notes	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	330,173	333,612
Investment properties	15	505,708	558,360
Right-of-use assets	16(a)	22,958	29,791
Other intangible assets	17	2,424	2,424
Deferred tax assets	18	28,697	24,125
Other non-current assets	21	173	164
Total non-current assets		890,133	948,476
CURRENT ASSETS			
Inventories	19	172,879	173,087
Trade receivables	20	277,456	262,264
Prepayments, other receivables and other assets	21	36,919	34,907
Income tax recoverable		617	141
Pledged deposits	22	27,825	26,634
Cash and cash equivalents	22	278,876	437,393
Total current assets		794,572	934,426
CURRENT LIABILITIES			
Trade and bills payables	23	125,349	150,490
Other payables and accruals	24	88,070	116,504
Lease liabilities	16(b)	6,426	7,340
Tax payable		6,273	21,837
Deferred income	25	–	228
Total current liabilities		226,118	296,399
NET CURRENT ASSETS		568,454	638,027
TOTAL ASSETS LESS CURRENT LIABILITIES		1,458,587	1,586,503
NON-CURRENT LIABILITIES			
Lease liabilities	16(b)	3,977	9,807
Deferred tax liabilities	18	6,500	5,965
Total non-current liabilities		10,477	15,772
Net assets		1,448,110	1,570,731
EQUITY			
Share capital	26	96,543	96,543
Treasury shares		–	(2,623)
Reserves	29	1,351,567	1,476,811
Equity attributable to equity holders of the Company		1,448,110	1,570,731
Total equity		1,448,110	1,570,731

Yeung Wo Fai
Director

Chan Tung Chit
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2026

	Attributable to owners of the Company										
	Share capital HK$'000 (note 26)	Treasury shares HK$'000 (note 26)	Share premium account* HK$'000 (note 29)	Share option/award reserve* HK$'000 (note 27,28)	Merger reserve* HK$'000 (note 29)	Statutory reserve fund* HK$'000 (note 29)	Asset revaluation reserve* HK$'000	Other reserve* HK$'000 (note 29)	Exchange fluctuation reserve* HK$'000	Retained profits* HK$'000	Total equity HK$'000
At 1 July 2025 (audited)	96,543	(2,623)	924,811	10,202	4,030	97,901	24,688	(29,050)	(184,031)	628,260	1,570,731
Loss for the year	-	-	-	-	-	-	-	-	-	(122,827)	(122,827)
Other comprehensive income for the year:											
Exchange differences related to foreign operations	-	-	-	-	-	-	-	-	58,132	-	58,132
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	58,132	(122,827)	(64,695)
Equity-settled share awards vested	-	2,623	-	(2,623)	-	-	-	-	-	-	-
2025 special dividend declared	-	-	-	-	-	-	-	-	-	(38,617)	(38,617)
2026 interim dividend declared	-	-	-	-	-	-	-	-	-	(19,309)	(19,309)
Transfer of share option/award reserve upon the lapse of share options/awards	-	-	-	(7,579)	-	-	-	-	-	7,579	-
At 30 June 2026	96,543	-	924,811	-	4,030	97,901	24,688	(29,050)	(125,899)	455,086	1,448,110

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2026

	Attributable to owners of the Company										
	Share capital HK$'000 (note 26)	Treasury shares HK$'000 (note 26)	Share premium account* HK$'000 (note 29)	Share option/award reserve* HK$'000 (note 27,28)	Merger reserve* HK$'000 (note 29)	Statutory reserve fund* HK$'000 (note 29)	Asset revaluation reserve* HK$'000	Other reserve* HK$'000 (note 29)	Exchange fluctuation reserve* HK$'000	Retained profits* HK$'000	Total equity HK$'000
At 1 July 2024 (audited)	96,543	(4,044)	924,811	12,389	4,030	96,871	24,688	(29,050)	(186,038)	865,199	1,805,399
Loss for the year	–	–	–	–	–	–	–	–	–	(178,074)	(178,074)
Other comprehensive income for the year:											
Exchange differences related to foreign operations	–	–	–	–	–	–	–	–	2,007	–	2,007
Total comprehensive loss for the year	–	–	–	–	–	–	–	–	2,007	(178,074)	(176,067)
Equity-settled share award arrangement	–	–	–	1,857	–	–	–	–	–	–	1,857
Equity-settled share awards vested	–	4,044	–	(4,044)	–	–	–	–	–	–	–
Repurchase of shares under a share award scheme	–	(2,623)	–	–	–	–	–	–	–	–	(2,623)
2024 final dividend declared	–	–	–	–	–	–	–	–	–	(38,617)	(38,617)
2025 interim dividend declared	–	–	–	–	–	–	–	–	–	(19,218)	(19,218)
Transfer from retained profits	–	–	–	–	–	1,030	–	–	–	(1,030)	–
At 30 June 2025	96,543	(2,623)	924,811	10,202	4,030	97,901	24,688	(29,050)	(184,031)	628,260	1,570,731

* These reserve accounts comprise the consolidated reserves of HK$1,351,567,000 (30 June 2025: HK$1,476,811,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2026

		Year ended 30 June	
	Notes	2026 HK$'000	2025 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(124,177)	(168,871)
Adjustments for:			
Finance costs	8	645	1,317
Loss on disposal of items of property, plant and equipment	7, 30	1,225	631
Loss on termination of Cole Haan business	7, 30	–	24,952
Revision of a lease term arising from a change in the non-cancellable period of a lease	7	(339)	(9)
Depreciation of property, plant and equipment	7	32,933	30,639
Depreciation of right-of-use assets	7	9,224	14,319
Amortisation of deferred income	25	(234)	(502)
Changes in fair value of investment properties	7, 30	52,652	109,216
Equity-settled share award expense	7	–	1,857
Impairment of financial assets, net	7	22,273	836
Impairment of right-of-use assets	7	646	–
Impairment of property, plant and equipment	7, 30	207	1,795
Write-down of inventories to net realisable value	7	12,612	5,546
		7,667	21,726
Increase in restricted cash		(94)	(1,383)
(Increase)/decrease in trade receivables		(34,698)	34,132
(Increase)/decrease in prepayments, other receivables and other assets		(905)	18,008
(Increase)/decrease in inventories		(8,566)	17,485
(Decrease)/increase in trade and bills payables		(31,351)	16,829
Increase in other payables and accruals		15,414	18,175
Cash (used in)/generated from operations		(52,533)	124,972
Hong Kong profits tax paid		(15,256)	(32,424)
PRC corporate income tax paid		(2,842)	(7,871)
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		(70,631)	84,677

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2026

	Notes	Year ended 30 June 2026 HK$'000	2025 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(31,202)	(33,261)
Proceeds from disposal of items of property, plant and equipment		473	182
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(30,729)	(33,079)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings		–	54,806
Withdrawal of pledged time deposits		96,025	45,962
Placement of pledged time deposits		(96,441)	(46,645)
Repayment of interest-bearing bank borrowings		–	(54,806)
Dividends paid		(57,926)	(57,765)
Interest paid		(645)	(1,317)
Repurchase of shares under a share award scheme		–	(2,623)
Principal portion of lease payments		(8,821)	(14,588)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(67,808)	(76,976)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(169,168)	(25,378)
Cash and cash equivalents at beginning of year		437,393	460,551
Frozen deposit		94	1,383
Effect of foreign exchange rate changes, net		10,557	837
CASH AND CASH EQUIVALENTS AT END OF YEAR		278,876	437,393
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF FINANCIAL POSITION	22	278,876	437,393

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

1. CORPORATE AND GROUP INFORMATION

Sitoy Group Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 21 February 2008 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered address of the Company is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1–1205, Cayman Islands. In the opinion of the Directors, the Company's controlling shareholders are Mr. Yeung Michael Wah Keung and Dr. Yeung Wo Fai.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are the design, research, development, manufacture, sale, retail and wholesale of handbags, small leather goods, travel goods and footwear products, as well as the provision of advertising and marketing services and property investment.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 6 December 2011.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) as issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2026. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in accounting policies and disclosures

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective IFRS Accounting Standards

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

[1] Effective for annual periods beginning on or after 1 January 2026
[2] Effective for annual/reporting periods beginning on or after 1 January 2027
[3] No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective IFRS Accounting Standards (continued)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective IFRS Accounting Standards (continued)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS *Accounting Standards – Volume 11* set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective IFRS Accounting Standards (continued)

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 Material accounting policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Business combinations and goodwill (continued)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 30 June. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditures incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset or as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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

Buildings	2% to 5%
Leasehold improvements	Over the shorter of the lease terms and estimated useful lives
Plant and machinery	10% to 33⅓%
Office equipment	10% to 25%
Motor vehicles	10% to 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Property, plant and equipment and depreciation (continued)

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with IAS 16 Property, Plant and Equipment.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Intangible assets (other than goodwill) (continued)

Trademark

Trademark is tested for impairment annually at the cash-generating unit level. This intangible asset is not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable.

Research and development costs

All research costs are charged to the consolidated statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

At inception or on reassessment of a contract that contains a lease component and non-lease components, the Group adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Prepaid leasehold lands	50 years
Plants	3 to 5 years
Retail stores	2 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Sale of leather products

Revenue from the sale of leather products is recognised at the point in time when control of the asset is transferred to the customer. For the manufacturing segment, revenue is recognised at the point in time, generally upon shipment of goods or handover of goods. For the retail segment, revenue is also recognised at a point in time, where the offline revenue is generally recognised upon handover of goods and the online revenue is recognised upon the acceptance of goods.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share option scheme and a share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 27 and note 28 to the consolidated financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Share-based payments (continued)

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

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

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

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 14% to 15% of their payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The employees of the Group's subsidiaries which operate in Indonesia are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 3.7% to 5.7% of their payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends and special dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends and special dividends are disclosed in the notes to the consolidated financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of presenting the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these entities which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Withholding taxes arising from the distribution of dividends

The Group's determination as to whether to accrue withholding taxes from the distribution of dividends from subsidiaries in Chinese Mainland according to the relevant tax jurisdictions is subject to judgement on the timing of the payment of the dividends. The Group considers that if it is probable that the profits of the subsidiaries in Chinese Mainland will not be distributed in the foreseeable future, then no withholding taxes should be provided.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The carrying value of deferred tax assets relating to recognised tax losses at 30 June 2026 was HK$8,582,000 (30 June 2025: HK$10,841,000). There were unrecognised tax losses of HK$380,755,000 for the year ended 30 June 2026 (30 June 2025: HK$324,232,000). Further details are contained in note 18 to the financial statements.

Estimation uncertainty

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

(i) Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector and retail sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(i) Provision for expected credit losses on trade receivables (continued)

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the consolidated financial statements.

(ii) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(iii) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details, including a sensitivity analysis of key assumptions, are given in note 16 to the financial statements.

(iv) Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties as at 30 June 2026 was approximately HK$505,708,000 (30 June 2025: HK$558,360,000). Further details, including the key assumptions used for fair value measurement, are included in note 15 to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(v) Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. They could change significantly as a result of technical innovations or competitor actions in response to severe industry cycles. Management increases the depreciation charge where useful lives are shorter than previously estimated lives, or writes off or writes down technically obsolete or non-strategic assets that have been abandoned or sold.

(vi) Net realisable value of inventories

The net realisable value of an inventory is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature which could change significantly as a result of changes in customer preferences or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at the end of the reporting period.

(vii) Income tax

The Group is subject to income taxes in various regions. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision for corporate income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact the corporate income tax and tax provisions in the period in which the differences are realised. Further details are contained in note 11 to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

4. PARTICULARS OF THE COMPANY'S PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 June 2026 are set out below:

Name of company	Place and date of incorporation/registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Subsidiaries					
Sitoy (Hong Kong) Handbag Factory Limited	Hong Kong 9 July 1982	HK$4,000,000	–	100	Investment holding and trading of handbags, small leather goods and travel goods
Dongguan Shidai Leather Products Factory Co., Ltd. *@	The People's Republic of China ("PRC")/ Chinese Mainland 13 July 1992	HK$60,000,000	–	100	Manufacture and sale of handbags, small leather goods and travel goods
Sitoy (Yingde) Leather Products Co., Ltd. *@	PRC/Chinese Mainland 11 December 2006	HK$70,000,000	–	100	Manufacture and sale of handbags, small leather goods and travel goods
Guangdong Sitoy Leather Goods Company Limited* (formerly known as Guangzhou Sitoy Leather Goods Company Limited) @	PRC/Chinese Mainland 18 January 2011	HK$55,000,000	–	100	Design, retail and wholesale of handbags, small leather goods and travel goods, and provision of advertising and marketing services
Worldmax Enterprises Limited	Hong Kong 30 November 2010	HK$10,000	–	100	Property investment
Shanghai Shiwo Trading Company Limited*@	PRC/Chinese Mainland 14 July 2017	RMB33,267,000	–	100	Trading, retail and wholesale of fashion products
Si Fung Property Investment (Silvercord) Limited	Hong Kong 24 March 2021	HK$10,000	–	100	Investment holding
Sitoy Enterprises Investment Company Limited	Hong Kong 13 June 2023	HK$10,000	–	100	Investment holding and trading of handbags, small leather goods and travel goods
PT Sitoy Leather Products Indonesia	Indonesia 24 July 2024	IDR20,000,000,000	–	100	Manufacture and sale of handbags, small leather goods and travel goods

* The English names represent the translated Chinese names of these subsidiaries as no English names have been registered.

@ These subsidiaries are registered as companies with limited liability under PRC law.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) Retail: engagement in the retail and wholesale of handbags, small leather goods, travel goods and footwear products for the brands owned or licensed by the Group, design of handbags and accessories and provision of advertising and marketing service;

(b) Manufacturing: production handbags, small leather goods and travel goods for branding and resale by others;

(c) Property investment: investment in office spaces for its rental income or capital appreciation purposes.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax, except for corporate and unallocated expenses, which are excluded from this measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

5. OPERATING SEGMENT INFORMATION (continued)

	Year ended 30 June 2026			
	Retail HK$'000	Manufacturing HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue (note 6):				
Sales to external customers	510,822	965,860	10,334	1,487,016
Intersegment sales	–	137,049	4,168	141,217
Total segment revenue	510,822	1,102,909	14,502	1,628,233
Reconciliation:				
Elimination of intersegment sales				(141,217)
Total revenue				1,487,016
Segment results	4,108	(76,318)	(46,523)	(118,733)
Reconciliation:				
Corporate and other unallocated expenses				(5,444)
Loss before tax				(124,177)
Segment assets	302,241	1,884,721	603,444	2,790,406
Reconciliation:				
Elimination of intersegment receivables				(1,239,291)
Corporate and other unallocated assets				133,590
Total assets				1,684,705
Segment liabilities	658,945	195,729	620,482	1,475,156
Reconciliation:				
Elimination of intersegment payables				(1,239,291)
Corporate and other unallocated liabilities				730
Total liabilities				236,595
Other segment information:				
Depreciation of items of property, plant and equipment	5,356	24,670	–	30,026
Unallocated depreciation of items of property, plant and equipment				2,907
				32,933
Depreciation of right-of-use assets	3,784	5,440	–	9,224
Write-down of inventories to net realisable value	10,517	2,095	–	12,612
Lease payments not included in the measurement of lease liabilities	4,034	707	–	4,741
Capital expenditure*	3,451	28,422	–	31,873

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

5. OPERATING SEGMENT INFORMATION (continued)

	Year ended 30 June 2025			
	Retail HK$'000	Manufacturing HK$'000	Property investment HK$'000	Total HK$'000
Segment revenue (note 6):				
Sales to external customers	654,970	918,077	11,193	1,584,240
Intersegment sales	–	139,648	3,192	142,840
Total segment revenue	654,970	1,057,725	14,385	1,727,080
Reconciliation:				
Elimination of intersegment sales				(142,840)
Total revenue				1,584,240
Segment results	(62,265)	(3,768)	(101,787)	(167,820)
Reconciliation:				
Corporate and other unallocated expenses				(1,051)
Loss before tax				(168,871)
Segment assets	369,901	2,004,554	647,438	3,021,893
Reconciliation:				
Elimination of intersegment receivables				(1,275,620)
Corporate and other unallocated assets				136,629
Total assets				1,882,902
Segment liabilities	742,711	224,965	619,413	1,587,089
Reconciliation:				
Elimination of intersegment payables				(1,275,620)
Corporate and other unallocated liabilities				702
Total liabilities				312,171
Other segment information:				
Depreciation of items of property, plant and equipment	6,856	21,068	–	27,924
Unallocated depreciation of items of property, plant and equipment				2,715
				30,639
Depreciation of right-of-use assets	7,966	6,353	–	14,319
Write-down of inventories to net realisable value	1,377	2,318	–	3,695
Lease payments not included in the measurement of lease liabilities	7,262	659	–	7,921
Capital expenditure*	4,928	35,385	–	40,313

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets, investment properties and other non-current assets during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

5. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Revenue		
Chinese Mainland, Hong Kong, Macau and Taiwan	773,428	901,237
North America	100,555	144,935
Europe	337,648	269,242
Other Asian countries	237,655	245,384
Other countries/regions	37,730	23,442
Total revenue	1,487,016	1,584,240

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Chinese Mainland and Hong Kong	780,181	853,961
Indonesia	81,255	70,390
Total	861,436	924,351

The non-current asset information above is based on the locations of assets and excludes deferred tax assets.

Information about a major customer

For the year ended 30 June 2026, revenue derived from sales by the manufacturing segment to a major customer amounting to approximately HK$202,002,000 accounted for over 10% of the Group's revenue, including sales to a group of entities which are known to be under common control of a parent of that customer.

For the year ended 30 June 2025, revenue derived from sales by the manufacturing segment to a major customer amounting to approximately HK$184,294,000 accounted for over 10% of the Group's revenue, including sales to a group of entities which are known to be under common control of a parent of that customer.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Revenue from contracts with customers		
Sale of goods	1,476,682	1,573,047
Revenue from other sources		
Gross rental income	10,334	11,193
Total	1,487,016	1,584,240

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 30 June 2026

Segments	Retail HK$'000	Manufacturing HK$'000	Total HK$'000
Type of goods or services			
Sale of goods	510,822	965,860	1,476,682
Geographical markets			
North America	–	100,555	100,555
Europe	–	337,648	337,648
Chinese Mainland, Hong Kong, Macau and Taiwan	510,822	252,272	763,094
Other Asian countries	–	237,655	237,655
Others	–	37,730	37,730
Total	510,822	965,860	1,476,682
Timing of revenue recognition			
Goods transferred at a point in time	510,822	965,860	1,476,682

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

6. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 30 June 2025

Segments	Retail HK$'000	Manufacturing HK$'000	Total HK$'000
Type of goods or services			
Sale of goods	654,970	918,077	1,573,047
Geographical markets			
North America	–	144,935	144,935
Europe	–	269,242	269,242
Chinese Mainland, Hong Kong, Macau and Taiwan	654,970	235,074	890,044
Other Asian countries	–	245,384	245,384
Others	–	23,442	23,442
Total	654,970	918,077	1,573,047
Timing of revenue recognition			
Goods transferred at a point in time	654,970	918,077	1,573,047

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 30 June 2026

Segments	Retail HK$'000	Manufacturing HK$'000	Total HK$'000
Revenue from contracts with customers			
Sales to external customers	510,822	965,860	1,476,682
Intersegment sales	–	137,049	137,049
Subtotal	510,822	1,102,909	1,613,731
Elimination of intersegment sales	–	(137,049)	(137,049)
Total	510,822	965,860	1,476,682

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

6. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 30 June 2025

Segments	Retail HK$'000	Manufacturing HK$'000	Total HK$'000
Revenue from contracts with customers			
Sales to external customers	654,970	918,077	1,573,047
Intersegment sales	–	139,648	139,648
Subtotal	654,970	1,057,725	1,712,695
Elimination of intersegment sales	–	(139,648)	(139,648)
Total	654,970	918,077	1,573,047

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period		
Sale of goods	5,345	5,236

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

6. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of handbags, small leather goods, etc.

The performance obligation is satisfied upon delivery of handbags, small leather goods, etc. The payment in the manufacturing segment is generally due within 30 to 150 days from delivery, except for new customers, where payment in advance is normally required. The payment in the retail segment is generally due within 60 days from delivery, except for new customers, where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June are as follows:

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Amounts expected to be recognised as revenue:		
Within one year	2,612	5,345

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue in one year relate to the sale of handbags, small leather goods, etc. The amounts disclosed above do not include variable consideration which is constrained.

Other income and gains

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Interest income	5,198	6,864
Compensation and disposal income	2,300	2,069
Government grants	361	1,680
Exchange gain, net	–	5,374
Others	1,901	1,344
Total other income and gains	9,760	17,331

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

7. LOSS BEFORE TAX

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

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Cost of inventories sold	1,069,318	1,068,177
Employee benefit expense (including directors' and chief executive's remuneration as set out in note 9)		
Wages and salaries	331,236	345,057
Equity-settled share award expense (note 28)	–	1,857
Pension scheme contributions	29,190	27,841
Total	360,426	374,755
Loss on termination of Cole Haan business (note 30)	–	83,568
Depreciation of items of property, plant and equipment (note 14)	32,933	30,639
Depreciation of right-of-use assets (note 16(a))	9,224	14,319
Fair value loss on investment properties (included in other expenses) (notes 15,30)	52,652	109,216
Impairment losses of financial assets (note 20,21)	22,273	836
Impairment of right-of-use assets (note 16(a))	646	–
Impairment of property, plant and equipment (notes 14,30)	207	1,795
Write-down of inventories to net realisable value	12,612	5,546
Loss on disposal of items of property, plant and equipment (note 30)	1,225	631
Revision of a lease term arising from a change in the non-cancellable period of a lease	(339)	(9)
Lease payments not included in the measurement of lease liabilities (note 16(c))	4,741	7,921
Auditors' remuneration	2,000	2,000
Exchange loss/(gain), net (notes 6,30)	44,876	(5,374)

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Financing lease interest	30	–
Interest on lease liabilities	615	1,107
Interest on bank borrowings	–	210
Total	645	1,317

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Fees	860	981
Other emoluments:		
Salaries, allowances and benefits in kind	11,124	11,059
Discretionary bonuses*	927	3,812
Equity-settled share award expense	–	216
Pension scheme contributions	135	223
Subtotal	12,186	15,310
Total	13,046	16,291

* 2026 and 2025 discretionary bonuses paid to directors were based on financial performance of the Group for the years ended 30 June 2025 and 2024 respectively.

(a) Independent non-executive directors

The fees paid to independent non-executive directors were as follows:

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Mr. Yeung Chi Tat	220	211
Ms. Lee Pao Yue	220	211
Ms. So Sze Wan, Lisa (appointed on 17 November 2025)	136	–
Mr. Kwan Po Chuen, Vincent (retired on 17 November 2025)	84	211
Mr. Lung Hung Cheuk (retired on 18 November 2024)	–	77
Total	660	710

As at 30 June 2026, there were no other emoluments payable to the independent non-executive directors (30 June 2025: Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, a non-executive director and the chief executive

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Equity-settled share award expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 30 June 2026						
Executive directors:						
Mr. Yeung Michael Wah Keung	50	3,980	332	–	–	4,362
Dr. Yeung Wo Fai	50	3,582	299	–	–	3,931
Mr. Yeung Andrew Kin	50	2,160	180	–	117	2,507
Mr. Chan Tung Chit	50	1,402	116	–	18	1,586
Total	200	11,124	927	–	135	12,386

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Equity-settled share award expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Year ended 30 June 2025						
Executive directors:						
Mr. Yeung Michael Wah Keung	41	3,980	902	–	–	4,923
Dr. Yeung Wo Fai	41	3,582	812	–	–	4,435
Mr. Yeung Andrew Kin	41	2,160	1,948	–	205	4,354
Mr. Chan Tung Chit	41	1,337	150	216	18	1,762
Subtotal	164	11,059	3,812	216	223	15,474
Non-executive director:						
Dr. Lau Kin Shing, Charles (retired on 18 November 2024)	107	–	–	–	–	107
Total	271	11,059	3,812	216	223	15,581

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) Executive directors, a non-executive director and the chief executive (continued)

Dr. Yeung Wo Fai is also the chief executive of the Group and his remuneration disclosed above included the remuneration for the services rendered by him as the chief executive.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 30 June 2026 (FY2025: Nil).

As at 30 June 2026, there was no remuneration payable to the Directors (30 June 2025: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors (FY2025: five highest paid employees during the year included four directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the remaining one (FY2025: one) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Discretionary bonuses	1,543	1,125
Salaries, allowances and benefits in kind	129	1,153
Equity-settled share award expense	–	237
Pension scheme contributions	131	18
Total	1,803	2,533

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees Year ended 30 June	
	2026	2025
HK$1,000,001 to HK$1,500,000	–	–
HK$1,500,001 to HK$2,500,000	1	–
HK$2,500,001 to HK$3,500,000	–	1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong profits tax has been provided at the rate of 16.5% for the year ended 30 June 2026 (FY2025: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Macau complementary income tax has not been provided for as the Group had no assessable profits arising in Macau during the year ended 30 June 2026 (FY2025: Nil).

Indonesia complementary income tax has not been provided for as the Group had no assessable profits arising in Indonesia during the year ended 30 June 2026.

Provision for PRC corporate income tax is based on a statutory rate of 25% for the year ended 30 June 2026 (FY2025: 25%) of the assessable profits of the subsidiaries in Chinese Mainland as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

The major components of income tax (credit)/expense are as follows:

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Current – Hong Kong		
Charge for the year	1,495	14,032
Adjustments in respect of current income tax of previous years	136	(12)
Current – Chinese Mainland		
Charge for the year	126	5,153
Adjustments in respect of current income tax of previous years	–	13
Deferred tax (note 18)	(3,107)	(9,983)
Total tax (credit)/charge for the year	(1,350)	9,203

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

11. INCOME TAX (continued)

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of the subsidiaries are domiciled or generate revenue to the tax expense/(credit) at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

Year ended 30 June 2026

	Hong Kong		Macau		Chinese Mainland		Cayman Islands*		Indonesia		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
(Loss)/profit before tax	(86,975)		103		14,838		5,630		(57,773)		(124,177)	
Tax at the statutory tax rates	(14,349)	16.5	13	12.6	3,709	25.0	929	16.5	(12,710)	22.0	(22,408)	18.0
Lower tax rate for specific provinces or enacted by local authority	–	–	–	–	(550)	(3.7)	–	–	–	–	(550)	0.4
Adjustments in respect of current tax of previous periods	136	(0.2)	–	–	–	–	28	0.5	–	–	164	(0.1)
Income not subject to tax	(249)	0.3	(13)	(12.6)	–	–	(148)	(2.6)	–	–	(410)	0.3
Expenses not deductible for tax	12,462	(14.3)	–	–	1,820	12.3	11	0.2	–	–	14,293	(11.5)
Deductible temporary differences not recognised, net	38	(0.04)	–	–	–	–	–	–	–	–	38	(0.0)
Tax losses utilised from previous periods	(39)	0.04	–	–	(5,409)	(36.5)	–	–	–	–	(5,448)	4.4
Tax losses not recognised	102	(0.1)	–	–	159	1.1	–	–	12,710	(22.0)	12,971	(10.4)
Tax (credit)/charge at the Group's effective rates	(1,899)	2.2	–	–	(271)	(1.8)	820	14.6	–	–	(1,350)	1.1

Year ended 30 June 2025

	Hong Kong		Macau		Chinese Mainland		Cayman Islands*		Indonesia		Total	
	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%	HK$'000	%
(Loss)/profit before tax	(94,787)		151		(47,560)		1,478		(28,153)		(168,871)	
Tax at the statutory tax rates	(15,639)	16.5	19	12.6	(11,891)	25.0	244	16.5	(6,194)	22.0	(33,461)	19.8
Lower tax rate for specific provinces or enacted by local authority	(165)	0.2	–	–	(330)	0.7	–	–	–	–	(495)	0.3
Adjustments in respect of current tax of previous periods	(12)	–	–	–	13	–	101	6.8	–	–	102	(0.1)
Income not subject to tax	(45)	–	(19)	(12.6)	–	–	(61)	(4.1)	(896)	3.2	(1,021)	0.6
Expenses not deductible for tax	19,989	(21.1)	–	–	905	(1.9)	7	0.5	–	–	20,901	(12.4)
Deductible temporary differences not recognised, net	(31)	–	–	–	–	–	–	–	–	–	(31)	–
Tax losses not recognised	9,437	(10.0)	–	–	6,681	(14.0)	–	–	7,090	(25.2)	23,208	(13.7)
Tax charge/(credit) at the Group's effective rates	13,534	(14.3)	–	–	(4,622)	9.7	291	19.7	–	–	9,203	(5.4)

* During the years ended 30 June 2026 and 2025, the Group generated revenue in Hong Kong and was therefore subject to Hong Kong profits tax.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

12. DIVIDENDS

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Interim – 2026: HK2 cents per ordinary share (2025: HK2 cents per ordinary share)	19,309	19,218
Proposed special – 2026: HK2 cents per share (2025: HK4 cents per share) (i)	19,309	38,617
Total	38,618	57,835

Note:

(i) The Board proposed a special dividend of HK2 cents per share for the year ended 30 June 2026 (FY2025: a special dividend of HK4 cents per share).

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year ended 30 June 2026 attributable to ordinary equity holders of the Company excluding cash dividend attributable to the awarded shares expected to be vested in the future as of the end of the reporting period, and the weighted average number of ordinary shares of 965,430,000 (FY2025: 962,639,000) in issue less treasury shares during the year.

The calculation of the diluted loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

For the year ended 30 June 2026, no adjustment has been made to the basic loss per share amount in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amount presented.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

The calculations of basic and diluted loss per share are based on:

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Loss		
Loss attributable to ordinary equity holders of the Company used in the basic and diluted loss per share calculation	(122,827)	(178,074)

	Year ended 30 June	
	2026	2025
Number of shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	965,430,000	962,639,000
Effect of dilution – weighted average number of ordinary shares	–	–
Weighted average number of ordinary shares in issue during the year used in the diluted loss per share calculation	965,430,000	962,639,000
Basic and diluted		
For loss for the year (HK cents)	(12.72)	(18.50)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
30 June 2026							
At 30 June 2025:							
Cost	471,528	89,420	115,916	61,648	8,027	1,795	748,334
Accumulated depreciation and impairment	(201,188)	(76,961)	(78,583)	(50,485)	(5,710)	(1,795)	(414,722)
Net carrying amount	270,340	12,459	37,333	11,163	2,317	–	333,612
At 1 July 2025, net of accumulated depreciation	270,340	12,459	37,333	11,163	2,317	–	333,612
Additions	3,288	3,270	19,416	3,471	406	2,022	31,873
Depreciation provided during the year (note 7)	(18,590)	(5,698)	(5,500)	(2,524)	(621)	–	(32,933)
Termination of Cole Haan business							
Disposals	–	–	(1,551)	(122)	(25)	–	(1,698)
Transferred from investment properties (note 15)	–	–	–	–	–	–	–
Transferred from construction in progress	–	–	–	–	–	–	–
Impairment during the year (note 7)	–	(207)	–	–	–	–	(207)
Exchange realignment	424	568	(1,351)	(6)	(17)	(92)	(474)
At 30 June 2026, net of accumulated depreciation and impairment	255,462	10,392	48,347	11,982	2,060	1,930	330,173
At 30 June 2026:							
Cost	484,135	96,284	128,840	65,088	8,275	3,814	786,436
Accumulated depreciation and impairment	(228,673)	(85,892)	(80,493)	(53,106)	(6,215)	(1,884)	(456,263)
Net carrying amount	255,462	10,392	48,347	11,982	2,060	1,930	330,173

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
30 June 2025							
At 30 June 2024:							
Cost	422,113	99,531	97,377	62,223	6,845	23,354	711,443
Accumulated depreciation and impairment	(183,653)	(79,935)	(76,860)	(53,440)	(5,306)	–	(399,194)
Net carrying amount	238,460	19,596	20,517	8,783	1,539	23,354	312,249
At 1 July 2024, net of accumulated depreciation	238,460	19,596	20,517	8,783	1,539	23,354	312,249
Additions	–	3,831	20,537	5,156	1,294	11,599	42,417
Depreciation provided during the year (note 7)	(17,388)	(7,324)	(3,465)	(1,956)	(506)	–	(30,639)
Termination of Cole Haan business	–	(3,649)	–	(434)	–	–	(4,083)
Disposals	–	(5)	(379)	(413)	(16)	–	(813)
Transferred from investment properties (note 15)	15,480	–	–	–	–	–	15,480
Transferred from construction in progress	33,290	–	–	–	–	(33,290)	–
Impairment during the year (note 7)	–	–	–	–	–	(1,795)	(1,795)
Exchange realignment	498	10	123	27	6	132	796
At 30 June 2025, net of accumulated depreciation and impairment	270,340	12,459	37,333	11,163	2,317	–	333,612
At 30 June 2025:							
Cost	471,528	89,420	115,916	61,648	8,027	1,795	748,334
Accumulated depreciation and impairment	(201,188)	(76,961)	(78,583)	(50,485)	(5,710)	(1,795)	(414,722)
Net carrying amount	270,340	12,459	37,333	11,163	2,317	–	333,612

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

15. INVESTMENT PROPERTIES

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Carrying amount at beginning of year	558,360	683,056
Transferred to owner-occupied property (note 14)	–	(15,480)
Fair value loss on investment properties (note 7)	(52,652)	(109,216)
Carrying amount at end of year	505,708	558,360

The Group's investment properties consist of two commercial properties and one industrial property in Hong Kong. The Directors have determined that the investment properties are for commercial and industrial use based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 30 June 2026, based on valuations performed by Vincorn Consulting and Appraisal Limited, an independent professionally qualified valuer, at an aggregate amount of approximately HK$505,708,000. Each year, the Directors decide to appoint an external valuer to be responsible for the valuations of the Group's investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The executive directors have discussions with the valuer on the valuation assumptions and valuation results every year when the valuation is performed for annual financial reporting.

Below is the information about the three investment properties:

Property	Address	Existing use	Lease term
Ground to 2nd, room B of 3rd, 4th to 6th and 11th to 20th Floors Sitoy Tower	Ground to 2nd, room B of 3rd, 4th to 6th and 11th to 20th Floors, Sitoy Tower, No. 164 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong (Kwun Tong Inland lot number 316)	Commercial (for rental income and capital appreciation purposes)	Medium term lease
4th to 5th Floors, The Genplas Building	4th to 5th Floors, The Genplas Building, No. 56 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong (Kwun Tong Inland lot number 58)	Industrial (for rental income and capital appreciation purposes)	Medium term lease
No. 1011 on 10th Floor of Tower 1, Silvercord	10th Floor of Tower 1, Silvercord, No. 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (Kowloon Inland lot number 10456)	Commercial (for rental income and capital appreciation purposes)	Medium term lease

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

15. INVESTMENT PROPERTIES (continued)

The investment properties are leased to third parties under operating leases.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 30 June 2026 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurement for:				
Commercial properties	–	505,708	–	505,708

	Fair value measurement as at 30 June 2025 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurement for:				
Commercial properties	–	558,360	–	558,360

During the year, there were no transfers into or out of Level 2 (FY2025: Nil).

Reconciliation of fair value measurements categorised within Level 2 of the fair value hierarchy:

	HK$'000
Carrying amount at 1 July 2024	683,056
Transferred to owner-occupied property (note 14)	(15,480)
Fair value loss on investment properties (note 7)	(109,216)
Carrying amount at 30 June 2025 and 1 July 2025	558,360
Fair value loss on investment properties (note 7)	(52,652)
Carrying amount at 30 June 2026	505,708

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

15. INVESTMENT PROPERTIES (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Weighted average	
			Year ended 30 June 2026	Year ended 30 June 2025
Commercial property 1	Income approach -term and reversion method	Estimated rental value (per square foot per month)	HK$29.0	HK$28.6
		Market yield	3.25%	2.9%
		Term yield	2.30%	2.0%
Commercial property 2	Market approach	Estimated price (per square foot)	HK$5,295	HK$5,715
Commercial property 3	Market approach	Estimated price (per square foot)	HK$14,078	HK$15,340

For commercial property 1, a significant increase/(decrease) in the estimated market rent would result in a significant increase/(decrease) in the fair value of the investment property. A significant increase/(decrease) in the term yield and market yield in isolation would result in a significant (decrease)/increase in the fair value of the investment property.

The term and reversion analysis is used to estimate the value of the properties on an open market basis by capitalising the rental income on a fully leased basis having regard to the current passing rental income from the existing tenancies and the potential future reversionary rental income in the market. No allowances have been made for vacancy or capital deductions of any nature.

In this valuation method, the total rental income is divided into current passing rental income over the existing lease term (the term income) and potential future reversionary rental income after the expiry of the existing lease term (the reversionary income). The term "value" is derived from the capitalisation of the term "income" over the existing lease term, while the reversionary value is derived from the capitalisation of the reversionary income on a fully leased basis, which is then discounted back to the valuation date.

For commercial property 2 and commercial property 3, this valuation method provides an indication of value by comparing the subject asset with those of identical or similar assets for which price information is available. By comparing the sales prices of these properties, which qualify as "arm's length" transactions between willing buyers and sellers, adjustments are made for the difference in size, location, time, amenities and other relevant factors to assess the values of the subject asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of plants, offices, land and retail stores used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plants generally have lease terms of 3 to 5 years, while retail offices and stores generally have lease terms of 2 to 3 years. Other equipment generally has lease terms of 12 months or less and is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Prepaid leasehold lands HK$'000	Plants HK$'000	Retail stores HK$'000	Total HK$'000
As at 1 July 2025	12,960	12,872	3,959	29,791
Additions	–	–	6,434	6,434
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(4,517)	–	(4,517)
Depreciation charge	(403)	(5,037)	(3,784)	(9,224)
Impairment of right-of-use assets	–	–	(646)	(646)
Exchange realignment	638	234	248	1,120
As at 30 June 2026	13,195	3,552	6,211	22,958

	Prepaid leasehold lands HK$'000	Plants HK$'000	Retail stores HK$'000	Total HK$'000
As at 1 July 2024	13,348	12,379	20,702	46,429
Additions	–	6,826	3,044	9,870
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(386)	–	(386)
Depreciation charge	(398)	(5,955)	(7,966)	(14,319)
Impairment of right-of-use assets	–	–	–	–
Termination of Cole Haan business	–	–	(11,828)	(11,828)
Exchange realignment	10	8	7	25
As at 30 June 2025	12,960	12,872	3,959	29,791

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

16. LEASES (continued)

The Group as a lessee (continued)

(a) *Right-of-use assets* (continued)

Impairment testing

During the year ended 30 June 2026, impairment losses on right-of-use assets of HK$646,000 were recognised in the consolidated statement of profit or loss as other expenses, in respect of the impairment of right-of-use assets (FY2025: Nil). The impairment charge was due to the lower cash flows generated from retail stores resulting from a decline in demand for end-market orders.

The Group regards each individual retail store as a separately identifiable cash-generating unit. Management carried out an impairment assessment for the retail store assets, including property, plant and equipment and right-of-use assets, for which an impairment indicator has been identified. Given the potential adverse impact on the performance of the Group's retail stores as a result of the decline in demand for end-market orders, management performed an impairment assessment for all the retail stores.

The carrying amount of the retail store assets is written down to their recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The estimates of the recoverable amounts were based on value-in-use calculations using discounted cash flow projections based on the financial forecasts approved by management covering the remaining lease terms, with key assumptions such as percentage changes in revenue, percentage changes in operating cost and gross profit margin.

Key assumptions used in the value-in-use calculations for the recoverable amount of retail store assets are as follows:

Percentage change in revenue:	Based on the estimated timing of easing quarantine restrictions at the borders and the recovery of tourist arrivals and the consequential effect on the Group's retail stores
Percentage change in operating cost:	Based on the estimated change related to the Group's cost-saving plan and measures
Gross profit margin:	Based on the historical data and change in product mix

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

16. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

	Increase in rate %	Increase/ (decrease) in impairment HK$'000	Decrease in rate %	Increase/ (decrease) in impairment HK$'000
2026				
Future sales	5	(356)	(5)	847
Future operating cost	5	596	(5)	(272)
Future gross profit margin	5	(168)	(5)	406
2025				
Future sales	5	–	(5)	96
Future running cost	5	39	(5)	–
Future gross profit margin	5	–	(5)	34

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2026 HK$'000	2025 HK$'000
Carrying amount at 1 July	17,147	35,767
New leases	6,434	9,870
Revision of a lease term arising from a change in the non-cancellable period of a lease	(4,856)	(395)
Accretion of interest recognised during the year	615	1,107
Payments	(9,436)	(15,695)
Termination of Cole Haan business	–	(13,527)
Exchange realignment	499	20
Carrying amount at 30 June	10,403	17,147
Analysed into:		
Current portion	6,426	7,340
Non-current portion	3,977	9,807
Total	10,403	17,147

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

16. LEASES (continued)

The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2026 HK$'000	2025 HK$'000
Interest on lease liabilities	615	1,107
Depreciation charge of right-of-use assets	9,224	14,319
Expense relating to short-term leases	2,525	4,272
Variable lease payments not included in the measurement of lease liabilities (included in selling and distribution expenses)	2,216	3,649
Total amount recognised in profit or loss	14,580	23,347

(d) *Variable lease payments*

The Group leased a number of retail stores and units in a shopping mall which contain variable lease payment terms that are based on the Group's turnover generated from the retail stores and the units in the shopping mall. The amounts of the variable lease payments recognised in profit or loss for the current year for these leases are HK$2,216,000 (FY2025: HK$3,649,000).

(e) The total cash outflow is disclosed in note 31 to the consolidated financial statements.

The Group as a lessor

The Group leases its investment properties consisting of three commercial properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market conditions. Rental income recognised by the Group for the year ended 30 June 2026 was HK$10,334,000 (FY2025: HK$11,193,000), details of which are included in note 5 to the consolidated financial statements.

At 30 June 2026, the undiscounted minimum lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Within one year	7,512	6,920
After one year but within two years	4,502	2,618
After two years but within five years	3,067	3,240
Total	15,081	12,778

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Year ended 30 June 2026

17. OTHER INTANGIBLE ASSETS

	Trademark HK$'000
30 June 2026	
Cost and net carrying amount at 1 July 2025 and 30 June 2026	2,424
30 June 2025	
Cost and net carrying amount at 1 July 2024 and 30 June 2025	2,424

18. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Unrealised gain/(loss) arising from intra-group transactions HK$'000	Temporary differences on prepaid land lease payments HK$'000	Accruals and provisions HK$'000	Temporary differences on share awards HK$'000	Provision against inventories HK$'000	Operating loss HK$'000	Impairment of financial assets HK$'000	Lease liabilities HK$'000	Depreciation allowance HK$'000	Total HK$'000
At 1 July 2024	2,717	5,355	1,322	363	1,201	1,478	410	7,096	716	20,658
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 11)	1,025	(156)	(15)	(363)	654	9,358	(155)	(3,961)	71	6,458
Exchange realignment	–	3	1	–	–	5	–	3	–	12
Gross deferred tax assets at 30 June 2025 and 1 July 2025	3,742	5,202	1,308	–	1,855	10,841	255	3,138	787	27,128
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 11)	(803)	(160)	125	–	3,539	(2,669)	3,636	(1,253)	70	2,485
Exchange realignment	–	258	68	–	179	410	13	127	–	1,055
At 30 June 2026	2,939	5,300	1,501	–	5,573	8,582	3,904	2,012	857	30,668

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Year ended 30 June 2026

18. DEFERRED TAX (continued)

Deferred tax assets (continued)

	Unrealised gain/(loss) arising from intra-group transactions HK$'000	Temporary differences on prepaid land lease payments HK$'000	Accruals and provisions HK$'000	Temporary differences on share awards HK$'000	Provision against inventories HK$'000	Operating loss HK$'000	Impairment of financial assets HK$'000	Lease liabilities HK$'000	Depreciation allowance HK$'000	Total HK$'000
At 1 July 2023	3,217	5,455	2,510	–	1,967	378	848	10,940	798	26,113
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 11)	(500)	(156)	(1,207)	363	(781)	1,099	(445)	(3,913)	(82)	(5,622)
Exchange realignment	–	56	19	–	15	1	7	69	–	167
Gross deferred tax assets at 30 June 2024 and 1 July 2024	2,717	5,355	1,322	363	1,201	1,478	410	7,096	716	20,658
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 11)	1,025	(156)	(15)	(363)	654	9,358	(155)	(3,961)	71	6,458
Exchange realignment	–	3	1	–	–	5	–	3	–	12
At 30 June 2025	3,742	5,202	1,308	–	1,855	10,841	255	3,138	787	27,128

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

18. DEFERRED TAX (continued)

Deferred tax liabilities

	Right-of-use assets HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 July 2024	6,940	5,551	12,491
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 11)	(3,939)	414	(3,525)
Exchange realignment	2	–	2
Gross deferred tax liabilities at 30 June 2025 and 1 July 2025	3,003	5,965	8,968
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 11)	(1,153)	531	(622)
Exchange realignment	121	4	125
At 30 June 2026	1,971	6,500	8,471

	Right-of-use assets HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 July 2023	10,798	5,160	15,958
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 11)	(3,925)	388	(3,537)
Exchange realignment	67	3	70
Gross deferred tax liabilities at 30 June 2024 and 1 July 2024	6,940	5,551	12,491
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 11)	(3,939)	414	(3,525)
Exchange realignment	2	–	2
At 30 June 2025	3,003	5,965	8,968

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

18. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	28,697	24,125
Net deferred tax liabilities recognised in the consolidated statement of financial position	6,500	5,965

The Group has tax losses arising in Hong Kong of HK$196,467,000 (FY2025: HK$187,770,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group has tax losses arising in Chinese Mainland of HK$92,603,000 (FY2025: HK$102,550,000) that will expire in one to five years for offsetting against future taxable profits.

The Group has tax losses arising in Indonesia of HK$91,685,000 (FY2025: HK$33,912,000), that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following item:

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Tax losses	380,755	324,232

At 30 June 2026, no deferred tax liabilities had been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised was approximately HK$874,828,000 as at 30 June 2026 (30 June 2025: HK$882,986,000).

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19. INVENTORIES

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Raw materials	34,662	35,755
Work in progress	77,571	74,460
Finished goods	84,405	73,295
	196,638	183,510
Less: Provision against inventories	(23,759)	(10,423)
Total	172,879	173,087

During the year ended 30 June 2026, provision of inventories of HK$12,612,000 was recognised due to the slow-moving inventories (FY2025: HK$5,546,000).

20. TRADE RECEIVABLES

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Trade receivables	301,870	264,642
Impairment	(24,414)	(2,378)
Total	277,456	262,264

The Group grants different credit periods to customers. The Group generally requires its customers to make payments at various stages of a sale transaction. The credit period for individual customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate. Certain customers are required to make partial payments before or upon delivery. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are unsecured and non-interest-bearing.

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

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Within 90 days	258,507	245,097
91 to 180 days	18,949	16,293
Over 180 days	–	874
Total	277,456	262,264

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Year ended 30 June 2026

20. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	Year ended 30 June 2026 HK$'000	Year ended 30 June 2025 HK$'000
At beginning of year	2,378	3,496
Impairment losses, net (note 7)	21,990	836
Amount written off as uncollectible	(5)	(1,956)
Exchange realignment	51	2
At end of year	24,414	2,378

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

		Past due			
As at 30 June 2026	Current	Less than 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	2.15%	10.77%	80.34%	90.01%	8.09%
Gross carrying amount (HK$'000)	272,573	8,024	15,216	6,057	301,870
Expected credit losses (HK$'000)	5,873	864	12,225	5,452	24,414

		Past due			
As at 30 June 2025	Current	Less than 3 months	3 to 6 months	Over 6 months	Total
Expected credit loss rate	0.62%	2.73%	27.22%	46.92%	0.90%
Gross carrying amount (HK$'000)	258,753	4,426	180	1,283	264,642
Expected credit losses (HK$'000)	1,606	121	49	602	2,378

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Year ended 30 June 2026

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Non-current portion:		
Prepayments for items of property, plant and equipment	173	164
Current portion:		
Prepayments	9,617	8,683
Deposits and other receivables	10,135	9,352
Value-added tax	17,450	16,872
	37,202	34,907
Impairment (note 7)	(283)	–
Total	37,092	35,071

The movements in the loss allowance for impairment of deposits and other receivables are as follows:

	Year ended 30 June 2026 HK$'000	Year ended 30 June 2025 HK$'000
At beginning of year	–	661
Impairment losses, net	283	–
Amount written off as uncollectible	–	(661)
At end of year	283	–

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. As at 30 June 2026, the probability of default applied ranged from 0.09% to 100% (30 June 2025: 0.05% to 100%) and the loss given default was estimated to be 0.1% (30 June 2025: 0.1%).

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 30 June 2026 and 2025, the loss allowance was assessed to be minimal.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Cash and bank balances	278,876	437,393
Pledged deposits	27,825	26,634
	306,701	464,027
Less: Pledged deposits pledged as security for banking facilities (note 33)	(27,825)	(26,634)
Cash and cash equivalents	278,876	437,393

The cash and bank balances of the Group denominated in RMB are as follows:

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Denominated in RMB	156,730	274,952

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The carrying amounts of the cash and cash equivalents and pledged and time deposits approximate to their fair values.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

23. TRADE AND BILLS PAYABLES

An ageing analysis of the outstanding trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Within 90 days	121,712	137,392
91 to 180 days	2,070	10,986
181 to 365 days	745	1,473
Over 365 days	822	639
Total	125,349	150,490

The trade payables are non-interest-bearing and are normally settled within 90 days. The carrying amounts of the trade payables approximate to their fair values.

24. OTHER PAYABLES AND ACCRUALS

	Notes	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Payroll payable		39,334	40,662
Contract liabilities	(a)	2,612	5,345
Accruals		2,396	2,478
Other payables	(b)	43,728	68,019
Total		88,070	116,504

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

24. OTHER PAYABLES AND ACCRUALS (continued)

The carrying amounts of other payables and accruals approximate to their fair values.

Notes:

(a) Details of contract liabilities as at 30 June 2026 and 30 June 2025 are as follows:

	30 June 2026 HK$'000	30 June 2025 HK$'000
Short-term advances received from customers		
Sale of goods	2,612	5,345

Contract liabilities include short-term advances received to deliver leather products. The increase in contract liabilities in 2026 was mainly due to the increase in short-term advances received from customers in relation to the sale of goods at the end of the year.

(b) Other payables are non-interest-bearing and have an average credit term of three months.

25. DEFERRED INCOME

	Government grants HK$'000
At 1 July 2024	730
Recognised during the year	(502)
At 30 June 2025 and 1 July 2025	228
Recognised during the year	(234)
Exchange realignment	6
At 30 June 2026	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

26. SHARE CAPITAL

Shares:

	As at 30 June 2026 HKD'000	As at 30 June 2025 HKD'000
Issued and fully paid:		
965,430,000 (30 June 2025: 960,650,000) ordinary shares	96,543	96,065
Treasury shares:		
Nil (30 June 2025: 4,776,000) ordinary shares	–	478
Total	96,543	96,543

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK$'000
At 30 June 2025 and 30 June 2026	965,430,000	96,543

Share option scheme and share award scheme

Details of the Company's share option scheme and share award scheme are included in notes 27 and 28 to the consolidated financial statements, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

27. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include the Company's directors (excluding the independent non-executive directors of the Company), senior managers and other employees of the Group. The Share Option Scheme was adopted on 15 November 2011 and shall be valid and effective for a period of 10 years from the date of grant to 20 September 2025.

A total of 95,340,000 shares (representing approximately 9.88% of the existing issued share capital of the Company) may be issued upon the exercise of all options that may be granted and have been granted but not yet lapsed or exercised under the Share Option Scheme.

The maximum entitlement for any participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of adoption of the Share Option Scheme. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Where the Board proposes to grant any option to a participant who is a substantial shareholder of the Company, or any of his/her/its respective associates, such grant would result in the shares issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) to him/her/it in the 12-month period up to and including the proposed offer date of such grant (the "Relevant Date"): (a) representing in aggregate more than 0.1% of the total number of shares in issue on the Relevant Date; and (b) having an aggregate value, based on the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheet on the Relevant Date in excess of HK$5,000,000, and such proposed grant of options must be approved by the shareholders of the Company in a general meeting.

The period during which an option must be exercised shall be such period as the Board may in its absolute discretion determine at the time of grant, save that such period shall not be longer than ten years from the date on which an offer is made to the participant pursuant to the Share Option Scheme. The minimum period for which an option must be held before it can be exercised is determined by the Board upon the grant of an option. The amount payable upon acceptance of an offer of the grant of an option is HK$1.00. The full amount of the exercise price for the subscription of shares must be paid upon exercise of an option.

The subscription price in respect of each share issued pursuant to the exercise of the options granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (a) the closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheet on the offer date; (b) a price being the average of the closing prices of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the offer date; and (c) the nominal value of a share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

27. SHARE OPTION SCHEME (continued)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Share Option Scheme during the year:

	2026		2025	
	Weighted average exercise price HK$ per share	Number of options '000	Weighted average exercise price HK$ per share	Number of options '000
At 1 July	3.84	4,500	3.84	4,500
Expired during the year	3.84	(4,500)	–	–
At 30 June	–	–	3.84	4,500

As at the end of the reporting period, 4,500 share options were expired.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2026 Number of options '000	Exercise price* HK$ per share	Exercise period
–	N/A	N/A

2025 Number of options '000	Exercise price* HK$ per share	Exercise period
1,500	3.84	2016/9/21 to 2025/9/20
1,500	3.84	2016/9/21 to 2025/9/20
1,500	3.84	2016/9/21 to 2025/9/20
4,500		

* The exercise price of the share options was subject to adjustment in the case of the issues of rights or bonus, or other similar changes in the Company's share capital.

There were no share options granted during the year (FY2025: Nil). The Group recognised no share option expense (FY2025: Nil) during the year ended 30 June 2026.

At the date of approval of these consolidated financial statements, there were no share options outstanding under the Share Option Scheme.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

28. SHARE AWARD SCHEME

In June 2023, 13,601,000 treasury shares were promised to be granted to twelve grantees including senior managers under a share award scheme. Vesting of the shares is conditional upon the fulfilment of the performance targets based on the results of the relevant financial year of the Company. The fair value of each awarded share at the grant date was HK$0.85, which was equal to the market price of the shares on the date of grant. At 30 June 2026, the fair value of the share awards was approximately HK$11,561,000. The Group do not recognised an expense for the year ended 30 June 2026 (FY2025: HK$1,857,000).

The share award scheme shall be valid for a term of two years, commencing from the date of grant of the share award on 26 June 2023 and ending on the date on which all the awarded shares have been granted or otherwise cancelled. As the vesting condition of the first tranche was not completely fulfilled by the grantees, 6,430,000 treasury shares were vested to the grantees and 11,000 treasury shares lapsed on 26 June 2024. As the vesting condition of the second tranche was not completely fulfilled by the grantees, 4,776,000 treasury shares were vested to the grantees and 2,384,000 treasury shares lapsed on 26 June 2025.

At the date of approval of these consolidated financial statements, the Company had no shares held under the share award scheme.

29. RESERVES

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

Share premium

The application of the share premium account of the Company is governed by the Companies Law (Revised) of the Cayman Islands. Under the constitutional documents and the Companies Law (Revised) of the Cayman Islands, the share premium is distributable as a dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

Merger reserve

The merger reserve represents the difference between the nominal value of shares of the subsidiaries acquired and the nominal value of the Company's shares issued in exchange therefor.

Statutory reserve fund

In accordance with the relevant PRC regulations applicable to wholly-foreign-owned companies, certain entities within the Group are required to allocate a certain portion (not less than 10%), as determined by their boards of directors, of their profit after tax in accordance with PRC GAAP to the statutory reserve fund (the "SRF") until this reserve reaches 50% of the registered capital.

The SRF is non-distributable other than in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as issued capital.

Other reserve

On 21 December 2020, the Group acquired the equity interests in Sitoy Brand Management Company Limited, which is a subsidiary of the Group, at a consideration of HK$800,000. The equity interests held by the Group increased from 75% to 100%. The amount recognised within equity represents the excess of the consideration paid over the carrying amount of the non-controlling interests.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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30. OTHER EXPENSES

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Fair value loss of investment properties	52,652	109,216
Exchange loss, net	44,876	–
Loss on disposal of property, plant and equipment and intangible assets	1,225	631
Donation	768	389
Impairment of right-of-use assets	646	–
Impairment loss on property, plant and equipment	207	1,795
Loss on disposal of right-of-use assets	191	–
Loss on termination of Cole Haan business*	–	83,568
Loss on disposal of inventories	–	175
Others	709	2,115
Total	101,274	197,889

* A one-off significant loss of approximately HK$83.6 million resulting from the termination of the Cole Haan business in late November 2024. This loss includes the write-off of certain Cole Haan inventories and shop capital expenditures, severance payments of HK$4.2 million to relevant staff, and the final settlement of HK$54.4 million which was paid to Cole Haan International B.V..

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$6,434,000 (FY2025: HK$9,870,000) and HK$6,434,000 (FY2025: HK$9,870,000), respectively, in respect of lease arrangements for plants and retail stores.

(b) Changes in liabilities arising from financing activities

30 June 2026

	Interest-bearing bank borrowings HK$'000	Dividends payable HK$'000	Lease liabilities HK$'000
At 1 July 2025	–	–	17,147
2025 special and 2026 interim dividends payable	–	57,926	–
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	–	(4,856)
New leases	–	–	6,434
Accretion of interest recognised during the year	–	–	615
Changes from financing cash flows	–	(57,926)	(9,436)
New bank and other borrowings	–	–	–
Repayment of interest-bearing bank borrowings	–	–	–
Foreign exchange movement	–	–	499
At 30 June 2026	–	–	10,403

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

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

(b) Changes in liabilities arising from financing activities (continued)

30 June 2025

	Interest-bearing bank borrowings HK$'000	Dividends payable HK$'000	Lease liabilities HK$'000
At 1 July 2024	–	–	35,767
2024 final and 2025 interim dividends payable	–	57,765	–
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	–	(395)
New leases	–	–	9,870
Accretion of interest recognised during the year	–	–	1,107
Changes from financing cash flows	–	(57,765)	(15,695)
Termination of Cole Haan business	–	–	(13,527)
New bank and other borrowings	54,806	–	–
Repayment of interest-bearing bank borrowings	(54,806)	–	–
Foreign exchange movement	–	–	20
At 30 June 2025	–	–	17,147

(c) Total cash outflow for leases

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Within operating activities	4,741	7,921
Within financing activities	9,436	15,695
Total	14,177	23,616

32. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2026 (30 June 2025: Nil).

33. PLEDGE OF ASSETS

Details of the Group's assets pledged for banking facilities of the Group are included in note 22 to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

34. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	Year ended 30 June	
	2026 HK$'000	2025 HK$'000
Short-term employee benefits	12,051	15,087
Fee	200	271
Post-employment benefits	135	223
Total compensation paid to key management personnel	12,386	15,581

Further details of the directors' emoluments are included in note 9 to the consolidated financial statements.

35. FINANCIAL INSTRUMENTS BY CATEGORY

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

2026

Financial assets

	Financial assets at amortised cost HK$'000
Trade receivables	277,456
Financial assets included in prepayments, other receivables and other assets	9,852
Pledged deposits	27,825
Cash and cash equivalents	278,876
Total	594,009

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	125,349
Financial liabilities included in other payables and accruals	30,427
Total	155,776

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

35. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

2025

Financial assets

	Financial assets at amortised cost HK$'000
Trade receivables	262,264
Financial assets included in prepayments, other receivables and other assets	9,352
Pledged deposits	26,634
Cash and cash equivalents	437,393
Total	735,643

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade and bills payables	150,490
Financial liabilities included in other payables and accruals	59,965
Total	210,455

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been during the reporting period, the Group's policy that no trading in financial instruments should be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of the risks which are summarised below:

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. During the year ended 30 June 2026, 63.2% (FY2025: 56.5%) of the Group's sales were denominated in currencies other than the functional currency of the operating units making the sales, whilst approximately 92.2% (FY2025: 86.8%) of costs were denominated in the units' functional currency.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US$, EUR, RMB and IDR exchange rates, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in US$/EUR/ RMB/IDR rates %	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
Year ended 30 June 2026			
If HK$ weakens against US$	5	9,657	–
If HK$ strengthens against US$	(5)	(9,657)	–
If HK$ weakens against EUR	5	15,395	–
If HK$ strengthens against EUR	(5)	(15,395)	–
If HK$ weakens against RMB	5	(20,245)	51,453
If HK$ strengthens against RMB	(5)	20,245	(46,563)
If HK$ weakens against IDR	5	–	(4,062)
If HK$ strengthens against IDR	(5)	–	3,676

	Increase/ (decrease) in US$/EUR/ RMB/IDR rates %	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity* HK$'000
Year ended 30 June 2025			
If HK$ weakens against US$	5	5,464	–
If HK$ strengthens against US$	(5)	(5,464)	–
If HK$ weakens against EUR	5	15,345	–
If HK$ strengthens against EUR	(5)	(15,345)	–
If HK$ weakens against RMB	5	(25,547)	61,628
If HK$ strengthens against RMB	(5)	25,547	(41,644)
If HK$ weakens against IDR	5	–	(1,278)
If HK$ strengthens against IDR	(5)	–	1,157

* Excluding retained profits

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 30 June 2026. The amounts presented are gross carrying amounts for financial assets.

As at 30 June 2026

	12-month ECLs	Lifetime ECLs		
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000
Trade receivables*	–	–	–	301,870
Financial assets included in prepayments, other receivables and other assets				
– Normal**	9,852	–	–	–
Pledged deposits				
– Not yet past due	27,825	–	–	–
Cash and cash equivalents				
– Not yet past due	278,876	–	–	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 30 June 2025

	12-month ECLs	Lifetime ECLs		
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000
Trade receivables*	–	–	–	264,642
Financial assets included in prepayments, other receivables and other assets				
– Normal**	9,352	–	–	–
Pledged deposits				
– Not yet past due	26,634	–	–	–
Cash and cash equivalents				
– Not yet past due	437,393	–	–	–

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the consolidated financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of the reporting period is as follows:

As at 30 June 2026	On demand and less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Lease liabilities	2,749	7,589	5,158	–	15,496
Trade and bills payables	125,349	–	–	–	125,349
Financial liabilities included in other payables and accruals	30,427	–	–	–	30,427
	158,525	7,589	5,158	–	171,272

As at 30 June 2025	On demand and less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Lease liabilities	2,945	7,505	14,170	–	24,620
Trade and bills payables	150,490	–	–	–	150,490
Financial liabilities included in other payables and accruals	59,965	–	–	–	59,965
	213,400	7,505	14,170	–	235,075

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2026 and 2025.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's net debt consists of lease liabilities, trade and other payables and accruals, less cash and cash equivalents. Capital includes equity attributable to owners of the Company.

The gearing ratios as at the end of the reporting periods were as follows:

	30 June 2026 HK$'000	30 June 2025 HK$'000
Lease liabilities	10,403	17,147
Trade and bills payables	125,349	150,490
Other payables and accruals	88,070	116,504
Less: Cash and cash equivalents	(278,876)	(437,393)
Net debt	(55,054)	(153,252)
Equity attributable to equity holders of the Company	1,448,110	1,570,731
Capital and net debt	1,393,056	1,417,479
Gearing ratio	N/A	N/A

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	Note	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
NON-CURRENT ASSETS			
Deferred tax assets		321	1,141
Investments in subsidiaries		430,089	430,089
Total non-current assets		430,410	431,230
CURRENT ASSETS			
Prepayments, other receivables and other assets		445	537
Income tax recoverable		140	141
Amounts due from subsidiaries		628,434	623,464
Pledged deposits		15,677	14,783
Cash and cash equivalents		1,033	1,146
Total current assets		645,729	640,071
CURRENT LIABILITIES			
Other payables and accruals		730	702
Total current liabilities		730	702
NET CURRENT ASSETS		644,999	639,369
TOTAL ASSETS LESS CURRENT LIABILITIES		1,075,409	1,070,599
Net assets		1,075,409	1,070,599
EQUITY			
Share capital	26	96,543	96,543
Treasury shares		–	(2,623)
Reserves (note)		978,866	976,679
Total equity		1,075,409	1,070,599

Yeung Wo Fai
Director

Chan Tung Chit
Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2026

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Share option reserve HK$'000	Share award reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 July 2024	964,811	4,721	7,668	(5,612)	971,588
Profit for the year	–	–	–	65,113	65,113
2024 special and final dividends declared	–	–	–	(38,617)	(38,617)
2025 interim dividends declared	–	–	–	(19,218)	(19,218)
Equity-settled share award arrangement	–	–	1,857	–	1,857
Equity-settled share awards vested	–	–	(4,044)	–	(4,044)
At 30 June 2025 and 1 July 2025	964,811	4,721	5,481	1,666	976,679
Profit for the year	–	–	–	62,736	62,736
2025 special dividends declared	–	–	–	(38,617)	(38,617)
2026 interim dividends declared	–	–	–	(19,309)	(19,309)
Equity-settled share award arrangement	–	–	–	–	–
Equity-settled share awards vested	–	–	(2,623)	–	(2,623)
Transfer of share option/award reserve upon the lapse of share option/award	–	(4,721)	(2,858)	7,579	–
At 30 June 2026	964,811	–	–	14,055	978,866

38. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 28 September 2026.

SUMMARY FINANCIAL INFORMATION

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

RESULTS:

	Year ended 30 June				
	2026 HK$'000	2025 HK$'000	2024 HK$'000	2023 HK$'000	2022 HK$'000
Revenue	1,487,016	1,584,240	1,606,481	1,827,792	1,845,875
Profit/(loss) before tax	(124,177)	(168,871)	128,165	258,655	184,695
Income tax credit/(expense)	1,350	(9,203)	(26,277)	(55,859)	(34,306)
Profit/(loss) for the year	(122,827)	(178,074)	101,888	202,796	111,530

ASSETS AND LIABILITIES:

	As at 30 June				
	2026 HK$'000	2025 HK$'000	2024 HK$'000	2023 HK$'000	2022 HK$'000
Total assets	1,684,705	1,882,902	2,114,136	2,138,739	2,216,181
Total liabilities	(236,595)	(312,171)	(308,737)	(358,991)	(450,530)
Net assets	1,448,110	1,570,731	1,805,399	1,779,748	1,765,651

Note:

The consolidated results of the Group for the five years ended 30 June 2022, 2023, 2024, 2025 and 2026 and the consolidated assets and liabilities of the Group as at 30 June 2022, 2023, 2024, 2025 and 2026 have been extracted from the published audited consolidated financial statements.

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



時代集團控股有限公司

SITOY GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號：1023