



SITOYtower

時代中心

淨高 3.8M
HEADROOM 3.8M

16A WAI YIP STREET
油蔴地 164 號

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. The Group currently owns three self-owned brands, namely Tuscan’s, Fashion & Joy and Duffy.

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。本集團目前擁有三個自家品牌，即Tuscan’s，Fashion and Joy及Duffy。

CONTENTS

Corporate Information	5
Financial Highlights	6
Chairman's Statement	8
Management Discussion & Analysis	11
Directors' Profile	19
Corporate Governance Report	22
Directors' Report	38
Independent Auditor's Report	54
Consolidated Statement of Profit or Loss	59
Consolidated Statement of Comprehensive Income	60
Consolidated Statement of Financial Position	61
Consolidated Statement of Changes in Equity	62
Consolidated Statement of Cash Flows	64
Notes to Consolidated Financial Statements	66
Summary Financial Information	148

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 mainland China 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 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
Mr. Kwan Po Chuen, Vincent
Ms. Lee Pao Yue

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*)
Mr. Kwan Po Chuen, Vincent
Ms. Lee Pao Yue

Remuneration Committee

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

Nomination Committee

Mr. Yeung Michael Wah Keung (*Chairman*)
Mr. Kwan Po Chuen, Vincent
Ms. Lee Pao Yue

Environmental, Social and Governance Committee

Dr. Yeung Wo Fai (*Chairman*)
Mr. Yeung Chi Tat
Mr. Kwan Po Chuen, Vincent
Ms. Lee Pao Yue

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

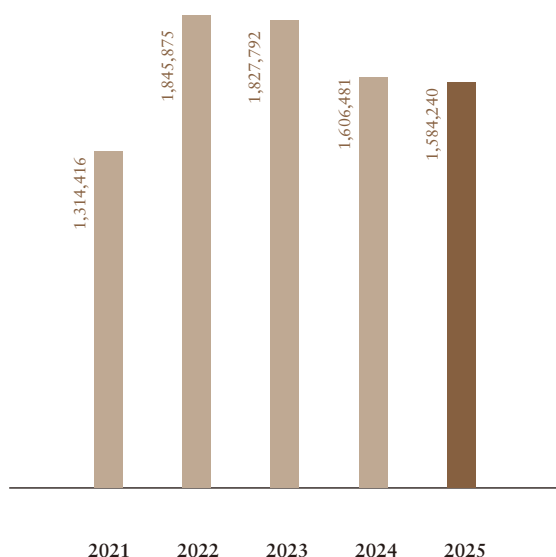
1023

COMPANY WEBSITE

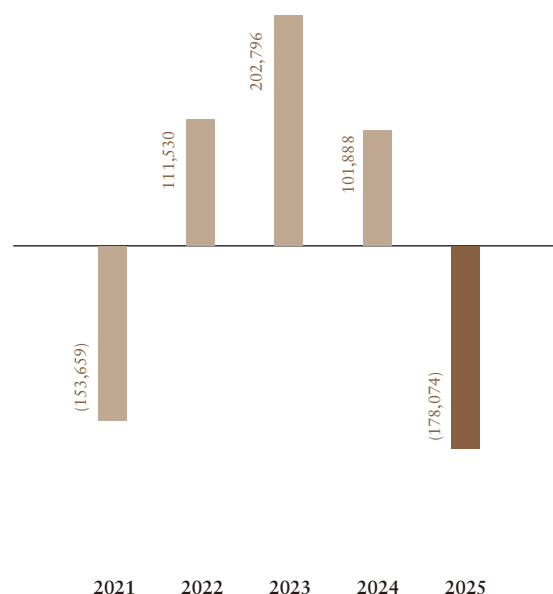
www.sitoy.com

FINANCIAL HIGHLIGHTS

REVENUE
HK\$'000

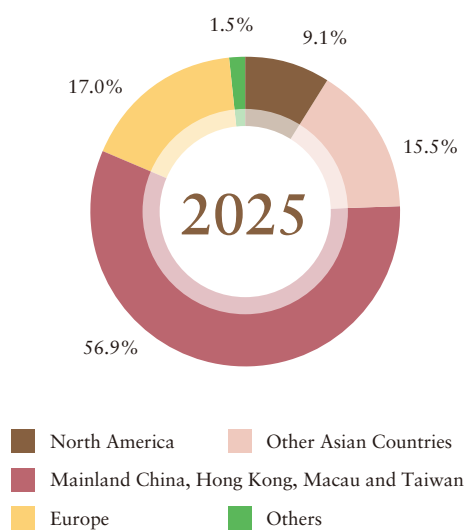


PROFIT/(LOSS) FOR THE YEAR
HK\$'000

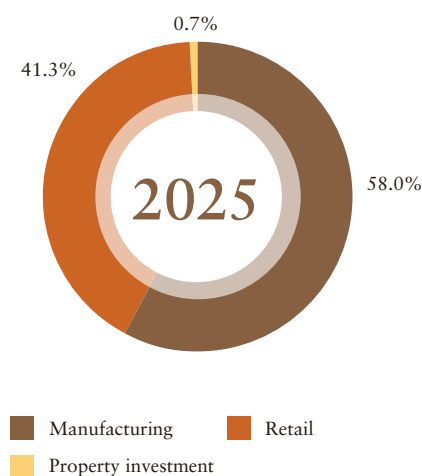


Consolidated revenue decreased by 1.4% year-on-year to HK\$1,584.2 million

2025 REVENUE BY
GEOGRAPHICAL SEGMENT



2025 REVENUE BY
OPERATING SEGMENT



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

FINANCIAL HIGHLIGHTS

Year ended 30 June

	2025 HK\$'000	2024 HK\$'000
Revenue	1,584,240	1,606,481
Gross profit	516,063	572,275
(Loss)/profit before tax	(168,871)	128,165
(Loss)/profit for the year	(178,074)	101,888
Net assets per share (note 1) (approximately)	HK\$1.63	HK\$1.87
Basic (loss)/earnings per share (note 2) (approximately) (HK cents)	(18.50)	10.58
Diluted (loss)/earnings per share (note 2) (approximately) (HK cents)	(18.50)	10.45
Dividends per share (note 3) (HK cents)	6	6
Total assets	1,882,902	2,114,136
Net assets	1,570,731	1,805,399
Current ratio	3.15 times	3.71 times
Quick ratio	2.57 times	2.94 times
Gearing ratio (note 4)	N/A	N/A
Return on equity	(11.34%)	5.64%
Return on total assets	(9.46%)	4.82%

Notes:

1. The calculation of the net assets per share amount is based on the net assets as at 30 June 2025 to ordinary equity holders of the Company, and the number of ordinary shares of 965,430,000 in issue as at 30 June 2025 (30 June 2024: 965,430,000).
2. The calculation of the basic loss per share amount is based on the loss for the year ended 30 June 2025 attributable to ordinary equity holders of the Company of approximately HK\$178,074,000 (profit for the year ended 30 June 2024: HK\$101,888,000), and the weighted average number of ordinary shares of 962,639,000 (30 June 2024: 963,383,000) in issue during the year.

The calculation of the diluted (loss)/earnings per share amount is based on the (loss)/profit for the years ended 30 June 2025 and 2024 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 2025 and 2024, 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 HK4 cents per share for the year ended 30 June 2025 (30 June 2024: final dividend of HK4 cents). Together with the interim dividend of HK2 cents per share for the period ended 31 December 2024 (31 December 2023: HK2 cents), the annual dividends will amount to HK6 cents per share for the year ended 30 June 2025 (30 June 2024: HK6 cents). For more details, please refer to note 12 to the consolidated financial statements of the Group for the year ended 30 June 2025.
4. The Group's net debt is less than zero as at 30 June 2025 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,

It is my pleasure to present the annual results for the year ended 30 June 2025 ("FY2025" or the "Year under Review") of Sitoy Group Holdings Limited (the "Company" or "Sitoy Group") and its subsidiaries (collectively referred to as the "Group") to you.

OVERALL RESULTS

During the Year under Review, the financial performance of Sitoy Group has been significantly impacted by the termination of Cole Haan business and the downturn of the Hong Kong commercial property market.

For FY2025, the Group recorded a revenue of approximately HK\$1,584.2 million, representing a decrease of 1.4% as compared to the previous year, while gross profit decreased by 9.8% to approximately HK\$516.1 million and gross profit margin amounted to 32.6%. Loss attributable to ordinary equity holders of the Company was approximately HK\$178.1 million. Basic loss per share were HK18.50 cents. The directors (the "Directors") of the board of the Company (the "Board") proposed payment of a special dividend of HK4 cents per share for FY2025.

RETAIL BUSINESS

Sitoy e-Commerce Center with more than 4,400 square meters has created a platform to provide all the necessary facilities and offers livestreaming rooms, retail stores, show rooms to support our business growth. At the same time, the Group had also transferred the use of two additional buildings to administrative, supporting office for the Sitoy e-Commerce Center.

Sitoy e-Commerce Center is now operating smoothly and in its full scale of more than 30 livestreaming rooms and becomes an attraction in Dongguan.

During the Year under Review, our retail business has achieved a satisfactory growth rate due to its full operation of our e-Commerce Center.

Nowadays, we have successfully expanded our e-commerce business through brand sites, Tmall, JD.com, Facebook, TikTok, WeChat Channel and Little Red Book. Currently our own livestream sales team is with around 250 people, who are anchors, assistant anchors, merchandisers, designers, back office supports.



CHAIRMAN'S STATEMENT

The Group currently has three self-owned brands, TUSCAN'S, Fashion & Joy and Duffy. These brands, each with its own brand history and characters and targeting the appetites of different customer groups, covering men's and women's bags, leather goods, shoes, clothing and accessories, have greatly enriched the differentiation of the Group's products.

In late November 2024, the Group strategically terminated the distribution and trademark license agreement with Cole Haan International B.V.. The Group considers that it will be beneficial to the Group as a whole to terminate the Cole Haan business to minimise loss and allow the Group to reallocate resources into developing other retail brands.

In April 2025, the Group started to operate another outdoor brand "Keen". The first shop was open under a sub-licence agreement for single shop in Changsha, the PRC. The Group is liaising with brand licensor for opening more shops in the PRC and we are open to any other retail business opportunities which can create synergy with our current operating brands.

Revenue from retail business segment increased by 24.1% to approximately HK\$655.0 million as compared to the previous year. Segment loss before tax was approximately HK\$62.3 million, when compared to previous year of segment profit before tax of HK\$26.8 million. It is mainly due to the one-off loss incurred of approximately HK\$83.6 million to terminate the Cole Haan business.

MANUFACTURING BUSINESS

Regarding the manufacturing business, during the Year under Review, segment revenue recorded approximately HK\$918.1 million, with segment loss before tax of approximately HK\$3.8 million.

A 2-storey factory building with more than 15,000 square meters was built on the land we had purchased in 2023 in Indonesia. The production facility in Indonesia has successfully attracted new brand customers who are key industrial players from North America, which will broaden not only our manufacturing product range, but also the price range, as well as meeting the mass production demands of our brand customers. The first floor of our Indonesia factory has been running in its full capacity now, we are expecting to commence the operation of second floor by the end of 2025, which will double our production capacity. In order to support the operation of our Indonesia factory, we have transferred certain experienced staff from our PRC factories and hired more senior staff to monitor the operation.

The Group continuously upgrades itself to meet the higher requirements of both existing and new customers, which include sourcing high quality raw materials at competitive prices, upgrading production facilities, continuing to optimise and streamline production procedures to boost competitiveness, and satisfying brand customers' demands. The Group has made its best endeavours to tap into new opportunities under a challenging business environment.

PROPERTY INVESTMENT BUSINESS

The Group has maintained stable return from the property investment business. Currently, about 80% 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 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\$11.2 million and incurred a segment loss before tax of approximately HK\$101.8 million due to the revaluation loss of HK\$109.2 million recorded. It 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 price in Hong Kong.

CHAIRMAN'S STATEMENT

PROSPECT

Looking ahead for our retail business, we are pleased with our well established retail network in the PRC in the past ten years, both offline stores and online channels. We expect our retail segment to achieve a satisfactory growth in the next few years together with the Sitoy e-Commerce Center and our own livestreaming sales. Despite the one-off loss incurred from termination of the Cole Haan business, we believe our retail business will complement our manufacturing operations and contribute to a more balanced revenue and profit structure. We will continue to concentrate on optimizing existing store operations and enhancing customer experience in response to changing market conditions. We are now actively organising a team for the development of household products which will not only enlarge our product category, but also revenue and profit stream.

Regarding our manufacturing business, the Group will continue to strengthen its core business by enhancing product design capabilities, improving production efficiency, maintaining stability and quality, and expanding collaboration with existing and new brand customers. In response to evolving consumer preferences, we will invest in developing materials and advanced production technologies to further elevate our competitiveness in the global market. We have diversified our business and provided production feasibility to our brand customers and we are ready to expand our overseas production capacity by merger and acquisition or self expansion and fulfill their needs. We will continue to liaise with different new brand customers with positive outcome, and we are confident we can achieve a satisfactory growth in the coming years.

Regarding our investment property business, we believe the market conditions may remain challenging in the short term due to global economic headwinds. Nonetheless, Hong Kong's role as an international financial center, together with the gradual recovery of business activity, provides medium-to-long term growth prospects. Our strategy will concentrate on safeguarding stable rental income, prudent financial management, and strengthening competitiveness through continuous asset enhancement.

Despite the challenges and difficulties ahead, we are confident in the future business environment, as 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 overall cost structure, and 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
29 September 2025

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS REVIEW

Retail business

Revenue generated from this segment increased by approximately 24.1% year-on-year to approximately HK\$655.0 million for FY2025, benefiting from our online and live broadcast channels. However, it suffered segment loss before tax of approximately HK\$62.3 million when compared to the same period in the previous year of segment profit before tax of approximately HK\$26.8 million. It was mainly due to the termination of the Cole Haan business in late November 2024, which incurred a one-off significant loss of approximately HK\$83.6 million. The loss is attributable to the write-off of certain Cole Haan inventories and Cole Haan shops capital expenditure, compensation to terminate related staff's employment and the final payment to Cole Haan International B.V..

The Group operated three self-owned brands which are TUSCAN'S, Fashion & Joy and Duffy as at 30 June 2025. TUSCAN'S is a brand of high quality handbags originated 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 design refined and timeless style brand with a touch of traditional oriental art for modern women to last, aiming to become the new iconic luxury brand in China.

Manufacturing business

During FY2025, the Group's purchase orders received from its external customers have decreased by approximately 13.9% when compared to the previous year. The manufacturing business has generated segment revenue from external customers of approximately HK\$918.1 million with segment loss before tax of approximately HK\$3.8 million when compared to previous year's segment profit before tax of approximately HK\$110.2 million. It is mainly because of global economic uncertainties and inventory gluts, where customers were more cautious when placing their orders and had scaled down the order size.

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 are 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 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 global sourcing strategy. Our overseas plant in Indonesia started contributing revenue since first quarter of 2025, which offer 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.

MANAGEMENT DISCUSSION & ANALYSIS

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 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 purpose. The property investment segment is expected to generate stable returns for the Group. The property investment business has generated revenue of approximately HK\$11.2 million with segment result of loss before tax of approximately HK\$101.8 million during FY2025 as a result of net fair value loss on the investment properties of approximately HK\$109.2 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 price in Hong Kong.

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 high level of craftsmanship, the Group will strengthen its competitive edge in the industry, which in turn will attract and retain leading international and mainland Chinese 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 1.4% to approximately HK\$1,584.2 million for FY2025 from approximately HK\$1,606.5 million for the year ended 30 June 2024 (“FY2024”), mainly due to the downturn of the manufacturing business.

MANAGEMENT DISCUSSION & ANALYSIS

Cost of sales

Cost of sales of the Group increased by approximately 3.3% to approximately HK\$1,068.2 million for FY2025 from approximately HK\$1,034.2 million for FY2024. The increase in cost of sales was primarily due to the low sensitivity of fixed costs to sales volume.

Gross profit and gross profit margin

Gross profit decreased by approximately 9.8% to approximately HK\$516.1 million for FY2025 from approximately HK\$572.3 million for FY2024. The gross profit margin decreased to approximately 32.6% for FY2025 from approximately 35.6% for FY2024. It was mainly due to geopolitical tensions which created uncertainty to the global economy and the change of customer base, which in turn has led to a decline in gross profit and gross profit margin.

Other income and gains

Other income and gains decreased by approximately 5.1% to approximately HK\$17.3 million for FY2025 from approximately HK\$18.3 million for FY2024. It was mainly due to less interest income generated for FY2025, while such decline was offset by the depreciation of Renminbi against United States dollar, which recorded net exchange gain of approximately HK\$5.4 million for FY2025 while incurred net exchange loss of approximately HK\$2.4 million for FY2024.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 29.0% to approximately HK\$273.7 million for FY2025 from approximately HK\$212.3 million for FY2024. The increase was primarily attributable to the cost of expansion of the brand's market influence, build-up of brand image and launching of certain marketing activities for the retail business.

Administrative expenses

Administrative expenses decreased by approximately 1.8% to approximately HK\$228.5 million for FY2025 from approximately HK\$232.6 million for FY2024.

Other expenses

Other expenses increased to approximately HK\$197.9 million for FY2025 from approximately HK\$15.9 million for FY2024. The increase was primarily due to two factors: 1) a higher fair value loss on investment properties, approximately HK\$109.2 million (FY2024: HK\$9.4 million); and 2) 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 to relevant staff, and the final settlement paid to Cole Haan International B.V..

MANAGEMENT DISCUSSION & ANALYSIS

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 the years ended 30 June 2025 and 2024 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 FY2025 (FY2024: nil).

Indonesia Complementary income tax has not been provided for as the Group had no assessable profit arising in Indonesia during FY2025 (FY2024: nil).

The PRC corporate income tax was based on a statutory rate of 25% (FY2024: 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)/profit for the year

The Group recorded loss for the year of approximately HK\$178.1 million when compared to the profit for the year in 2024 of approximately HK\$101.9 million. This was mainly due to (i) a significant fair value decrease of approximately HK\$109.2 million on investment properties recognised; and (ii) a one-off significant loss of approximately HK\$83.6 million arising from the termination of the Cole Haan business.

MANAGEMENT DISCUSSION & ANALYSIS

Investment properties

Details of investment properties of the Group with carrying amounts of approximately HK\$558.4 million and HK\$683.1 million as at 30 June 2025 and 2024 respectively are as follows:

As at 30 June 2025 and 2024

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 5.0% to approximately HK\$437.4 million as at 30 June 2025. The decrease was mainly due to decrease in net cash flow generated from operating activities.

Capital expenditure

For FY2025, capital expenditure of the Group amounted to approximately HK\$40.3 million, primarily related to the expansion of retail business, upgrade and expansion of manufacturing facilities in the PRC and Indonesia.

Significant investments

The Group had no significant investments held during FY2025.

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 FY2025.

Treasury policy

The Group adopts 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 2025 amounted to approximately HK\$437.4 million (FY2024: HK\$460.6 million), which are mainly denominated in Hong Kong dollars, Renminbi, Euro, US dollars and Indonesia Rupiah. Based on the Group's steady cash inflow from operations coupled with 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 2025 (2024: 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 FY2025. Such exposures arose from sales or purchases by operating units in currencies other than the units' functional currency. During FY2025, 56.5% (FY2024: 65.3%) of the Group's sales were denominated in currencies other than the functional currency of the operating units making the sale, whilst approximately 86.8% (FY2024: 88.3%) 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 Indonesia Rupiah. The Group is exposed to foreign exchange risk arising from exposure in the US dollars, Euro, Renminbi and Indonesia 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 2025 and 2024, the Group did not have any outstanding foreign exchange forward contract and other financial derivatives outstanding.

Pledge of assets

As at 30 June 2025, approximately HK\$26.6 million of time deposits were pledged as security for banking facilities granted to the Group (FY2024: HK\$25.9 million).

Inventory turnover days

Inventory turnover days decreased to 70 days for FY2025 from 79 days for FY2024. It was mainly due to the decrease in average inventory level after termination of Cole Haan business.

Trade receivables turnover days

Trade receivables turnover days decreased to 65 days for FY2025 from 78 days for FY2024. The Group did not experience any significant credit risks due to strict credit control policies.

Trade and bills payables turnover days

Trade and bills payables turnover days decreased to 63 days for FY2025 from 66 days for FY2024. 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 2025, the Group did not have any material off-balance sheet commitments and arrangements and contingent liabilities.

MANAGEMENT DISCUSSION & ANALYSIS

EMPLOYEES

As at 30 June 2025, the Group had about 5,000 employees. In addition to the basic salaries, performance bonuses will be offered to those staff members with good performance. The PRC subsidiaries of the Company are subject to social insurance, provident housing fund and certain other employee benefits in accordance with PRC 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. 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 76, 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 72, 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 45 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 51, 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 of science in 1999.

He has over 25 years of experience in 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 40, 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 experiences in the accounting profession with extensive experience in financing, accounting and auditing industries. Before joining the Group in late 2015, he worked in one of the international accounting firms and his last position was manager in assurance and business advisory services department. He has 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 55, 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 is 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 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

Mr. Kwan Po Chuen, Vincent, aged 66, is an independent non-executive Director, a member of each of audit committee, nomination committee and environmental, social and governance committee of the Company. He was appointed as an independent non-executive Director on 15 November 2011. He graduated from the University of Hong Kong with a bachelor's degree in social sciences in 1983, from the University of London with a bachelor's degree in laws in 1987, from the University of Hong Kong with a master's degree in laws in 1992, from the University of London with a master's degree of science in financial management in 1998, from the University of South Australia with a master's degree in advanced business practice in 2006 and from the Medical School of the University of Hong Kong with a master degree in medical sciences (distinction) in 2022.

He has more than 30 years of experience in the legal and accounting profession with extensive experience in real estate, corporate finance and compliance matters. From 1983 to 1987, he worked as an accounting officer and later auditor of the Treasury and Audit Departments of the Hong Kong government and from 1988 to 1993, he worked as trainee solicitor and associate of Deacons. From 1993 to 1996, he was an executive director of Chuang's Consortium International Limited (stock code: 367), a company listed on the Main Board of the Stock Exchange. From 1997 to 2012, he was the general manager (legal and secretarial) of Sino Land Company Limited (stock code: 83), a company listed on the Main Board of the Stock Exchange. From 2012 to 2015, he was the consultant of the then Messrs. Gallant Y T Ho & Co (now known as Gallant). He is currently a consultant of Messrs. LCP Lawyers.

He is a solicitor qualified in Hong Kong since September 1990. He is also qualified to practise laws in England and Australia since 1991. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales. He also served as a member of the board of review (Inland Revenue Ordinance) from 2003 to 2011 and as a member of the then insider dealing tribunal from 2005 to 2009 and as a member of the advisory group on company formation, registration, re-registration and company meeting and administration provisions of the rewrite of Companies Ordinance from 2006 to 2009 and has recently served as a member of the market misconduct tribunal. He is also a member of the revenue law committee of the Law Society of Hong Kong. In 2014, he was appointed as the Chairman of the Financial and Regulatory Affairs Committee of the Chamber of Hong Kong Listed Companies (now retired but remains as a member). He has also written many articles that were published in Momentum, the official magazine of the Chamber of Hong Kong Listed Companies. He is also a regular speaker on corporate finance and compliance matters. Mr. Kwan is also a council member of the Hong Kong Independent Non-executive Director Association.

Ms. Lee Pao Yue, aged 59, is an independent non-executive Director, the chairlady of remuneration committee, a member of each of 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 of Agriculture in Food Science.

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 FY2025.

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 FY2025.

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 FY2025.

CORPORATE GOVERNANCE REPORT

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. With effective on 18 November 2024, Dr. Lau Kin Shing, Charles and Mr. Lung Hung Cheuk retired as the non-executive Director and independent non-executive Director of the Company respectively.

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

- considered and approved the annual results and report of the Group for the year ended 30 June 2024, and the change of company secretary;
- considered and discussed the quarterly results of the Group for three months ended 30 September 2024;
- considered and approved the interim results and report of the Group for the six months ended 31 December 2024; and
- considered and discussed the quarterly results of the Group for nine months ended 31 March 2025.

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.

CORPORATE GOVERNANCE REPORT

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.

During the year, the respective attendances of the Directors at the above Board meetings and the annual general meeting held on 18 November 2024 are set out in the table below:

Name of Directors	Attendance	
	Board Meetings	Annual General Meeting
Executive Directors		
Mr. Yeung Michael Wah Keung	4/4	✓
Dr. Yeung Wo Fai	4/4	✓
Mr. Yeung Andrew Kin	4/4	✓
Mr. Chan Tung Chit	4/4	✓
Non-executive Director		
Dr. Lau Kin Shing, Charles (<i>retired on 18 November 2024</i>)	1/1	✓
Independent Non-executive Directors		
Mr. Yeung Chi Tat	4/4	✓
Mr. Kwan Po Chuen, Vincent	4/4	✓
Ms. Lee Pao Yue	4/4	✓
Mr. Lung Hung Cheuk (<i>retired on 18 November 2024</i>)	1/1	✓

During FY2025, 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 19 to 21 of this annual report, there is no financial, business, family or other material or relevant relationship between Board members.

CORPORATE GOVERNANCE REPORT

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.

All Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills as set out in code provision C.1.4 of the Corporate Governance Code. Internally-facilitated briefings for the Directors would be arranged and reading material on relevant topics would be provided to the Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During FY2025, the key methods of attaining continuous professional development by each of the Directors are summarized as follows:

Name of Directors	Attending courses/ seminars/conferences	Reading books/journals/ articles
Executive Directors		
Mr. Yeung Michael Wah Keung	✓	✓
Dr. Yeung Wo Fai	✓	✓
Mr. Yeung Andrew Kin	✓	✓
Mr. Chan Tung Chit	✓	✓
Non-executive Director		
Dr. Lau Kin Shing, Charles (<i>retired on 18 November 2024</i>)	✓	✓
Independent Non-executive Directors		
Mr. Yeung Chi Tat	✓	✓
Mr. Kwan Po Chuen, Vincent	✓	✓
Ms. Lee Pao Yue	✓	✓
Mr. Lung Hung Cheuk (<i>retired on 18 November 2024</i>)	✓	✓

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.

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has entered into an appointment letter with the Company pursuant to which each of them is appointed for service with the Company for a term of three years until 5 December 2026. Their terms of appointment shall be subject to the rotational retirement provision of the articles of association of the Company.

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 such determination.

The Company has received annual confirmation in accordance to 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.

CORPORATE GOVERNANCE REPORT

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), Mr. Kwan Po Chuen, Vincent and Ms. Lee Pao Yue, all of whom are independent non-executive Directors.

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 (<i>Chairman</i>)	2/2
Mr. Kwan Po Chuen, Vincent	2/2
Ms. Lee Pao Yue	2/2
Mr. Lung Hung Cheuk (<i>retired on 18 November 2024</i>)	1/1

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 2024;
- reviewed and commented on the interim results and report of the Group for the six months ended 31 December 2024;
- 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.

CORPORATE GOVERNANCE REPORT

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 make recommendations to the Board on the appointment of Directors.

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, Mr. Kwan Po Chuen, Vincent and Ms. Lee Pao Yue.

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

Members	Attendance
Mr. Yeung Michael Wah Keung (<i>Chairman</i>)	1/1
Mr. Kwan Po Chuen, Vincent	1/1
Ms. Lee Pao Yue	1/1
Mr. Lung Hung Cheuk (<i>retired on 18 November 2024</i>)	1/1

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

- reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board and the board diversity policy, and made recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- assessed the independence of independent non-executive Directors; and
- reviewed and made recommendation to the Board on re-election of retiring Directors.

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 six male members and one female member. 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 aims to provide a diversified working environment for the workforce. The Board will continue to monitor and review the workforce diversity in accordance with the Listing Rules and plan to achieve a more balanced gender diversity ratio in the workforce, if possible. The gender ratio in the workforce including senior management was approximately 35% male and 65% female as at 30 June 2025.

As an equal opportunity employer, the Group makes decisions on recruitment and promotion based on meritocracy and take 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 one physical meeting. The respective attendances of the members of remuneration committee are set out in the table below:

Members	Attendance
Ms. Lee Pao Yue (<i>Chairlady</i>)	1/1
Mr. Yeung Michael Wah Keung	1/1
Mr. Yeung Chi Tat	1/1
Mr. Lung Hung Cheuk (<i>retired on 18 November 2024</i>)	N/A

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

- reviewed and approved the remuneration package to 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.

CORPORATE GOVERNANCE REPORT

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 were fixed, payable on quarterly basis.

CORPORATE GOVERNANCE REPORT

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, Mr. Kwan Po Chuen, Vincent and Ms. Lee Pao Yue.

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 (<i>Chairman</i>)	2/2
Mr. Yeung Chi Tat	2/2
Mr. Kwan Po Chuen, Vincent	2/2
Ms. Lee Pao Yue	2/2
Dr. Lau Kin Shing, Charles (<i>retired on 18 November 2024</i>)	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 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.

CORPORATE GOVERNANCE REPORT

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 FY2025 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 29 September 2025, the Board had reviewed the Company's compliance with the CG Code for the year and disclosure in this Corporate Governance Report.

AUDITOR'S REMUNERATION

The remunerations in respect of audit and non-audit services for FY2025 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 54 to 58 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 their 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.

CORPORATE GOVERNANCE REPORT

- *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.

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 follow:

- *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.

CORPORATE GOVERNANCE REPORT

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 since the last annual review, and the Group's ability to respond to changes in its business and the external environment and; (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

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 consideration. 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. 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.

CORPORATE GOVERNANCE REPORT

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. These include the annual general meeting, extraordinary general meetings, the annual and interim reports, announcements, circulars and notices. Such documents are accessible on the Company's website at (www.sitoy.com).

As part of its regular review, the Board has reviewed the Shareholders' Communication Policy during the year ended 30 June 2025. 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.

CHANGE OF COMPANY SECRETARY

Mr. Cheung Kai Sun ("Mr. Cheung") has tendered his resignation as the company secretary of the Company with effect from 23 September 2024. Following the resignation of Mr. Cheung, 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 FY2025. 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 FY2025.

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 FY2025.

RESULTS AND PROPOSED DIVIDENDS

The results of the Group for FY2025 are set out in the consolidated statement of profit or loss on page 59.

An interim dividend of HK2 cents per share was paid on 28 April 2025. The Directors proposed the payment of a special dividend of HK4 cents per share for FY2025 (FY2024: a final dividend of HK4 cents per share) to the shareholders whose names appear on the register of members of the Company on Friday, 28 November 2025. The proposed dividend, subject to approval by the shareholders at the annual general meeting to be held on Monday, 17 November 2025 (the "2025 AGM"), will be paid on or before Monday, 22 December 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 11 November 2025 to Monday, 17 November 2025 (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 2025 AGM will be Monday, 17 November 2025. In order to be eligible to attend and vote at the 2025 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, 10 November 2025.

The register of members of the Company will be closed from Tuesday, 25 November 2025 to Friday, 28 November 2025 (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, 28 November 2025. 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, 24 November 2025.

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 148 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 FY2025 are set out in note 26 to the consolidated financial statements of the Group for FY2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During FY2025, 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 2025 are set out on page 62 in the consolidated statement of changes in equity and note 29 to the consolidated financial statements of the Group for FY2025 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 FY2025 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 36.1% for FY2025. The percentage of revenue attributable to the Group's largest customer to the total revenue of the Group was 12.0% for FY2025.

The percentage of purchases attributable to the Group's five largest suppliers to the total purchases of the Group was 27.9% for FY2025. The percentage of purchases attributable to the Group's largest supplier to the total purchases of the Group was 8.5% for FY2025.

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
Mr. Kwan Po Chuen, Vincent
Ms. Lee Pao Yue
Mr. Lung Hung Cheuk (*retired on 18 November 2024*)

Non-executive Director:

Dr. Lau Kin Shing, Charles (*retired on 18 November 2024*)

On 18 November 2024, Dr. Lau Kin Shing, Charles retired from his positions as the non-executive Director and the member of environmental, social and governance committee of the Company as he would like to devote more time to his other business commitment. On the same day, Mr. Lung Hung Cheuk retired from his positions as the independent non-executive Director, the chairman of remuneration committee, and the member of audit committee and nomination committee of the Company as he would like to devote more time to his other business commitment.

Article 112 of the Articles of Association 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 be subject to re-election at such meeting.”

Article 108(a) of the Articles of Association 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 to 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.

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 FY2025, 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 FY2025 is set out 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).

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 communicated to its employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, 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 2025, 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	Personal interest	1,484,636 ^(note 3)	-	-	1,484,636 ^(note 3)	0.15%

Notes:

1. The percentage was calculated based on 965,430,000 shares in issue as at 30 June 2025.
2. The granted shares shall be vested in accordance with the terms and conditions of the share award scheme of the Company and subject to the fulfillment of vesting conditions.
3. On 26 June 2025, a total of 628,000 shares were vested to Mr. Chan Tung Chit, but a total of 125,000 shares were lapsed in accordance with the terms and conditions of the Share Award Scheme.

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 spouse 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 corporation 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 2025, 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 2025, 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 require 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 2025, 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 was a party subsisting during FY2025.

DIRECTORS' REPORT

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 FY2025.

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:

In February 2025, Mr. Yeung Chi Tat ceased to be an independent non-executive director of Beijing Capital Grand Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1329, which was delisted from the Hong Kong Stock Exchange in January 2025).

In September 2025, Mr. Yeung Chi Tat became the President of the Hong Kong Independent Non-executive Director Association.

EQUITY-LINKED AGREEMENTS

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

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 incentive 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 a prior approval from its shareholders. The options lapsed in accordance 1 July 2023 and 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 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.

DIRECTORS' REPORT

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.

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 2024 and 30 June 2025.

During FY2025, no share options were conditionally or unconditionally (as the case may be) granted. Accordingly, share options to subscribe for 4,500,000 ordinary shares of HK\$0.10 each of the Company were outstanding as at 30 June 2025.

As at 30 June 2025, 4,500,000 share options have been vested and issuable for the outstanding share options granted under the Share Option Scheme.

DIRECTORS' REPORT

Details of the movements of the share options under the Share Option Scheme during FY2025 are as follows:

Grantees	Date of Grant	Exercise Price	Exercise Period	Number of Share Options					Balance as at 30 June 2025
				Balance as at 1 July 2024	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	
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, and are participants of the Share Option Scheme with share options not exceeding the respective individual limits.
- (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) limitation 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 FY2025. Further details of the Share Option Scheme are disclosed in note 27 to the consolidated financial statements.

DIRECTORS' REPORT

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 shares 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 shares 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 shares 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 shares awards were lapsed.

On 10 March 2023, 3,260,848 shares 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 shares 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 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 has 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 2 years and 9 months. At the date of approval of these consolidated financial statements, the Company had no shares held under the Share Award Scheme.

DIRECTORS' REPORT

During FY2025, no award shares were conditionally granted, 4,776,000 award shares had been vested and 2,384,000 shares has been lapsed. As at 30 June 2025, no award shares were outstanding. The number of share awards available for grant under the Share Award Scheme was 70,681,152 as at 1 July 2024 and 30 June 2025. As no share awards were granted during FY2025, the calculation of the number of shares that may be issued in respect of share awards granted under the Share Award Scheme during FY2025 divided by the weighted average number of ordinary shares in issue is not applicable.

Details of the movements of the share awards under the Share Award Scheme during FY2025 are as follows:

			Number of Award Shares					
		Closing price immediately before the date of grant	Balance as at 1 July 2024	Granted during FY2025	Vested during FY2025	Lapsed during FY2025	Balance as at 30 June 2025	Vesting Period
Grantees	Date of grant							
Director(s)								
Mr. Chan Tung Chit	26 June 2023	HK\$0.85 ^(Note 1)	753,000	–	628,000	125,000	–	26 June 2023 to 25 June 2025
Five highest paid employees								
1 grantee	26 June 2023	HK\$0.85 ^(Note 1)	918,000	–	603,000	315,000	–	26 June 2023 to 26 June 2025
Other Employee(s)								
10 grantees	26 June 2023	HK\$0.85 ^(Note 1)	5,489,000	–	3,545,000	1,944,000	–	26 June 2023 to 26 June 2025
			7,160,000	–	4,776,000	2,384,000	–	

Notes:

1. The fair value per share granted on 26 June 2023: HK\$0.85.
2. A total of 4,776,000 shares were vested during FY2025, and the weighted average closing price of the relevant shares before the vesting date was HK\$0.50.
3. During FY2025, 2,384,000 shares had lapsed under the Share Award Scheme as the vesting condition was not fulfilled by the grantees.
4. As at 30 June 2025, the number of share awards available for grant under the Share Award Scheme was 70,681,152 shares, and the number of underlying shares was 70,681,152 shares, accounting for approximately 7.32% of the total issued shares of the Company.

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

Further details of the Share Award Scheme are disclosed in note 28 to the consolidated financial statements of the Group for FY2025.

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 monthly 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. Maxon being an associate of Mr. Michael Yeung, 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 FY2025 are set out in note 34 to the consolidated financial statements of the Group for FY2025. Except for those disclosed in note 34 to the consolidated financial statements of the Group for FY2025, 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 FY2025.

SUFFICIENCY OF PUBLIC FLOAT

Based on 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 maintained sufficient public float of not less than 25% of its shares in the hands of the public throughout the year and up to the date of this report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material events affecting the Company and its subsidiaries which have occurred since the end of the financial year 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 22 to 37 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 FY2025 and the material factors underlying its results and financial position can be found in the Chairman's Statement on pages 8 to 10 and the Management Discussion & Analysis on pages 11 to 18 of this annual report. An analysis using financial key performance indicators can be found in the Financial Highlights on pages 6 to 7 of this annual report. These discussions and financial highlights form part of this Directors' Report.

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 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 PRC subsidiaries. We have implemented various measures to ensure compliance with such laws and regulations, including but not limited to consulting our PRC legal adviser and tax professional.

During FY2025, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that have 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.
- 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.

DIRECTORS' REPORT

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.

Property investment business

For 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 rate of Hong Kong
 - Real estate market in Hong Kong
 - Cost of agency fee
- 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.

DIRECTORS' REPORT

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 salary, discretionary bonuses and allowance. We determine the salaries of our employees mainly on the basis of their qualifications, experience, position and seniority.

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 2025.

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.

DIRECTORS' REPORT

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 works. We believe that our reputation in the industry of 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 2025.

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.

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, 29 September 2025

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

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 59 to 148, which comprise the consolidated statement of financial position as at 30 June 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 2025, 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 (“HKSA”) 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”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT 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
<i>Valuation of investment properties</i> As at 30 June 2025, investment properties amounted to approximately HK\$558,360,000, 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.
<i>Provision for inventories</i> As at 30 June 2025, the Group's inventories amounted to approximately HK\$173,087,000. Because of the rapidly changing market conditions, significant judgement and estimates made by management are involved in identifying inventories with net realisable values that are 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(vii) 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 (the "Directors") 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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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

As part of an audit in accordance with HKSAAs, 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.

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.

INDEPENDENT AUDITOR'S REPORT

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

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, Wanyee.

Ernst & Young
Certified Public Accountants
Hong Kong

29 September 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 June 2025

		Year ended 30 June	
		2025	2024
	Notes	HK\$'000	HK\$'000
REVENUE	6	1,584,240	1,606,481
Cost of sales		(1,068,177)	(1,034,206)
Gross profit		516,063	572,275
Other income and gains	6	17,331	18,255
Selling and distribution expenses		(273,723)	(212,269)
Administrative expenses		(228,500)	(232,584)
(Impairment losses)/reversal of impairment losses on financial assets, net		(836)	443
Other expenses	30	(197,889)	(15,876)
Finance costs	8	(1,317)	(2,079)
(LOSS)/PROFIT BEFORE TAX	7	(168,871)	128,165
Income tax expense	11	(9,203)	(26,277)
(LOSS)/PROFIT FOR THE YEAR		(178,074)	101,888
Attributable to:			
Equity holders of the Company		(178,074)	101,888
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	13		
Basic (HK cents)		(18.50)	10.58
Diluted (HK cents)		(18.50)	10.45

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2025

	Year ended 30 June	
	2025 HK\$'000	2024 HK\$'000
(LOSS)/PROFIT FOR THE YEAR	(178,074)	101,888
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	2,007	7,072
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	2,007	7,072
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	2,007	7,072
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(176,067)	108,960
Attributable to:		
Equity holders of the Company	(176,067)	108,960

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	As at 30 June 2025 HK\$'000	As at 30 June 2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	333,612	312,249
Investment properties	15	558,360	683,056
Right-of-use assets	16(a)	29,791	46,429
Other intangible assets	17	2,424	2,424
Deferred tax assets	18	24,125	13,718
Other non-current assets	21	164	2,268
Total non-current assets		948,476	1,060,144
CURRENT ASSETS			
Inventories	19	173,087	217,220
Trade receivables	20	262,264	297,185
Prepayments, other receivables and other assets	21	34,907	51,979
Income tax recoverable		141	1,118
Pledged deposits	22	26,634	25,939
Cash and cash equivalents	22	437,393	460,551
Total current assets		934,426	1,053,992
CURRENT LIABILITIES			
Trade and bills payables	23	150,490	133,554
Other payables and accruals	24	116,504	90,197
Lease liabilities	16(b)	7,340	17,224
Tax payable		21,837	42,938
Deferred income	25	228	393
Total current liabilities		296,399	284,306
NET CURRENT ASSETS		638,027	769,686
TOTAL ASSETS LESS CURRENT LIABILITIES		1,586,503	1,829,830
NON-CURRENT LIABILITIES			
Lease liabilities	16(b)	9,807	18,543
Deferred tax liabilities	18	5,965	5,551
Deferred income	25	—	337
Total non-current liabilities		15,772	24,431
Net assets		1,570,731	1,805,399
EQUITY			
Share capital	26	96,543	96,543
Treasury shares		(2,623)	(4,044)
Reserves	29	1,476,811	1,712,900
Equity attributable to equity holders of the Company		1,570,731	1,805,399
Total equity		1,570,731	1,805,399

Yeung Wo Fai
Director

Chan Tung Chit
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2025

	Attributable to owners of the Company										
	Share	Treasury	Share	Share	Merger	Statutory	Asset	Other	Exchange	Retained	Total
	capital	shares	premium	option/award	reserve	reserve	revaluation	reserve	fluctuation	profits	equity
	HK\$'000	HK\$'000	account*	reserve*	reserve*	fund*	reserve*	reserve*	reserve*	HK\$'000	HK\$'000
	(note 26)	(note 26)	(note 29)	(note 27, 28)	(note 29)	(note 29)		(note 29)			
At 1 July 2024	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 award vested	-	4,044	-	(4,044)	-	-	-	-	-	-	-
Repurchase of shares under 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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2025

	Attributable to owners of the Company										
	Share	Treasury	Share	Share	Merger	Statutory	Asset		Exchange	Retained	Total
	capital	shares	premium	option/award	reserve	reserve	revaluation	Other	fluctuation	profits*	equity
	HK\$'000	HK\$'000	account*	reserve*	reserve*	fund*	reserve*	reserve*	reserve*	HK\$'000	HK\$'000
	(note 26)	(note 26)	(note 29)	(note 27, 28)	(note 29)	(note 29)		(note 29)			
At 1 July 2023	96,543	-	924,811	4,838	4,030	91,204	24,688	(29,050)	(193,110)	855,794	1,779,748
Profit for the year	-	-	-	-	-	-	-	-	-	101,888	101,888
Other comprehensive income for the year:											
Exchange differences related to foreign operations	-	-	-	-	-	-	-	-	7,072	-	7,072
Total comprehensive income for the year	-	-	-	-	-	-	-	-	7,072	101,888	108,960
Equity-settled share award arrangement	-	-	-	7,551	-	-	-	-	-	-	7,551
Repurchase of shares under share award scheme	-	(4,044)	-	-	-	-	-	-	-	-	(4,044)
2023 final dividend declared	-	-	-	-	-	-	-	-	-	(67,532)	(67,532)
2024 interim dividend declared	-	-	-	-	-	-	-	-	-	(19,284)	(19,284)
Transfer from retained profits	-	-	-	-	-	5,667	-	-	-	(5,667)	-
At 30 June 2024	96,543	(4,044)	924,811	12,389	4,030	96,871	24,688	(29,050)	(186,038)	865,199	1,805,399

* These reserve accounts comprise the consolidated reserves of HK\$1,476,811,000 (30 June 2024: HK\$1,712,900,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2025

		Year ended 30 June	
		2025	2024
	Notes	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(168,871)	128,165
Adjustments for:			
Finance costs	8	1,317	2,079
Loss on disposal of items of property, plant and equipment	7, 30	631	2,419
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	(9)	(160)
Depreciation of property, plant and equipment	7	30,639	28,428
Depreciation of right-of-use assets	7	14,319	26,914
Amortisation of deferred income	25	(502)	(391)
Changes in fair value of investment properties	7, 30	109,216	9,400
Equity-settled share award expense	7	1,857	7,551
Impairment/(reversal of impairment) of trade receivables, net	7	836	(443)
Impairment of right-of-use assets	7	–	900
Impairment of property, plant and equipment	7, 30	1,795	172
Write-down/(reversal of write-down) of inventories to net realisable value	7	5,546	(4,146)
		21,726	200,888
Increase in restricted cash		(1,383)	–
Decrease in trade receivables		34,132	85,748
Decrease in prepayments, other receivables and other assets		18,008	9,497
Decrease in inventories		17,485	3,439
Increase/(decrease) in trade and bills payables		16,829	(29,487)
Increase in other payables and accruals		18,175	618
		124,972	270,703
Cash generated from operations		(32,424)	(24,212)
Hong Kong profits tax paid		(7,871)	(8,519)
PRC corporate income tax paid		–	(52)
Tax paid in other regions		–	–
		84,677	237,920
NET CASH FLOWS FROM OPERATING ACTIVITIES		84,677	237,920

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2025

		Year ended 30 June	
	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(33,261)	(64,176)
Proceeds from disposal of items of property, plant and equipment		182	557
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(33,079)	(63,619)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank and other borrowings raised		54,806	–
Withdrawal of pledged time deposits		45,962	54,736
Placement of pledged time deposits		(46,645)	(55,737)
Repayment of interest-bearing bank borrowings		(54,806)	–
Dividends paid		(57,765)	(86,816)
Interest paid		(1,317)	(2,079)
Repurchase of shares under share award scheme		(2,623)	(4,044)
Principal portion of lease payments		(14,588)	(26,480)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(76,976)	(120,420)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(25,378)	53,881
Cash and cash equivalents at beginning of year		460,551	403,855
Frozen deposit		1,383	–
Effect of foreign exchange rate changes, net		837	2,815
CASH AND CASH EQUIVALENTS AT END OF YEAR		437,393	460,551
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF FINANCIAL POSITION	22	437,393	460,551

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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. The 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 2025. 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 2025

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 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, any non-controlling interest 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 the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16

Lease Liability in a Sale and Leaseback

Amendments to IAS 1

Classification of Liabilities as Current or Non-current
(the "2020 Amendments")

Amendments to IAS 1

Non-current Liabilities with Covenants (the "2022 Amendments")

Amendments to IAS 7 and IFRS 7

Supplier Finance Arrangements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

2. ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies and disclosures (continued)

The nature and the impact of the revised IFRS Accounting Standards are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 July 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective international financial reporting standards

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to IAS 21	<i>Lack of Exchangeability</i> ¹
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ²

¹ Effective for annual periods beginning on or after 1 January 2025

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

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

⁴ 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 2025

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective international financial reporting 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. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective international financial reporting standards (continued)

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. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. 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.
- **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. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective international financial reporting standards (continued)

Amendments to IFRS9 and IFRS7 apply to contracts that reference nature-dependent electricity and clarify the application of the ‘own-use’ requirements for in-scope contracts.

The amendments to IFRS 9 will now allow an entity designating a contract referencing nature-dependent electricity as the hedging instrument in a hedge of forecast electricity transactions, to designate a variable nominal amount of forecast electricity transactions as the hedged item.

IFRS 7 has been amended to require disclosures relating to contracts that have been excluded from the scope of IFRS 9 as a result of the amendments. In such cases, an entity must disclose in a single note:

- Information about the contractual features that expose the entity to variability in an underlying amount of electricity and the risk that the entity would be required to buy electricity during a delivery interval where it cannot use it.
- Information about unrecognised contractual commitments arising from such contracts.
- Qualitative and quantitative information about the effects on the entity’s financial performance for the reporting period interval where it cannot use it.

The IFRS 7 disclosure amendments must be applied when the IFRS 9 amendments are applied.

The clarifications regarding the ‘own use’ requirements must be applied retrospectively without using hindsight, but the guidance permits hedge accounting to be applied prospectively to new hedging relationships designated on or after the date of initial application.

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 2025

2. ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Business combinations and goodwill (continued)

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Fair value measurement (continued)

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.

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 any 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 2025

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;
 - (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 2025

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 2025

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 or inventories, 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*. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

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.

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 2025

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 land lease payments	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 2025

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 2025

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 2025

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 2025

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 2025

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 and contract assets 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.

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 2025

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 2025

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 2025

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 2025

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 2025

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 2025

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. No forfeited contribution under the pension scheme is available to reduce the contribution payable in future years. 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. No forfeited contribution under the pension scheme is available to reduce the contribution payable in future years. 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 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Foreign currencies (continued)

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 2025

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.

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 will calibrate 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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(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 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.

(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
- (c) 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 2025 was approximately HK\$558,360,000 (30 June 2024: HK\$683,056,000). 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 2025

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 short than previously estimated lives, or writes off or writes down technically obsolete or non-strategic assets that have been abandoned or sold.

(vi) *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 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 2025 was HK\$10,841,000 (2024: HK\$1,478,000). The amount of unrecognised tax losses at 30 June 2025 was approximately HK\$324,232,000 (30 June 2024: HK\$228,670,000). Further details are contained in note 18 to the consolidated financial statements.

(vii) *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.

(viii) *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 2025

4. PARTICULARS OF THE COMPANY'S PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 June 2025 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\$170,000,000	–	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	Property investment
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 2025

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: engages in the retail and wholesale of handbags, small leather goods, travel goods and footwear products for the brands owned or licensed by the Group, designs handbags and accessories and provides advertising and marketing services;
- (b) Manufacturing: produces handbags, small leather goods and travel goods for branding and resale by others; and
- (c) Property investment: invests 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, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit 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 2025

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
<i>Reconciliation:</i>				
Elimination of intersegment sales				(142,840)
Total revenue				1,584,240
Segment results	(62,265)	(3,768)	(101,787)	(167,820)
<i>Reconciliation:</i>				
Corporate and other unallocated expenses				(1,051)
Loss before tax				(168,871)
Segment assets	369,901	2,004,554	647,438	3,021,893
<i>Reconciliation:</i>				
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
<i>Reconciliation:</i>				
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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

5. OPERATING SEGMENT INFORMATION (continued)

	Year ended 30 June 2024			
	Retail HK\$'000	Manufacturing HK\$'000	Property investment HK\$'000	Total HK\$'000
Segment revenue (note 6):				
Sales to external customers	527,741	1,066,341	12,399	1,606,481
Intersegment sales	–	133,701	3,072	136,773
Total segment revenue	527,741	1,200,042	15,471	1,743,254
<i>Reconciliation:</i>				
Elimination of intersegment sales				(136,773)
Total revenue				1,606,481
Segment results	26,755	110,234	(3,359)	133,630
<i>Reconciliation:</i>				
Corporate and other unallocated expenses				(5,465)
Profit before tax				128,165
Segment assets	446,575	2,053,488	764,850	3,264,913
<i>Reconciliation:</i>				
Elimination of intersegment receivables				(1,278,144)
Corporate and other unallocated assets				127,367
Total assets				2,114,136
Segment liabilities	746,702	220,138	619,721	1,586,561
<i>Reconciliation:</i>				
Elimination of intersegment payables				(1,278,144)
Corporate and other unallocated liabilities				320
Total liabilities				308,737
Other segment information:				
Depreciation of items of property, plant and equipment	7,578	18,314	–	25,892
Unallocated depreciation of items of property, plant and equipment				2,536
				28,428
Depreciation of right-of-use assets	20,308	6,606	–	26,914
Reversal of write-down of inventories to net realisable value	(1,502)	(2,644)	–	(4,146)
Lease payments not included in the measurement of lease liabilities	15,390	144	–	15,534
Capital expenditure*	17,348	46,828	–	64,176

* 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 2025

5. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	Year ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Revenue		
Chinese Mainland, Hong Kong, Macau and Taiwan	901,237	820,518
North America	144,935	278,819
Europe	269,242	262,384
Other Asian countries	245,384	224,166
Other countries/regions	23,442	20,594
Total revenue	1,584,240	1,606,481

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

(b) Non-current assets

	As at 30 June 2025 HK\$'000	As at 30 June 2024 HK\$'000
Chinese Mainland and Hong Kong	853,961	1,005,550
Indonesia	70,390	40,876
Total	924,351	1,046,426

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 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.

For the year ended 30 June 2024, revenue derived from sales by the manufacturing segment to a major customer amounting to approximately HK\$293,961,000 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 2025

6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 30 June	
	2025 HK\$'000	2024 HK\$'000
<i>Revenue from contracts with customers</i>		
Sale of goods	1,573,047	1,594,082
<i>Revenue from other sources</i>		
Gross rental income	11,193	12,399
Total	1,584,240	1,606,481

Revenue from contracts with customers

(i) *Disaggregated revenue information*

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

6. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) *Disaggregated revenue information* (continued)

For the year ended 30 June 2024

Segments	Retail HK\$'000	Manufacturing HK\$'000	Total HK\$'000
Type of goods or services			
Sale of goods	527,741	1,066,341	1,594,082
Geographical markets			
North America	–	278,819	278,819
Europe	–	262,384	262,384
Chinese Mainland, Hong Kong, Macau and Taiwan	527,741	280,378	808,119
Other Asian countries	–	224,166	224,166
Others	–	20,594	20,594
Total	527,741	1,066,341	1,594,082
Timing of revenue recognition			
Goods transferred at a point in time	527,741	1,066,341	1,594,082

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 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

6. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) *Disaggregated revenue information* (continued)

For the year ended 30 June 2024

Segments	Retail HK\$'000	Manufacturing HK\$'000	Total HK\$'000
Revenue from contracts with customers			
Sales to external customers	527,741	1,066,341	1,594,082
Intersegment sales	–	133,701	133,701
Subtotal	527,741	1,200,042	1,727,783
Elimination of intersegment sales	–	(133,701)	(133,701)
Total	527,741	1,066,341	1,594,082

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	
	2025 HK\$'000	2024 HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period		
Sale of goods	5,236	7,976

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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	
	2025 HK\$'000	2024 HK\$'000
Amounts expected to be recognised as revenue:		
Within one year	5,345	5,236

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	
	2025 HK\$'000	2024 HK\$'000
Interest income	6,864	10,420
Compensation and disposal income	2,069	3,346
Government grants	1,680	2,809
Exchange gain, net	5,374	–
Others	1,344	1,680
Total other income and gains	17,331	18,255

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

7. (LOSS)/PROFIT BEFORE TAX

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

	Year ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Cost of inventories sold	1,068,177	1,034,206
Employee benefit expense (including Directors' and chief executive's remuneration as set out in note 9)		
Wages and salaries	345,057	345,364
Equity-settled share award expense (note 28)	1,857	7,551
Pension scheme contributions	27,841	27,190
Total	374,755	380,105
Loss on termination of Cole Haan business (note 30)	83,568	–
Depreciation of items of property, plant and equipment (note 14)	30,639	28,428
Depreciation of right-of-use assets (note 16(a))	14,319	26,914
Fair value loss on investment properties (included in other expenses) (notes 15, 30)	109,216	9,400
Impairment losses/(reversal of impairment losses) of the trade receivables, net (note 20)	836	(443)
Impairment of right-of-use assets (note 16(a))	–	900
Impairment of property, plant and equipment (notes 14, 30)	1,795	172
Write-down/(reversal of write-down) of inventories to net realisable value	5,546	(4,146)
Loss on disposal of items of property, plant and equipment (note 30)	631	2,419
Revision of a lease term arising from a change in the non-cancellable period of a lease	(9)	(160)
Lease payments not included in the measurement of lease liabilities (note 16(c))	7,921	15,534
Auditors' remuneration	2,000	2,350
Exchange (gain)/loss, net (notes 6, 30)	(5,374)	2,385

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Interest on bank borrowings	210	–
Interest on lease liabilities	1,107	2,079
Total	1,317	2,079

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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	
	2025 HK\$'000	2024 HK\$'000
Fees	981	1,164
Other emoluments:		
Salaries, allowances and benefits in kind	11,059	10,474
Discretionary bonuses*	3,812	4,156
Equity-settled share award expense	216	449
Pension scheme contributions	223	239
Subtotal	15,310	15,318
Total	16,291	16,482

* 2025 and 2024 discretionary bonuses paid to directors were based on financial performance of the Group for the years ended 30 June 2024 and 2023 respectively.

(a) Independent non-executive Directors

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

	Year ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Mr. Yeung Chi Tat	211	209
Mr. Kwan Po Chuen, Vincent	211	209
Mr. Lung Hung Cheuk (retired on 18 November 2024)	77	209
Ms. Lee Pao Yue	211	114
Total	710	741

As at 30 June 2025, there were no other emoluments payable to the independent non-executive Directors (30 June 2024: Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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 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

	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 2024						
Executive directors:						
Mr. Yeung Michael Wah Keung	39	3,980	902	–	–	4,921
Dr. Yeung Wo Fai	39	3,582	812	–	–	4,433
Mr. Yeung Andrew Kin	39	2,160	2,255	–	221	4,675
Mr. Chan Tung Chit	17	752	187	449	18	1,423
Subtotal	134	10,474	4,156	449	239	15,452
Non-executive director:						
Dr. Lau Kin Shing, Charles	289	–	–	–	–	289
Total	423	10,474	4,156	449	239	15,741

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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

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

Mr. Yeung Wo Fai is also the chief executive of the Group and his remuneration disclosed above includes 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 2025 (FY2024: Nil).

As at 30 June 2025, there was no remuneration payable to the Directors (30 June 2024: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four Directors (FY2024: 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 (FY2024: one) highest paid employee who is neither a Director nor chief executive of the Company are as follows:

	Year ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Discretionary bonuses	1,125	1,331
Salaries, allowances and benefits in kind	1,153	1,153
Equity-settled share award expense	237	548
Pension scheme contributions	18	18
Total	2,533	3,050

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	
	2025	2024
HK\$1,000,001 to HK\$1,500,000	–	–
HK\$1,500,001 to HK\$2,500,000	–	–
HK\$2,500,001 to HK\$3,500,000	1	1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

11. INCOME TAX EXPENSE

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 2025 (FY2024: 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 2025 (FY2024: 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 2025.

Provision for PRC corporate income tax is based on a statutory rate of 25% for the year ended 30 June 2025 (FY2024: 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 expense/(credit) are as follows:

	Year ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Current – Hong Kong		
Charge for the year	14,032	15,087
Adjustments in respect of current income tax of previous years	(12)	2,043
Current – Chinese Mainland		
Charge for the year	5,153	11,119
Adjustments in respect of current income tax of previous years	13	(4,057)
Deferred tax (note 18)	(9,983)	2,085
Total tax charge for the year	9,203	26,277

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

11. INCOME TAX EXPENSE (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 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 years	(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)	0.0	-	-	-	-	-	-	-	-	(31)	-
Tax losses not recognised in current year	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)

Year ended 30 June 2024

	Hong Kong		Macau		Chinese Mainland		Cayman Islands*		Indonesia		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit/(loss) before tax	93,330		19		43,504		(2,929)		(5,759)		128,165	
Tax at the statutory tax rates	15,399	16.5	2	12.5	10,876	25.0	(483)	16.5	(1,152)	20.0	24,642	19.2
Lower tax rate for specific provinces or enacted by local authority	(165)	(0.2)	-	-	-	-	-	-	-	-	(165)	(0.1)
Adjustments in respect of current tax of previous years	2,043	2.2	-	-	(4,057)	(9.3)	37	(1.3)	-	-	(1,977)	(1.5)
Income not subject to tax	(1,504)	(1.6)	(2)	(12.5)	-	-	(616)	21.0	-	-	(2,122)	(1.7)
Expenses not deductible for tax	3,022	3.2	-	-	555	1.3	10	(0.3)	-	-	3,587	2.8
Deductible temporary differences not recognised, net	10	-	-	-	-	-	-	-	-	-	10	-
Tax losses not recognised in current year	157	0.2	-	-	1,612	3.7	-	-	1,152	(20.0)	2,921	2.3
Tax losses utilised from previous years	(619)	(0.7)	-	-	-	-	-	-	-	-	(619)	(0.5)
Tax charge/(credit) at the Group's effective rates	18,343	19.7	-	-	8,986	20.7	(1,052)	35.9	-	-	26,277	20.5

* During the years ended 30 June 2025 and 2024, 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 2025

12. DIVIDENDS

	Year ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Interim – 2025: HK2 cents per ordinary share (2024: HK2 cents per ordinary share)	19,218	19,284
Proposed final – 2025: Nil (2024: HK4 cents per share) (i)	–	38,617
Proposed special – 2025: HK4 cents per share (2024: Nil) (i)	38,617	–
Total	57,835	57,901

Note:

- (i) The Board proposed a special dividend of HK4 cents per share for the year ended 30 June 2025 (30 June 2024: a final dividend of HK4 cents per share).

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

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit for the years ended 30 June 2025 and 2024 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 962,639,000 (FY2024: 963,383,000) in issue less treasury shares during the year.

The calculation of the diluted (loss)/earnings per share amounts is based on the (loss)/profit 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)/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.

For the year ended 30 June 2025, 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 2025

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

The calculations of basic and diluted (loss)/earnings per share are based on:

	Year ended 30 June	
	2025 HK\$'000	2024 HK\$'000
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the Company used in the basic and diluted (loss)/earnings per share calculations	(178,074)	101,888
	Year ended 30 June	
	2025	2024
Number of shares		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	962,639,000	963,383,000
Effect of dilution – weighted average number of ordinary shares	–	11,612,000
Weighted average number of ordinary shares in issue during the year used in the diluted (loss)/earnings per share calculation	962,639,000	974,995,000
Basic		
For (loss)/profit for the year (HK cents)	(18.50)	10.58
Diluted		
For (loss)/profit for the year (HK cents)	(18.50)	10.45

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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 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 property (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 2025

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 2024							
At 30 June 2023							
Cost	402,284	82,442	118,335	59,852	8,235	3,912	675,060
Accumulated depreciation and impairment	(166,590)	(72,722)	(94,380)	(52,431)	(7,438)	–	(393,561)
Net carrying amount	235,694	9,720	23,955	7,421	797	3,912	281,499
At 1 July 2023, net of accumulated depreciation	235,694	9,720	23,955	7,421	797	3,912	281,499
Additions	17,620	16,137	1,630	3,282	1,031	22,371	62,071
Depreciation provided during the year (note 7)	(15,480)	(8,211)	(2,523)	(1,960)	(254)	–	(28,428)
Disposals	–	(162)	(2,764)	(7)	(43)	–	(2,976)
Transferred from construction in progress	–	2,147	–	–	–	(2,147)	–
Impairment during the year (note 7)	–	(162)	–	(10)	–	–	(172)
Exchange realignment	626	127	219	57	8	(782)	255
At 30 June 2024, net of accumulated depreciation and impairment	238,460	19,596	20,517	8,783	1,539	23,354	312,249
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

Impairment losses on property, plant and equipment of HK\$1,795,000 were recognised during the year ended 30 June 2025 due to the long-term idleness of the construction in progress (FY2024: HK\$172,000).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

15. INVESTMENT PROPERTIES

	As at 30 June 2025 HK\$'000	As at 30 June 2024 HK\$'000
Carrying amount at beginning of year	683,056	692,456
Transferred to owner-occupied property (note 14)	(15,480)	–
Fair value loss on investment properties (note 7)	(109,216)	(9,400)
Carrying amount at end of year	558,360	683,056

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 2025, based on valuations performed by Vincorn Consulting and Appraisal Limited, an independent professionally qualified valuer, at an aggregate amount of approximately HK\$558,360,000. 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 these three 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 2025

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 2025 using			Total HK\$'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$'000	HK\$'000	HK\$'000	

Recurring fair value measurement for:

Commercial properties	–	558,360	–	558,360
-----------------------	---	---------	---	---------

	Fair value measurement as at 30 June 2024 using			Total HK\$'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$'000	HK\$'000	HK\$'000	

Recurring fair value measurement for:

Commercial properties	–	683,056	–	683,056
-----------------------	---	---------	---	---------

During the year, there were no transfers into or out of Level 2 (FY2024: Nil).

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

	HK\$'000
Carrying amount at 1 July 2023	692,456
Fair value loss on investment properties (note 7)	(9,400)
Carrying amount at 30 June 2024 and 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	558,360

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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 2025	Year ended 30 June 2024
Commercial property 1	Income approach term and reversion analysis	Estimated rental value (per square foot and per month)	HK\$28.6	HK\$30.8
		Market yield	2.9%	2.6%
		Term yield	2.0%	1.7%
Commercial property 2	Market approach	Estimated price (per square foot)	HK\$5,715	HK\$5,972
Commercial property 3	Market approach	Estimated price (per square foot)	HK\$15,340	HK\$21,117

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 identical or similar assets for which price information is available. By analysing such sales, which qualify as “arm’s length” transactions between willing buyers and sellers, adjustments are made for size, location, time, amenities and other relevant factors when comparing such sales prices to assess the value of the subject asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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 land lease payments 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 (note 7)	(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

	Prepaid land lease payments HK\$'000	Plants HK\$'000	Retail stores HK\$'000	Total HK\$'000
As at 1 July 2023	13,608	14,295	31,324	59,227
Additions	—	4,174	12,265	16,439
Revision of a lease term arising from a change in the non-cancellable period of a lease	—	—	(1,853)	(1,853)
Depreciation charge (note 7)	(396)	(6,210)	(20,308)	(26,914)
Impairment of right-of-use assets (note 7)	—	—	(900)	(900)
Exchange realignment	136	120	174	430
As at 30 June 2024	13,348	12,379	20,702	46,429

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

16. LEASES (continued)

The Group as a lessee (continued)

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

Impairment testing

During the year ended 30 June 2025, no impairment loss on right-of-use assets (FY2024: HK\$900,000) was recognised in the consolidated statement of profit or loss as other expenses, in respect of the impairment of right-of-use assets. 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, which showed an impairment indicator. 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 tenure of the lease, with major assumptions such as percentage change in revenue, percentage change in running cost and gross profit margin.

As a result, there were no impairment losses on right-of-use assets (FY2024: HK\$900,000) during the year ended 30 June 2025.

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, the recovery of tourist arrivals and the consequential effect on the Group's retail stores
Percentage change in running 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 changes in product mix

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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
2025				
Future sales	5	–	(5)	96
Future running cost	5	39	(5)	–
Future gross profit margin	5	–	(5)	34
2024				
Future sales	5	(248)	(5)	1,203
Future running cost	5	862	(5)	(215)
Future gross profit margin	5	(166)	(5)	732

(b) Lease liabilities

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

	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1 July	35,767	47,510
New leases	9,870	16,439
Revision of a lease term arising from a change in the non-cancellable period of a lease	(395)	(2,013)
Accretion of interest recognised during the year	1,107	2,079
Payments	(15,695)	(28,559)
Termination of Cole Haan business	(13,527)	–
Exchange realignment	20	311
Carrying amount at 30 June	17,147	35,767
Analysed into:		
Current portion	7,340	17,224
Non-current portion	9,807	18,543
Total	17,147	35,767

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

16. LEASES (continued)**The Group as a lessee** (continued)

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

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	1,107	2,079
Depreciation charge of right-of-use assets	14,319	26,914
Expense relating to short-term leases	4,272	9,812
Variable lease payments not included in the measurement of lease liabilities (included in selling and distribution expenses)	3,649	5,722
Total amount recognised in profit or loss	23,347	44,527

(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\$3,649,000 (FY2024: HK\$5,722,000).

(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 2025 was HK\$11,193,000 (FY2024: HK\$12,399,000), details of which are included in note 5 to the consolidated financial statements.

At 30 June 2025, 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 2025 HK\$'000	As at 30 June 2024 HK\$'000
Within one year	6,920	8,294
After one year but within two years	2,618	3,131
After two years but within five years	3,240	537
Total	12,778	11,962

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

17. OTHER INTANGIBLE ASSETS

	Trademark HK\$'000
30 June 2025	
Cost and net carrying amount at 1 July 2024 and 30 June 2025	2,424
30 June 2024	
Cost and net carrying amount at 1 July 2023 and 30 June 2024	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 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 2025

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 2022	1,455	6,047	4,654	–	3,200	4,047	1,432	8,992	–	29,827
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 11)	1,762	(161)	(1,875)	–	(1,040)	(3,516)	(498)	2,107	798	(2,423)
Exchange realignment	–	(431)	(269)	–	(193)	(153)	(86)	(159)	–	(1,291)
Gross deferred tax assets at 30 June 2023 and 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
At 30 June 2024	2,717	5,355	1,322	363	1,201	1,478	410	7,096	716	20,658

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

18. DEFERRED TAX (continued)

Deferred tax liabilities

	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

	Right-of-use assets HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1 July 2022	8,877	7,135	16,012
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 11)	2,075	(1,950)	125
Exchange realignment	(154)	(25)	(179)
Gross deferred tax liabilities at 30 June 2023 and 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
At 30 June 2024	6,940	5,551	12,491

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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 2025 HK\$'000	As at 30 June 2024 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	24,125	13,718
Net deferred tax liabilities recognised in the consolidated statement of financial position	5,965	5,551

The Group has tax losses arising in Hong Kong of HK\$187,770,000 (FY2024: HK\$117,404,000) 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\$102,550,000 (FY2024: HK\$105,507,000) that will expire in one to five years for offsetting against future taxable profits.

The Group has tax losses arising in Indonesia of HK\$33,912,000 (FY2024: HK\$5,759,000) 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 2025 HK\$'000	As at 30 June 2024 HK\$'000
Tax losses	324,232	228,670

At 30 June 2025, 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\$882,986,000 as at 30 June 2025 (30 June 2024: HK\$897,756,000).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

19. INVENTORIES

	As at 30 June 2025 HK\$'000	As at 30 June 2024 HK\$'000
Raw materials	35,755	24,570
Work in progress	74,460	78,852
Finished goods	73,295	120,521
	183,510	223,943
Less: Provision against inventories	(10,423)	(6,723)
Total	173,087	217,220

The write-down of inventories of HK\$1,851,000 was reversed during the year ended 30 June 2025 due to the termination of Cole Haan business. Meanwhile, provision of inventories of HK\$5,546,000 was recognized during the year ended 30 June 2025 due to the slow-moving inventories.

20. TRADE RECEIVABLES

	As at 30 June 2025 HK\$'000	As at 30 June 2024 HK\$'000
Trade receivables	264,642	300,681
Impairment	(2,378)	(3,496)
Total	262,264	297,185

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 2025 HK\$'000	As at 30 June 2024 HK\$'000
Within 90 days	245,097	277,581
91 to 180 days	16,293	13,668
Over 180 days	874	5,936
Total	262,264	297,185

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

20. TRADE RECEIVABLES (continued)

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

	Year ended 30 June 2025 HK\$'000	Year ended 30 June 2024 HK\$'000
At beginning of year	3,496	4,976
Impairment losses/(reversal of impairment losses), net (note 7)	836	(443)
Written off	(1,956)	(1,062)
Exchange realignment	2	25
At end of year	2,378	3,496

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:

As at 30 June 2025	Current	Past due			Total
		Less than 3 months	3 to 6 months	Over 6 months	
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

As at 30 June 2024	Current	Past due			Total
		Less than 3 months	3 to 6 months	Over 6 months	
Expected credit loss rate	0.60%	2.13%	17.93%	31.29%	1.16%
Gross carrying amount (HK\$'000)	274,005	21,875	909	3,892	300,681
Expected credit losses (HK\$'000)	1,648	467	163	1,218	3,496

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 30 June 2025 HK\$'000	As at 30 June 2024 HK\$'000
Non-current portion:		
Prepayments for items of property, plant and equipment	164	2,268
Current portion:		
Prepayments	8,683	10,492
Deposits and other receivables	9,352	20,165
Value-added tax	16,872	21,983
	34,907	52,640
Impairment	–	(661)
	34,907	51,979
Total	35,071	54,247

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

	Year ended 30 June 2025 HK\$'000	Year ended 30 June 2024 HK\$'000
At beginning of year	661	1,368
Written off	(661)	(718)
Exchange realignment	–	11
At end of year	–	661

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 2025, the probability of default applied ranged from 0.05% to 100% (30 June 2024: 0.05% to 100%) and the loss given default was estimated to be 0.1% (30 June 2024: 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 2025 and 2024, the loss allowance was assessed to be minimal.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 30 June 2025 HK\$'000	As at 30 June 2024 HK\$'000
Cash and bank balances	437,393	460,551
Pledged deposits	26,634	25,939
	464,027	486,490
Less: Pledged deposits pledged as security for banking facilities (note 33)	(26,634)	(25,939)
Cash and cash equivalents	437,393	460,551

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

	As at 30 June 2025 HK\$'000	As at 30 June 2024 HK\$'000
Denominated in RMB	274,952	356,536

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 2025

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 2025 HK\$'000	As at 30 June 2024 HK\$'000
Within 90 days	137,392	126,460
91 to 180 days	10,986	5,250
181 to 365 days	1,473	1,331
Over 365 days	639	513
Total	150,490	133,554

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

		As at 30 June 2025 HK\$'000	As at 30 June 2024 HK\$'000
	Notes		
Payroll payable		40,662	37,912
Contract liabilities	(a)	5,345	5,236
Accruals		2,478	4,630
Other payables	(b)	68,019	42,419
Total		116,504	90,197

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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 2025 and 30 June 2024 are as follows:

	30 June 2025 HK\$'000	30 June 2024 HK\$'000
<i>Short-term advances received from customers</i>		
Sale of goods	5,345	5,236

Contract liabilities include short-term advances received to deliver leather products. The increase in contract liabilities in 2025 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 2023	1,111
Recognised during the year	(391)
Exchange realignment	10
At 30 June 2024 and 1 July 2024	730
Recognised during the year	(502)
Exchange realignment	–
At 30 June 2025	228
Analysed into:	
Current portion	228
Non-current portion	–
At 30 June 2025	228

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

26. SHARE CAPITAL

Shares:

	As at 30 June 2025	As at 30 June 2024
Issued and fully paid:		
960,650,000 (30 June 2024: 959,000,000) ordinary shares	96,065	95,900
Treasury shares:		
4,776,000 (30 June 2024: 6,430,000) ordinary shares	478	643
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 2024 and 30 June 2025	965,430,000	96,543

Note: During the year ended 30 June 2025, the Group repurchased 4,776,000 treasury shares on the Hong Kong Stock Exchange for a total consideration of HK\$2,623,000 in accordance with section 257 of the Hong Kong Companies Ordinance.

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 2025

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 2025

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:

	2025	
	Weighted average exercise price HK\$ per share	Number of options '000
At 1 July 2023 and 30 June 2024 and 2025	3.84	4,500

As at the end of the reporting period, no share options were exercised or cancelled.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2025		
Number of options HK\$'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		

2024		
Number of options HK\$'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 is 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 (FY2024: Nil). The Group recognised no share option expense (FY2024: Nil) during the year ended 30 June 2025.

At the date of approval of these consolidated financial statements, the Company had 4,500,000 share options outstanding under the Share Option Scheme, which represented approximately 0.47% of the Company's shares in issue as at that date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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. The fair value of the share awards was approximately HK\$11,561,000, of which the Group recognised an expense of approximately HK\$1,857,000 for the year ended 30 June 2025 (for the year ended 30 June 2024: HK\$7,551,000).

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, with 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

Year ended 30 June 2025

30. OTHER EXPENSES

	Year ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Fair value loss of investment properties	109,216	9,400
Loss on termination of Cole Haan business*	83,568	–
Impairment loss on property, plant and equipment	1,795	172
Loss on disposal of property, plant and equipment and intangible assets	631	2,259
Donation	389	221
Loss on disposal of inventory	175	251
Impairment of right-of-use assets	–	900
Exchange loss, net	–	2,385
Others	2,115	288
Total	197,889	15,876

- * 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\$9,870,000 (FY2024: HK\$16,439,000) and HK\$9,870,000 (FY2024: HK\$16,439,000), respectively, in respect of lease arrangements for plants and retail stores.

(b) Changes in liabilities arising from financing activities 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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

(b) Changes in liabilities arising from financing activities (continued)

30 June 2024

	Interest-bearing bank borrowings HK\$'000	Dividends payable HK\$'000	Lease liabilities HK\$'000
At 1 July 2023	–	–	47,510
2023 final and 2024 interim dividends payable	–	86,816	–
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	–	(2,013)
New leases	–	–	16,439
Accretion of interest recognised during the year	–	–	2,079
Changes from financing cash flows	–	(86,816)	(28,559)
Foreign exchange movement	–	–	311
At 30 June 2024	–	–	35,767

(c) Total cash outflow for leases

	Year ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Within operating activities	7,921	15,534
Within financing activities	15,695	28,559
Total	23,616	44,093

32. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2025 (30 June 2024: 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 2025

34. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	Year ended 30 June	
	2025 HK\$'000	2024 HK\$'000
Short-term employee benefits	15,087	15,079
Fee	271	423
Post-employment benefits	223	239
Total compensation paid to key management personnel	15,581	15,741

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:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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)

2024

Financial assets

	Financial assets at amortised cost HK\$'000
Trade receivables	297,185
Financial assets included in prepayments, other receivables and other assets	19,504
Pledged deposits	25,939
Cash and cash equivalents	460,551
Total	803,179

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade and bills payables	133,554
Financial liabilities included in other payables and accruals	34,787
Total	168,341

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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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 2025, 56.5% (FY2024: 65.3%) of the Group's sales were denominated in currencies other than the functional currency of the operating units making the sales, whilst approximately 86.8% (FY2024: 88.3%) 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 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

	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 2024

If HK\$ weakens against US\$	5	6,756	–
If HK\$ strengthens against US\$	(5)	(6,756)	–
If HK\$ weakens against EUR	5	13,927	–
If HK\$ strengthens against EUR	(5)	(13,927)	–
If HK\$ weakens against RMB	5	(20,176)	66,130
If HK\$ strengthens against RMB	(5)	20,176	(59,845)
If HK\$ weakens against IDR	5	–	210
If HK\$ strengthens against IDR	(5)	–	(191)

* Excluding retained profits

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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 2025. The amounts presented are gross carrying amounts for financial assets.

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	–	–	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 30 June 2024

	12-month ECLs	Lifetime ECLs		
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000
Trade receivables*	–	–	–	300,681
Financial assets included in prepayments, other receivables and other assets				
– Normal**	19,504	–	–	–
Pledged deposits				
– Not yet past due	25,939	–	–	–
Cash and cash equivalents				
– Not yet past due	460,551	–	–	–

* 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 2025

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 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
Total	213,400	7,505	14,170	–	235,075

As at 30 June 2024	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	4,284	11,967	20,191	715	37,157
Trade and bills payables	133,554	–	–	–	133,554
Financial liabilities included in other payables and accruals	34,787	–	–	–	34,787
Total	172,625	11,967	20,191	715	205,498

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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 2025 and 2024.

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 2025 HK\$'000	30 June 2024 HK\$'000
Lease liabilities	17,147	35,767
Trade and bills payables	150,490	133,554
Other payables and accruals	116,504	90,197
Less: Cash and cash equivalents	(437,393)	(460,551)
Net debt	(153,252)	(201,033)
Equity attributable to equity holders of the Company	1,570,731	1,805,399
Capital and net debt	1,417,479	1,604,366
Gearing ratio	N/A	N/A

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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 2025 HK\$'000	As at 30 June 2024 HK\$'000
NON-CURRENT ASSETS			
Deferred tax assets		1,141	1,431
Investments in subsidiaries		430,089	430,089
Total non-current assets		431,230	431,520
CURRENT ASSETS			
Prepayments, other receivables and other assets		537	3,105
Income tax recoverable		141	326
Amounts due from subsidiaries		623,464	613,067
Pledged deposits		14,783	14,629
Cash and cash equivalents		1,146	1,760
Total current assets		640,071	632,887
CURRENT LIABILITIES			
Other payables and accruals		702	320
Total current liabilities		702	320
NET CURRENT ASSETS		639,369	632,567
TOTAL ASSETS LESS CURRENT LIABILITIES		1,070,599	1,064,087
Net assets		1,070,599	1,064,087
EQUITY			
Share capital	26	96,543	96,543
Treasury shares		(2,623)	(4,044)
Reserves (note)		976,679	971,588
Total equity		1,070,599	1,064,087

Yeung Wo Fai
DirectorChan Tung Chit
Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 June 2025

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	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2023	964,811	4,721	117	(3,809)	965,840
Profit for the year	–	–	–	85,013	85,013
2023 special and final dividends declared	–	–	–	(67,532)	(67,532)
2024 interim dividends declared	–	–	–	(19,284)	(19,284)
Equity-settled share awards arrangement	–	–	7,551	–	7,551
Equity-settled share awards vested	–	–	–	–	–
At 30 June 2024 and 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 awards arrangement	–	–	1,857	–	1,857
Equity-settled share awards vested	–	–	(4,044)	–	(4,044)
At 30 June 2025	964,811	4,721	5,481	1,666	976,679

38. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 29 September 2025.

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				
	2025	2024	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	1,584,240	1,606,481	1,827,792	1,845,875	1,314,416
Profit/(loss) before tax	(168,871)	128,165	258,655	184,695	(82,171)
Income tax expense	(9,203)	(26,277)	(55,859)	(34,306)	(1,211)
Profit/(loss) for the year	(178,074)	101,888	202,796	111,530	(153,659)

ASSETS AND LIABILITIES:

	As at 30 June				
	2025	2024	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	1,882,902	2,114,136	2,138,739	2,216,181	2,318,277
Total liabilities	(312,171)	(308,737)	(358,991)	(450,530)	(569,542)
Net assets	1,570,731	1,805,399	1,779,748	1,765,651	1,748,735

Note:

The consolidated results of the Group for the five years ended 30 June 2021, 2022, 2023, 2024 and 2025 and the consolidated assets and liabilities of the Group as at 30 June 2021, 2022, 2023, 2024 and 2025 have been extracted from the published audited consolidated financial statements.

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

ANNUAL REPORT

2025 年報



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