SG Group Holdings Limited
樺欣控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1657)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2026

The board (the "**Board**") of directors (the "**Directors**") of SG Group Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries for the year ended 30 April 2026. This announcement, containing the full text of the 2026 annual report for the year ended 30 April 2026 of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") in relation to information to accompany preliminary announcement of the annual results.

By order of the Board
SG Group Holdings Limited
Zha Wenyu
Chairman and Executive Director

Hong Kong, 29 July 2026

As at the date of this announcement, the executive directors of the Company are Mr. Zha Wenyu, Mr. Wang Chunbin, Mr. Zhang Denghui, Mr. Jiang Hongqing, Mr. Choi King Ting, Charles, Mr. Choi Ching Shing and Ms. Li Li Mei; and the independent non-executive Directors are Mr. Lai Kwok Hung Alex, Mr. Yeung Chuen Chow Thomas and Mr. Cüneyt Bülent Bilâloğlu.

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CORPORATE INFORMATION

REGISTERED OFFICE
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Unit B, 9/F
Mai Wah Industrial Building
1-7 Wah Sing Street
Kwai Chung
New Territories
Hong Kong

COMPANY'S TELEPHONE HOTLINE
(852) 2756 8980

COMPANY'S EMAIL ADDRESS
admin@jcfash.com

COMPANY'S WEBSITE
www.jcfash.com

EXECUTIVE DIRECTORS
Mr. Zha Wenyu *(Chairman)* (Note 1)
Mr. Wang Chunbin *(Chief Executive Officer)* (Note 1)
Mr. Zhang Denghui (Note 1)
Mr. Jiang Hongqing (Note 1)
Mr. Choi King Ting, Charles (Note 2)
Mr. Choi Ching Shing
Ms. Li Li Mei

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Lai Kwok Hung, Alex
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

COMPANY SECRETARY
Mr. Chu Pui Ki, Dickson
(Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants)

AUTHORISED REPRESENTATIVES
Mr. Zha Wenyu (Note 1)
Mr. Chu Pui Ki, Dickson
Mr. Choi King Ting, Charles (Note 3)

COMPLIANCE OFFICER
Mr. Zha Wenyu (Note 1)
Mr. Choi King Ting, Charles (Note 3)

AUDIT AND RISK MANAGEMENT COMMITTEE
Mr. Lai Kwok Hung, Alex *(Chairman)*
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

REMUNERATION COMMITTEE
Mr. Yeung Chuen Chow, Thomas *(Chairman)*
Mr. Zha Wenyu (Note 1)
Mr. Cüneyt Bülent Bilâloğlu
Mr. Choi King Ting, Charles (Note 3)

NOMINATION COMMITTEE
Mr. Zha Wenyu *(Chairman)* (Note 1)
Ms. Li Li Mei (Note 4)
Mr. LAI Kwok Hung, Alex (Note 4)
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu
Mr. Choi King Ting, Charles (Note 3)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS
Harneys Services (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman, KY1-1002
Cayman Islands

Notes:

1. Appointed on 24 July 2026
2. Resigned as chairman and chief executive officer on 24 July 2026
3. Resigned on 24 July 2026
4. Appointed on 29 July 2025

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21st Floor, 148 Electric Road
North Point
Hong Kong

PRINCIPAL BANKER

Hang Seng Bank Limited
20th Floor, 83 Des Voeux Road
Central, Hong Kong

AUDITOR

D & PARTNERS CPA LIMITED
Certified Public Accountant
Registered Public Interest Entity Auditor
2201, 22/F., West Exchange Tower,
322 Des Voeux Road Central,
Sheung Wan,
Hong Kong

MAIN BOARD STOCK CODE

1657

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of SG Group Holdings Limited (the "Company", and together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Group for the year ended 30 April 2026 (the "Year") to you.

In a year with global economic uncertainties, geopolitical conflicts and the announcement of new tariff policies of the United States of America ("U.S.") in April 2025, a direct result of fashion retailers and wholesalers pressured the suppliers on pricing and accelerated supply chain diversification.

Against the intense competitive trade conditions, the Group's revenue increased by 8.1% to approximately HK$166.2 million for the Year (for the year ended 30 April 2025: HK$153.8 million). Gross profit decreased by 14.5% to HK$25.9 million (for the year ended 30 April 2025: HK$30.3 million), yielding an impaired gross margin of 15.6%, with an increase in loss to HK$7.3 million (for the year ended 30 April 2025: HK$6.0 million).

With the deep understanding of our major customers' needs and better products, the Group would focus on improving our integrated supply chain management, and tightening cost and cash flow controls to increase the operating efficiency as well as to improve the gross profit margin and profitability of the Group. The Board will continue to assess the impact on the Group's operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection therewith. The Group will take appropriate measures to adapt to the challenging environment when necessary.

Looking ahead, the Group's existing principal business operations will continue as usual, day-to-day operations will continue to carry out by its existing management and operational teams. With the change in composition of the Board, more insight and visions would bring to the Group. The Directors will continue to review and evaluate the business objectives and strategies and make timely execution taking into account the business risks and market uncertainties. The Directors will also continue, from time to time, to explore, in a prudent way, suitable investment opportunities to enhance the interests of the Company and its shareholders which in time will bring sustainable and stable development to the Group.

NOTE OF APPRECIATION

On behalf of the Board, I would like to extend my sincere appreciation to the Group's management and staff for their commitment and dedication. I would also like to express my deep gratitude to all of our business partners, customers, suppliers and the Shareholders for their continuous support.

SG Group Holdings Limited
ZHA Wenyu
Chairman

Hong Kong, 29 July 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The business operations of the Group consist of two major segments, namely (i) the supply of apparel products segment, where the Group primarily sources and supplies branded label and influencer collaboration label apparel products to fashion retailers and wholesalers; and (ii) the institutional catering segment, where the Group provides institutional catering to private institution.

During the Year, the Group recorded an increase in the supply of apparel products segment. The Group's revenue from such business segment has increased by 9.7% to approximately HK$156.4 million for the Year from approximately HK$142.6 million for the year ended 30 April 2025. The increase reflected the increase in sales orders from our major UK customers.

In respect of provision of institutional catering to private institution business, the Group recorded a decrease by 12.5% to HK$9.8 million for the Year from approximately HK$11.2 million for the year ended 30 April 2025. The decrease reflected the loss of revenue derived from one of the major customers which completed the service period during the year ended 30 April 2025. Due to the keen competition, the Group will continue to grow market share, in a prudent way, by providing a wide range of high-value menu offerings and customer-focused service.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by 8.1% to approximately HK$166.2 million for the Year from approximately HK$153.8 million for the year ended 30 April 2025. The increase in revenue was mainly due to (i) the increase in revenue generated from the businesses in respect of the supply of apparel products; (ii) the increase in sales orders and revenue generated from the supply of apparel products to major customers headquartered in the UK.

Supply of apparel products business

The Group recorded an increase by 9.7% to approximately HK$156.4 million for the Year from approximately HK$142.6 million for the year ended 30 April 2025. The increase reflected the increase in sales orders from our major UK customers.

Institutional catering business

The Group recorded a decrease by 12.5% to HK$9.8 million for the Year from approximately HK$11.2 million for the year ended 30 April 2025. The decrease reflected the loss of revenue derived from one of the major customers which completed the service period during the year ended 30 April 2025. Due to the keen competition, the Group will continue to grow market share, in a prudent way, by providing a wide range of high-value menu offerings and customer-focused service.

Cost of sales

The Group's cost of sales primarily consists of cost of goods sold and other direct costs. The cost of sales increased by 13.8% to approximately HK$140.4 million for the Year as compared to HK$123.4 million for the year ended 30 April 2025. The cost of sales increased along with the increase in revenue for the Year.

Gross profit and gross profit margin

The Group's gross profit decreased to approximately HK$25.9 million for the Year from approximately HK$30.3 million for the year ended 30 April 2025, representing an decrease of approximately 14.5%. The Group's gross profit margin was approximately 15.6% for the Year and approximately 19.7% for the year ended 30 April 2025. Focusing on the supply of apparel products business segment, the Group's gross profit margin was approximately 13.0% for the Year and approximately 15.8% for the year ended 30 April 2025. Such decrease in gross profit margin was mainly attributable to (i) sales discount granted to the customers upon our customers' requests; and (ii) the increase in production costs incurred in relation to the shortening of production lead time.

Other gains and losses

The Group recorded other net gains on foreign exchange of approximately HK$893,000 for the Year, as compared to other net gains of approximately HK$755,000 for the year ended 30 April 2025. The foreign exchange gains on appreciation of Great British Pound ("GBP") mitigate the appreciation of Renminbi ("RMB").

The Group recorded a net unrealised gain on financial assets at FVTPL of approximately HK$11,000 for the Year, as compared a net unrealised loss on financial assets at FVTPL of HK$10,000 for the year ended 30 April 2025. However, the Group continues, from time to time, to explore, in a prudent way, suitable investment opportunities to enhance the interests of the Company and its shareholders.

The Group recorded an impairment loss recognised on investment properties of approximately HK$0.5 million for the Year (for the year ended 30 April 2025: HK$1.6 million).

Impairment loss recognised on trade receivables

The Group recorded a provision for impairment loss recognised on trade receivables of approximately HK$1.0 million for the Year, as compared to a provision for impairment loss recognised on trade receivables of approximately HK$2.1 million for the year ended 30 April 2025. As a result of the decrease in trade receivables of major UK customers and one of the customers targeting US market, which are past due at the end of the Year and took into account the forward looking factor when assessing the expected credit loss on the trade receivables, the Group incurred a lesser amount of credit loss allowance against the trade receivables as compared to the year ended 30 April 2025. There was no significant change of credit risk exposure for the major customers of the Group.

Administrative expenses

Administrative expenses primarily consist of employee benefit expenses, entertainment expenses, travelling expenses, depreciation of property and equipment and right of-use assets, legal and professional fees and other miscellaneous general and administrative expenses. Administrative expenses increased to approximately HK$18.5 million for the Year from approximately HK$16.7 million for the year ended 30 April 2025, representing a increase of approximately 10.8%. The increase was mainly attributable to the increase in in staff cost to approximately HK$8.2 million (for the year ended 30 April 2025: HK$6.5 million), resulting in the enhancement of back office team so as to cope with the new market and new customers. Nonetheless, the Group continues to inspire the team talent and ensures proper cost control measures on the administrative expenses during the Year.

Selling and distribution expenses

The Group's selling and distribution expenses decreased to approximately HK$15.3 million for the Year from approximately HK$17.1 million for the year ended 30 April 2025, representing an decrease of approximately 10.5%. The decrease was mainly due to the decrease in staff cost to approximately HK$5.8 million (for the year ended 30 April 2025: HK$7.8 million), resulting in the optimisation of the provision of apparel designing and sourcing services and institutional catering to better fulfill our commitments to the existing and potential customers. Nonetheless, the Group continues to ensure proper cost control measures on the employees' remuneration during the Year.

Loss for the year

The Group recorded a loss for the year of approximately HK$7.3 million for the Year, as compared to loss for the year of approximately HK$6.0 million for the year ended 30 April 2025. The increase in loss was mainly due to (i) the decrease in gross profit margin, as well as (ii) the decrease in gross profit generated from the businesses in respect of the supply of apparel product for the Year.

Total comprehensive expenses attributable to owners of the Company

Total comprehensive expenses attributable to owners of the Company amounted to approximately HK$6.8 million for the Year, as compared to total comprehensive expenses of approximately HK$6.2 million for the year ended 30 April 2025. The increase was in line with the loss for the Year; as a result of highly volatile business environment in the overall fashion retail and wholesale market under the continuous geopolitical tensions, high inflation and interest rate hikes.

Basic loss per Share

The Company's basic loss per Share for the Year was approximately HK$0.228, as compared to the basic loss per Share of approximately HK$0.189 for the year ended 30 April 2025. The increase was in line with the loss for the year attributable to owners of the Company for the Year, as compared to that for the year ended 30 April 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintains a healthy financial position. As at 30 April 2026 and 2025, the Group had net current assets of approximately HK$59.7 million and HK$63.6 million, respectively, which include bank balances and cash of approximately HK$30.4 million and HK$30.4 million, respectively. The Group's current ratio (that is, current assets divided by current liabilities) increased from approximately 2.9 as at 30 April 2025 to approximately 3.2 as at 30 April 2026.

Gearing ratio is calculated by dividing total debts by total equity as at the end of the reporting period. The total debts include bank borrowings and lease liabilities. The Group's gearing ratio was approximately 0.0515 as at 30 April 2026 (30 April 2025: 0.1684).

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of the customers in order to reduce the Group's exposure to credit risk. In addition to these ongoing credit evaluations, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

COMMITMENTS

As at 30 April 2026, the Group did not have any capital commitments contracted for but not provided in the audited consolidated financial statements (30 April 2025: HK$Nil). Such commitments related to capital expenditure in respect of renovation of an owned property and acquisition of intangible asset of the Group.

CAPITAL STRUCTURE

As at 30 April 2026 and 2025, the Company's issued share capital was HK$320,000 divided into 32,000,000 Shares of HK$0.01 each.

SIGNIFICANT INVESTMENTS

As at 30 April 2026 and 2025, the Group did not hold any significant investments.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in the prospectus dated 28 February 2017 for the listing of Shares of the Company on GEM of the Stock Exchange ("Prospectus"), the Group currently has no other plan for material investments and capital assets.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 April 2026 and 2025.

FOREIGN EXCHANGE EXPOSURE

As at 30 April 2026 and 2025, the Group's exposure to currency risk primarily related to HK$ and GBP. As HK$ is pegged to the functional currency of the Group, US$, the Group does not expect significant exchange rate risk from HK$. The management of the Group strives to change invoicing currency of sales from GBP to US$ to minimise exchange rate risk from fluctuations of GBP. The Group has set up a comprehensive foreign currency risk management policy that the Group may adopt to manage the risk it faces. The Group will review such policy from time to time. The Group currently does not undertake any foreign currency hedge.

PLEDGE OF ASSETS

Save for the disclosure set out in note 30 to the consolidated financial statements in this annual report, as at 30 April 2026 and 2025, the Group did not have any leased assets secured by the lessor's title under finance lease.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees were 45 and 49 as at 30 April 2026 and 2025, respectively. The Group's employee benefit expenses mainly include salaries, wages, other staff benefits, contributions to retirement schemes. For the years ended 30 April 2026 and 2025, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK$14.0 million and HK$14.3 million, respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to basic salary, year-end bonuses would be discretionarily offered to those employees with outstanding performance.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong and the People's Republic of China ("PRC"). To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong and the PRC during the Year.

The Group also complies with the requirements under the Companies Act (revised) of the Cayman Islands, the Rules Governing the Listings of Securities on the Stock Exchange (the "Listing Rules") and the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO") for the disclosure of information and corporate governance.

ENVIRONMENTAL POLICY

The Group aims to protect the environment by minimising environmental adverse impacts in daily operations, such as energy saving and recycling of office resources. The Group will continue to seek for better environmental practices and promote the right environmental attitudes within the organisation. The Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment.

MANAGEMENT DISCUSSION AND ANALYSIS

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as one of the valuable assets of the Group and the Group strictly complies with the labour laws and regulations in Hong Kong and regularly reviews the existing staff benefits for improvement. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as medical insurance.

The Group provides good quality services to the customers and maintains a good relationship with them. The Group keeps a database to directly communicate with recurring customers for developing a long-term business relationship.

The Group also maintains effective communication and develops a long term trust relationship with the suppliers. During the Year, there was no material dispute or disagreement between the Group and its suppliers.

FUTURE PROSPECTS

In the view of the highly volatile global environment and the increase of credit risk, adhering to the Group's credit risk control policies, the Group will continue to explore new business opportunities with the existing and potential customers in different regions and continue to strengthen its customized comprehensive apparel designing and sourcing services to better fulfill our commitments to the existing and potential customers.

Meanwhile, the Group's existing principal business operations will continue as usual. The Group will continue to expand the peripheral business scope of fashion and scale up the institutional catering at pace and to deliver a sustainable and profitable growth for the Group.

Looking ahead, the Directors will continue to review and evaluate the business objectives and strategies and make timely execution taking into account the business risks and market uncertainties. The Directors will also continue, from time to time, to explore, in a prudent way, suitable investment opportunities to enhance the interests of the Company and its shareholders which in time will bring sustainable and stable development to the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain other risks involved in the Group's current operations. In particular, the Group relies on several major customers and the Group does not enter into any long-term contracts with the customers and therefore they have no commitment to place future orders with the Group, which exposes the Group to the risk of uncertainty and potential volatility in the Group's revenue. The Group also faces business risks such as (i) customers' reliance on the Group's ability to respond to changes in end consumers' preference in a timely manner; (ii) if there is a significant decrease in the orders from our customers in the UK, the Group cannot guarantee that it would be able to make up the loss of sales from other markets; (iii) the Group operates in a competitive market and the intense competition it faces may lead to a decline in the Group's market share and lower profit margins; (iv) the Group is exposed to credit risk from our customers and the payments may not be collected from our customers in the future; (v) costs increase due to fluctuations in the price, availability and quality of raw materials which could affect the supplies of the Group; and (vi) some of our customers are sensitive to social responsibility and social compliance standards if our approved suppliers have or are perceived to have failed to comply with these standards, our reputation as a design and sourcing service provider could be adversely affected and customers may choose not to continue their business with us.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zha Wenyu (查文宇) ("Mr. Zha"), aged 51, is an executive Director and the Chairman of the Company. He is the chairman of the nomination committee of the Board (the "Nomination Committee") and a member of the remuneration committee of the Board (the "Remuneration Committee"). He is the chairman of the board of Sefon Software. Mr. Zha has over 25 years of experience in the information technology and business management sectors. Mr. Zha joined Sefon Software in September 2016 and has been serving as the chairman of the board of Sefon Software since then. Mr. Zha is a member of the Chinese People's Political Consultative Conference of the Wuhou District of Chengdu. Mr. Zha has been recognised with various honours and awards, including the high-level talent under the National Special Support Plan for High-Level Talents in Science and Technology Entrepreneurship (國家高層次人才特殊支持計劃科技創業領軍人才), Chengdu Leading Talent in Big Data (成都市大數據領軍人才), Chengdu Outstanding Talent in New Economy (成都市新經濟優秀人才), and the "Tianfu Qingcheng" Leading Talent in Entrepreneurship of Sichuan Province (四川省「天府青城」天府創業領軍人才).

Mr. Zha obtained a bachelor's degree in business administration from Chongqing Technology and Business University (重慶工商大學) (formerly known as Chongqing Business School (重慶商學院)).

Mr. Wang Chunbin (王純斌) ("Mr. Wang"), aged 49, is an executive Director and the Chief Executive Office of the Company. He is the director and general manager of Sefon Software. Mr. Wang has over 24 years of experience in information technology, software development, and corporate management. He joined Sefon Software in May 2014 and has been serving as the director and general manager of Sefon Software since then.

Mr. Wang obtained a bachelor's degree in mechanical design and manufacturing from Qingdao University of Technology (青島理工大學) (formerly known as Qingdao Institute of Architecture and Engineering (青島建築工程學院)).

Mr. Wang was awarded the third prize for Scientific and Technological Progress Award by the Chengdu Municipal People's Government (成都市科技進步三等獎) in 2007, the third prize for Scientific and Technological Progress Award by the Sichuan Provincial People's Government (四川省科技進步三等獎) in 2012, and the second prize for Scientific and Technological Progress Award by the Sichuan Provincial People's Government (四川省科技進步二等獎) in 2019. He was recognized as a "Technology Leader" under the "Rongbei Talent" programme (成都市蓉貝人才技術領銜人) by the Chengdu Municipal People's Government (2019).

Mr. Zhang Denghui (張登輝) ("Mr. Zhang"), aged 31, is an executive Director. He is the director and senior vice general manager of Chengdu Sefon Software. Mr. Zhang joined Sefon Software in November 2017. He has held various positions at Sefon Software, including customer manager, general manager of the northwestern region, general manager of the northern region, and director and senior vice general manager. He is currently responsible for the marketing system and the market expansion of Sefon Software's solutions and products.

Mr. Zhang obtained a bachelor's degree in engineering, majoring in network engineering, from Southwest Minzu University (西南民族大學).

Mr. Jiang Hongqing (蔣洪慶) ("Mr. Jiang"), aged 51, is an executive Director. He is the director, senior vice general manager, chief financial officer and secretary to the board of Sefon Software. Mr. Jiang has nearly 30 years of experience in finance, auditing, and capital operations. He joined Sefon Software in May 2018 and has been serving as the director, senior vice general manager, chief financial officer and secretary to the board of Sefon Software since then. Prior to his joining in Sefon Software, he took up various positions including director, deputy general manager, and chief financial officer of Chengdu Hengrun Hi-Tech Co., Ltd. (成都恒潤高新科技股份有限公司) from December 2014 to April 2018.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Jiang obtained a bachelor's degree in business administration from Chengdu University of Technology (成都理工大學). He is a Certified Public Accountant (non-practising) accredited by The Chinese Institute of Certified Public Accountants. He also holds the board secretary qualifications for the Shenzhen Stock Exchange and the STAR Market of the Shanghai Stock Exchange.

Mr. Choi King Ting, Charles (蔡敬庭) ("Mr. Charles Choi"), aged 49, is an executive Director. Mr. Charles Choi is the director of JC FASHION GROUP LIMITED, JC Fashion Group Limited (旺利多時裝集團有限公司), JC Fashion (UK) Company Limited, JC Fashion (Shenzhen) Limited (旺利多時裝(深圳)有限公司), JC Fashion (Overseas) Development Company Limited, JC Capital Development Company Limited, A Dim Sum Story (HK) Limited and LOST INK LIMITED, all of which are wholly-owned subsidiaries of the Company. He is also a director of JC Fashion International Group Limited (a company wholly-owned by Mr. Charles Choi and is the controlling shareholders of the Company). Mr. Charles Choi is the younger half-brother of Mr. Choi Ching Shing. Mr. Charles Choi is primarily responsible for the overall management, operations and reviewing of corporate directions and strategies of our Group, and managing customer relationships and marketing. Mr. Charles Choi has more than 20 years of experience in the apparel designing and sourcing industry. Mr. Charles Choi joined our Group in September 2011. Mr. Charles Choi worked as a general manager in JC Fashion Company Limited (旺利多有限公司) from November 2001 to December 2011.

Mr. Charles Choi obtained a bachelor of commerce degree from the University of Toronto in Canada in November 2000. Mr. Charles Choi is also a director of the Federation of Hong Kong Garment Manufacturers, which is an organisation incorporated in 1964 to promote and protect the interests of garment manufacturers and merchants in Hong Kong. He become a member of Young President Organization since April 2020.

Mr. Choi Ching Shing (蔡清丞) ("Mr. Benny Choi"), aged 50, is an executive Director, the head of design and development team and the elder half-brother of Mr. Charles Choi. He was appointed as a Director on 18 July 2016 and re-designated as an executive Director on 15 August 2016. He has been the head of the design and development team since 1 April 2016. Mr. Benny Choi is the director of JC Design & Consultancy Company Limited, JC Fashion Group Limited (旺利多時裝集團有限公司) and JC FASHION GROUP LIMITED, all of which are wholly-owned subsidiaries of the Company. Mr. Benny Choi is primarily responsible for the overall management, operations, reviewing of corporate directions and strategies of our Group and is responsible for determining the design and development of our apparel products. Mr. Benny Choi has more than 16 years of experience in the garment industry. Mr. Benny Choi joined our Group in November 2014. Mr. Benny Choi was employed at Wintako Company Limited as a merchandiser from December 2000 to November 2007. Mr. Benny Choi was a general manager and director of Wintako Fashion Company Limited from November 2007 to October 2014 and July 2007 to July 2016, respectively.

Mr. Benny Choi obtained a bachelor of commerce degree from the University of Toronto in Canada in June 2001.

Ms. Li Li Mei (李麗美) ("Ms. Li"), aged 50, was appointed as an executive Director on 31 December 2024 and was appointed as the Group's administration and human resources manager with effect from 1 February 2016. She is also the member of the Nomination Committee. Ms. Li is primarily responsible for the administration and human resources management of the Group. Ms. Li has more than 20 years of experience in the bookkeeping and administrative field. Prior to joining the Group in March 2015, Ms. Li worked as an accounts clerk in G.E. Logistics Inc. from July 1997 to August 2000 and an accounts supervisor in Deltamax Freight System Limited from September 2000 to July 2009. She served as an operation clerk in Chin Yang Enterprises Company Limited from May 2010 to September 2010, Ms. Li was an accounts clerk in Kennetex International Limited from November 2010 to February 2015.

Ms. Li obtained a diploma in international trade studies from Song Shan High School of Commerce in Taiwan in July 1995. She further obtained a diploma in international trade studies from Taipei College of Maritime Technology (formerly known as China College of Maritime Technology and Commerce) in Taiwan in June 2004.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Kwok Hung, Alex (黎國鴻), ("Mr. Lai"), aged 62, has been appointed as an independent non-executive Director and the chairman of the audit and risk management committee of the Board (the "Audit and Risk Management Committee") on 21 February 2017. He is also the member of the Nomination Committee. Mr. Lai has over 31 years' solid experience in corporate governance, financial advisory and management, funds raising, business development and management. Mr. Lai is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the United Kingdom. He is also a Chartered Secretary and Chartered Governance Professional and an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Currently, Mr. Lai is an associate member of Urban Land Institute, a member of both the Hong Kong Institute of Directors and The American Chamber of Commerce in Hong Kong. Mr. Lai has been appointed as an executive director and a member of the investment committee of Gemini Investments (holdings) limited ("Gemini") (a company listed on the Main Board of the Stock Exchange, stock code: 174) since 9 August 2013, and appointed as the chief executive officer of Gemini since 31 December 2020.

Mr. Lai has been appointed as an independent director of SICC Co., Ltd. since February 2025, which became listed on the Main Board of the Stock Exchange (stock code: 2631) on 20 August 2025. SICC Co., Ltd. is also a company listed on Shanghai Stock Exchange with stock code: 688234. He has been re-designated as an independent non-executive director and appointed as a chairman of its remuneration and appraisal committee and a member of each of its audit committee and nomination committee since SICC Co., Ltd. was listed on the Stock Exchange.

Mr. Lai obtained a Bachelor of Arts degree in Accountancy awarded by The City University of Hong Kong in 1993, a Diploma in Legal Studies awarded by The University of Hong Kong in 2002 and a Master's Degree in Professional Accounting awarded by The Hong Kong Polytechnic University in 2004.

Mr. Yeung Chuen Chow, Thomas (楊存洲) ("Mr. Yeung"), aged 51, was appointed as an independent non-executive Director on 21 February 2017. He is the chairman of the Remuneration Committee and a member of the Nomination Committee and Audit and Risk Management Committee. Mr. Yeung has more than 18 years of experience in the garment industry. Since September 1998, Mr. Yeung has served as a director of Wall Street Uniforms International Limited, which is a uniform supplier. Mr. Yeung has served as a director of The Federation of Hong Kong Garment Manufacturers since January 2000.

Mr. Yeung obtained a bachelor of science degree in business administration from the Tepper School of Business of Carnegie Mellon University in the US in May 1998.

Mr. Cüneyt Bülent Bilâloğlu ("Mr. Bilâloğlu"), aged 52, was appointed as an independent non-executive Director on 21 February 2017. He is a member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. Mr. Bilâloğlu has approximately 16 years of experience in the legal industry. From February 2008 to July 2010, Mr. Bilâloğlu was a legal trainee at the judicial district of the Berlin Court of Appeal in Germany. From 1 October 2009 to 31 December 2009, Mr. Bilâloğlu was a legal trainee at the Shanghai office of King & Wood (currently known as King & Wood Mallesons), a firm which at the time of Mr. Bilâloğlu's training specialised in foreign direct investments, banking, employment, mergers and acquisition and copyright law. From August 2010 to October 2011, Mr. Bilâloğlu worked as a freelance legal consultant giving advice on various areas of law, inducing structuring a company for expansion into European and Asian markets. He joined LOBERT Partnerschaft Rechtsanwälte as a partner from September 2012 to June 2014. He was a founding partner of BBvB Dr. Alt & Böhmke Partnerschaft mbB, Rechtsanwälte from December 2014 to June 2019. Currently, he is a partner of Gùwèn Rechtsanwälte PartmbB since July 2019.

He obtained a diploma in jurist from Humboldt University of Berlin in Germany in March 2006. Mr. Bilâloğlu further obtained a MA in media consultancy from Technical University of Berlin in Germany in July 2009.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Lau Wai Ching, Maggie (劉慧清) ("Ms. Lau"), aged 60, was appointed as the Group's account manager with effect from 1 February 2016. Ms. Lau is primarily responsible for the financial management of the Group. Ms. Lau has accumulated approximately 30 years of experience in accounting. Prior to joining the Group in February 2013, Ms. Lau worked as a cashier in the accounts department of Henderson Real Estate Agency Limited from February 1992 to September 1992. Ms. Lau worked as an accounts clerk in Bambi (Hong Kong) Limited from February 1993 to February 1994, in Flexico Co. Limited from March 1994 to March 2003 and in Tsuen Shing Enterprises Limited from November 2003 to November 2006. She served as a senior account clerk in Cathay Clothing International Limited from November 2006 to March 2009. She was an account clerk and shipping supervisor in Kennetex International Limited from April 2009 to August 2011 and an accounts supervisor in Yield Growth Foods Trading Co. Limited from October 2011 to February 2013.

Ms. Lau completed her form 5 secondary school education at Pak Kau English School in July 1984.

Mr. Yu Xu Ming (俞旭明) ("Mr. Yu"), aged 64, was appointed as the Group's quality assurance manager with effect from 1 December 2017. Mr. Yu is primarily responsible for the overall quality control process. Mr. Yu has approximately 36 years of experience in the garment industry. Prior to joining the Group in September 2017, Mr. Yu worked as a sewing machine operator in Zhejiang Huzhou City Xiaoshi Silk Fashion Factory (浙江湖州市曉市絲綢服裝廠) from December 1981 to December 1984. Mr. Yu served as a production supervisor and sample room supervisor respectively in Hong Mu Dan Silk Fashion Company Limited (紅牡丹絲綢時裝有限公司) from December 1984 to August 1988 and December 1988 to February 1999 respectively. Besides, Mr. Yu served as a sample room supervisor in Baozi Fashion Factory (寶姿時裝廠) in March 1999 to February 2006. Mr. Yu served as a quality assurance supervisor in Dashing Fashion (Shenzhen) Company Limited (好利高時裝(深圳)有限公司) from March 2006 to May 2008, and served as a quality assurance supervisor in KC Fashion (Shenzhen) Company Limited (港絲時裝(深圳)有限公司) from June 2008 to August 2017.

Mr. Yu completed his high school course in June 1980 at Anjixian Xiaoshi High School in Zhejiang Province (浙江省安吉縣曉市中學). Mr. Yu did not hold any directorships in any securities listed companies in or on any securities market in Hong Kong or overseas in the past three years.

COMPANY SECRETARY

Mr. Chu Pui Ki, Dickson (朱沛祺) ("Mr. Chu"), aged 42, was appointed as the company secretary of the Company on 1 March 2019. Mr. Chu is primarily responsible for overseeing the company secretarial affairs of the Group.

Mr. Chu has over 15 years of relevant experience in accounting and auditing and has experience in tax, internal control matters and holding the positions of company secretary and authorised representative in other companies listed on the Stock Exchange. He is currently serving as the company secretary and providing professional corporate services to companies listed in the main board and GEM of the Stock Exchange.

Mr. Chu graduated from the Hong Kong Baptist University in Hong Kong with a bachelor's degree of business administration in accounting in November 2006 and he has been a member of Hong Kong Institute of Certified Public Accountants since February 2011.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Company's corporate governance code are based on the principles of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules. The Company is committed to ensure a quality board and transparency and accountability to shareholders. The CG Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Charles Choi is the chairman and chief executive officer of the Company, which constitutes a deviation from the code provision C.2.1.

Since Mr. Charles Choi has been operating and managing JC Fashion Group Limited (旺利多時裝集團有限公司), the main operating subsidiary of the Company since its incorporation, the Board believes that it is in the best interest of the Group to have Mr. Charles Choi taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. The Directors also believe that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and professional individuals including three independent non-executive Directors. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

The Company complied with all code provisions in the CG Code during the Year, save for code provisions C.2.1.

After the change of chairman and chief executive officer of the Company on 24 July 2026, the Company complied with all code provisions in the CG Code.

The Board has reserved for its decision and consideration issues in relation to (i) formulating the strategic objectives of the Group; (ii) considering and deciding the Group's significant operational and financial matters, including but not limited to substantial mergers and acquisitions and disposals; (iii) overseeing the Group's corporate governance practices; (iv) ensuring a risk management control system in place; (v) directing and monitoring senior management in pursuit of the Group's strategic objectives; and (vi) determining the remuneration packages of all Directors and the Group's senior management, including benefits in kind, pension rights and compensation payments for loss or termination of their office or appointment. Implementation and execution of Board policies and strategies and the daily administrative matters are delegated to the respective Board committees and the management team of the Company.

The Board will conduct at least four regular Board meetings a year and additional meetings will be held or resolutions in writing signed by all Directors in lieu of a meeting will be arranged as and when required. If a substantial shareholder of the Company or a Director has a conflict of interest in a transaction which the Board determines to be material, it will be considered and dealt with by the Board at a duly convened Board meeting. Comprehensive information on matters to be discussed at the Board meeting will be supplied to the Directors in a timely manner to facilitate discussion and decision making.

COMPOSITION OF THE BOARD

At the date of this report, the Board comprises seven executive Directors and three independent non-executive Directors, the name and office of each of the members of the Board and the Board committees of the Company are as follows:

CORPORATE GOVERNANCE REPORT

Executive Directors

Mr. Zha Wenyu *(Chairman)* (Note 1)
Mr. Wang Chunbin *(Chief Executive Officer)* (Note 1)
Mr. Zhang Denghui (Note 1)
Mr. Jiang Hongqing (Note 1)
Mr. Choi King Ting, Charles (Note 2)
Mr. Choi Ching Shing
Ms. Li Li Mei

Independent Non-executive Directors

Mr. Lai Kwok Hung, Alex
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

Audit and Risk Management Committee member

Mr. Lai Kwok Hung, Alex *(Chairman)*
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

Remuneration Committee

Mr. Yeung Chuen Chow, Thomas *(Chairman)*
Mr. Zha Wenyu (Note 1)
Mr. Cüneyt Bülent Bilâloğlu
Mr. Choi King Ting, Charles (Note 3)

Nomination Committee

Mr. Zha Wenyu *(Chairman)* (Note 1)
Ms. Li Li Mei (Note 4)
Mr. LAI Kwok Hung, Alex (Note 4)
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu
Mr. Choi King Ting, Charles (Note 3)

Notes:

1. Appointed on 24 July 2026

2. Resigned as chairman and chief executive officer on 24 July 2026

3. Resigned on 24 July 2026

4. Appointed on 29 July 2025

* The amendments to the Corporate Governance Code (Appendix C1) effective on 1 July 2025 will apply to corporate governance reports and annual reports for financial years commencing on or after 1 July 2025. For this annual report, the Company shall refer to the then effective CG Code.

Pursuant to the articles of association of the Company (the "Articles"), all Directors were appointed for an initial term of three years. At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years.

The Board composition is regularly reviewed to ensure that it has a balance of skills and experience appropriate for the requirement of the business of the Group. A balanced composition of executive Directors and independent non-executive Directors is maintained to ensure independence and effective management. The Company has satisfied the relevant provision of the Listing Rules in having at least one of the independent non-executive Directors with appropriate professional qualifications or accounting or related financial management expertise. Save as the fact that Mr. Charles Choi is the younger half-brother of Mr. Benny Choi, there is no relationship among the members of the Board.

The appointment of Directors is recommended by the Nomination Committee and approved by the Board based on a formal written procedure and policy for the appointment of new Directors. When selecting potential candidates for the Directors, their skills, experience, expertise, devotion of time and non-conflicts of interests are the key factors.

The daily operation and management of the business of the Group, among other matters, the implementation of strategies, are delegated to the executive Directors. They report periodically to the Board on their work and business decisions.

All Directors have been fully consulted about any matters proposed for inclusion in the agenda for regular meetings. The chairman of the Board has delegated the responsibility for drawing up the agenda for each Board meeting to the company secretary of the Company (the “Company Secretary”).

With the assistance of the Company Secretary, the chairman of the Board seeks to ensure that all Directors are properly briefed on issues arising at the Board meetings and have received adequate and reliable information in a timely manner.

Notices of at least 14 days are given to the Directors for regular meetings, while the Board papers are sent to the Directors not less than three days before the intended date of a Board or Board committee meeting. With respect to other meetings, the Directors are given as much notice as is reasonable and practicable in the circumstances. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles. The Company Secretary ensures that the procedures and all applicable rules and regulations are complied with. Minutes of the Board meetings and meetings of the Board committees are kept by the Company Secretary and are available for inspection at any time on reasonable notice by any Director.

The Directors have full access to information of the Group and are able to obtain independent professional advice whenever they deem necessary. Memorandums are issued to the Directors from time to time to update them with legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

Draft minutes are normally circulated to Directors or members of the relevant Board committees for comment within a reasonable time after each meeting.

Any material transaction, which involves a conflict of interests between a substantial shareholder or a Director and the Company, will be considered and dealt with by the Board at a duly convened Board meeting with the presence of the non-executive Directors and the independent non-executive Directors. Directors are abstained from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

Responsibilities

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include (i) regular board meetings focusing on business strategy, operational issues and financial performance; (ii) monitoring the quality, timeliness, relevance and reliability of internal and external reporting; (iii) monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in connected transaction; and (iv) ensuing processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

Director's Responsibilities for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements of the Group are accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the consolidated financial statements of the Group. In preparing the accounts for the Year, the Directors have, among other things:

- selected suitable accounting policies and applied them consistently;
- approved adoption of all Hong Kong Financial Reporting Standards which are in conformity with the International Financial Reporting Standards; and
- made judgments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis.

The Directors confirm that, to the best of their knowledge, information and belief, and having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

Board Diversity Policy

The Board has adopted a "Board Diversity Policy" (the "Policy") which sets out the approach to achieve diversity on the Board and the Nomination Committee is responsible for monitoring the implementation of the Policy. In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Policy, including but not limited to gender, age, cultural and educational background, or professional experience etc. The Nomination Committee will discuss any revisions which may be required, and recommend any such revisions to the Board for consideration and approval.

The Board will review the implementation and effectiveness of the Policy on an annual basis to ensure its continued effectiveness. The Group will also ensure that there is gender diversity when recruiting staff at mid to senior level and engage more resources in career development and training female staff with the aim of promoting them to the senior management or directorship of the Company; and will continue to apply the principle of appointments based on merits with reference to the Policy as a whole.

The Board places emphasis on diversity (including gender diversity) across all levels of the Group. The employee gender ratio of the Group as at 30 April 2026 is approximately 1 male: 1.4 female. The Group when hiring employees considers a number of factors, including but not limited to gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service, and the Group will make sure achieving gender diversity across the workforce. The Board considers that the gender ratio in the workforce (including senior management) is satisfactory. Yet, the Group will still (i) periodically review internal records on gender diversity; (ii) identify suitable female candidates for relevant positions within the Company; and (iii) try to ensure that there is gender diversity when recruiting staff at mid to senior level and engage more resources in career development and training female staff with the aim of promoting them to the senior management or directorship of the Company. The Board will ensure that any successors to the Board shall follow the Policy.

The Board currently comprised of 10 Directors, one of which is female. The Board is currently of the opinion that it generally meets the diversity requirements under the Listing Rules. Yet, the Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified and will review the implementation and effectiveness of the Policy on an annual basis to ensure its continued effectiveness.

During the year ended 30 April 2026, the Nomination Committee has reviewed the independence of the independent non-executive Directors, to consider the qualifications of the retiring directors standing for election at the 2026 annual general meeting, to review the structure, size and composition of the Board and to review the Policy. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

Delegation by the Board

The Board has established three committees, namely the Audit and Risk Management Committee, the Remuneration Committee and the Nomination Committee. Specific responsibilities of each committee are described below. All committees have defined terms of reference which are no less exacting than those set out in the CG Code.

Audit and Risk Management Committee

The Audit and Risk Management Committee was established with written terms of reference in compliance with the CG Code on 21 February 2017 and amended on 27 December 2018 and 16 March 2020. The Audit and Risk Management Committee consists of three independent non-executive Directors, namely Mr. Lai Kwok Hung, Alex, serving as the chairman, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu.

The primary responsibilities of the Audit and Risk Management Committee are to (i) oversee the Company's relationship with the external auditor; (ii) review the financial information of the Company; (iii) oversee the Company's financial reporting system, risk management and internal control systems and effectiveness of internal audit function; (iv) oversee the Company's corporate governance function; and (v) perform other duties assigned by the Board. All committee members possess appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules.

During the Year, four meetings of the Audit and Risk Management Committee were held in which the members review and consider, inter alias, the audited financial statements of the Group for the Year and the re-appointment of independent auditor of the Group. There was no disagreement between the Board and the Audit and Risk Management Committee on the selection and appointment of external auditors.

The Company's financial statements for the Year have been reviewed by the Audit and Risk Management Committee. The Audit and Risk Management Committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the Stock Exchange and disclosures have been fully made.

Remuneration Committee

The Remuneration Committee was established with written terms of reference in compliance with the CG Code on 21 February 2017 and amended on 16 March 2020 and 28 July 2023. The Remuneration Committee consists of two independent non-executive Directors, namely Mr. Yeung Chuen Chow, Thomas, serving as the chairman, and Mr. Cüneyt Bülent Bilâloğlu, and one executive Director, namely Mr. Zha.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure of all remuneration of Directors and senior management and the establishment of a formal and transparent procedure for developing a policy on such remuneration, assess the performance of executive Directors and approve the terms of executive Directors' service contracts and reviewing and/or approving matters relating to share schemes under Chapter 17. The Remuneration Committee has duly performed their duties during the Year.

The Remuneration Committee and the Board will review the terms of reference of the Remuneration Committee at least annually. The terms of reference of the Remuneration Committee are in line with the requirements of the Listing Rules.

According to the terms of reference of the Remuneration Committee, the Remuneration Committee will make recommendations to the Board about the remuneration of non-executive Directors. In determining the emoluments payable to the Directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment, responsibilities and employment conditions elsewhere in the Group.

During the Year, one meeting of the Remuneration Committee was held.

There was no discretionary bonus paid to the Directors and the five highest paid individuals for the Year (30 April 2025: HK$Nil). Details of the directors' remuneration and five highest paid individuals for the Year as regarded to be disclosed pursuant to the CG Code are provided in note 11 to the consolidated financial statements.

During the Year, the remuneration of the senior management is listed below by band:

	Number of individuals
HK$ nil to HK$1,000,000	2
HK$1,000,001 to HK$1,500,000	–

Nomination Committee

The Nomination Committee was established with written terms of reference in compliance with the CG Code on 21 February 2017 and amended on 27 December 2018, 16 March 2020 and 29 July 2026. The Nomination Committee consists of three independent non-executive Directors, namely Mr. Lai Kwok Hung, Alex, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu, and two executive Directors, namely Mr. Zha, serving as the chairman, and Ms. Li Li Mei.

The Nomination Committee is responsible for (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, (ii) identifying individuals suitably qualified to become Board members, (iii) assessing the independence of the independent non-executive Directors; and (iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Director.

The Nomination Committee and the Board will review the terms of reference of the Nomination Committee at least annually. The terms of reference of the Nomination Committee are in line with the requirements of the Listing Rules.

During the Year, one meeting of the Nomination Committee was held in which the Nomination Committee members (i) reviewed and considered that the structure, size, diversity and composition of the Board are appropriate; (ii) assessed the independence of independent non-executive Directors; (iii) recommended the appointment and re-appointments of Directors; and (iv) recommended the aforesaid matters to the Board for approval.

The Nomination Committee will review the Board composition by considering the benefits of all aspects of diversity, including but not limited to those described under the heading of Board Diversity Policy in this report. The Board Diversity Policy shall be reviewed by the Nomination Committee, as appropriate, to ensure its effectiveness.

Nomination Policy

The Board adopted a nomination policy (the "Nomination Policy") on 27 December 2018. A summary of the Nomination Policy, together with the selection criteria and the nomination procedures made towards achieving those objectives are disclosed below:

Summary of the Nomination Policy

The Nomination Policy provides the key selection criteria and general principles of the Nomination Committee in making any recommendation on the appointment and re-appointment of the Directors. It aims to ensure that the Board has a balance of skills, experience, knowledge and diversity of perspectives appropriate to the requirements of the Group's business.

Selection criteria

When making recommendation(s) regarding the appointment of any proposed candidate(s) for directorships to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a number of criteria including but not limited to the followings:

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;

(c) Measurable objectives adopted for achieving diversity on the Board;

(d) Requirements of the Board to have independent directors in accordance with the Listings Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;

(e) Potential contributions he/she will bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

(f) Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and

(g) Other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Articles and other applicable rules and regulations. The progress made towards achieving the objectives set out in the Nomination Policy will be disclosed periodically in the corporate governance report of the Company.

Nomination procedures

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

(a) Appointment of new director

(i) The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents;

(ii) The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

(iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable;

(iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

(b) Re-election of Director at General Meeting

(i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board;

(ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above;

(iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as director at the general meeting, the relevant information of the candidate will be disclosed in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

Review of Nomination Policy

The Nomination Committee will conduct regular reviews on the structure, size and composition of the Board and this Policy and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and business needs.

Attendance of meetings

During the Year, the attendance of each member of the board meetings, general meeting and the above committee meetings are recorded as below:

	Number of meetings attended/Number of meetings held				
Name of Directors	Board Meeting	Audit and Risk Management Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	General Meeting
Executive Directors:					
Mr. Zha Wenyu *(Chairman)* (Note 1)	NA	NA	NA	NA	NA
Mr. Wang Chunbin *(Chief Executive Officer)* (Note 1)	NA	NA	NA	NA	NA
Mr. Zhang Denghui (Note)	NA	NA	NA	NA	NA
Mr. Jiang Hongqing (Note)	NA	NA	NA	NA	NA
Mr. Choi King Ting, Charles	4/4	NA	1/1	1/1	1/1
Mr. Choi Ching Shing	4/4	NA	NA	NA	1/1
Ms. Li Li Mei (Note 2)	4/4	NA	NA	NA	1/1
Independent Non-Executive Directors:					
Mr. Lai Kwok Hung, Alex (Note 2)	4/4	3/3	NA	NA	1/1
Mr. Yeung Chuen Chow, Thomas	4/4	3/3	1/1	1/1	1/1
Mr. Cüneyt Bülent Bilâloğlu	4/4	3/3	1/1	1/1	1/1

Notes:

1. Appointed on 24 July 2026

2. Appointed as a member of the Nomination Committee on 29 July 2025.

INDEPENDENT VIEWS AND INPUT

During the year ended 30 April 2026, the Board also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. Taking into account the following channels, the Board considered that the Company had in place mechanisms which remain effective to ensure a strong independent element on the Board:

- a sufficient number of three independent non-executive Directors representing more than one-third of the Board and all of them continue to devote adequate time contribution to the Company;
- the independent non-executive Directors have an equal status to other Board members;
- all independent non-executive Directors share their views and opinions through regular quarterly meetings;
- annual meeting between the Chairman and all independent non-executive Directors without presence of other Directors providing effective platform for the Chairman to listen independent views on various issues concerning the Group;
- interaction with management and other Board members including the Chairman outside the boardroom upon request by the Directors; and
- independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Appendix C3 to Listing Rules (the "Model Code"). In response to the specific enquiry made by the Company of the Directors, all Directors have confirmed that they had compiled with the required standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the Year.

Pursuant to B.13 of the Model Code, the Directors have also requested any employee of the Company or director or employee of subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

Directors must keep abreast of their collective responsibilities. Before the Listing, each newly appointed Director received training from the legal advisor of the statutory and regulatory obligations of a director of a listed company in Hong Kong. The Directors are continually updated with business and market changes, and legal and regulatory developments to facilitate the discharge of their responsibilities through various Board meetings, resolutions, memorandum, Board papers, and updates on corporate governance practices and director's responsibilities under the Listing Rules, applicable laws and other relevant statutory requirements.

During the Year, the current Board members participated in the following training programs:

	Types of training	
Name of Directors	**Attending seminar, and/or meeting, and/or forum, and/or briefing**	**Reading materials updating on new rules and regulations**
Executive Directors		
Zha Wenyu (Note)	NA	NA
Wang Chunbin (Note)	NA	NA
Zhang Denghui (Note)	NA	NA
Jiang Hongqing (Note)	NA	NA
Mr. Choi King Ting, Charles	✓	✓
Mr. Choi Ching Shing	✓	✓
Ms. Li Li Mei	✓	✓
Independent non-executive Directors		
Mr. Lai Kwok Hung, Alex	✓	✓
Mr. Yeung Chuen Chow, Thomas	✓	✓
Mr. Cüneyt Bülent Bilâloğlu	✓	✓

Note: Appointed on 24 July 2026

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group and, as at the date of this report, the Directors and officers of the Company are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers of the Company shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for monitoring the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed 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. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

During the Year, the Board, through the Audit and Risk Management Committee, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, which covered all material controls including financial, operational and compliance controls. Such annual review was done with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit and Risk Management Committee communicated any material issues to the Board.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs.

During the Year, the Group appointed APEC RISK MANAGEMENT LIMITED ("ARML") to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews; and

- independently perform internal control review and assess effectiveness of the Group's risk management and internal control systems.

The results of the independent review and assessment were reported to the Audit and Risk Management Committee and the Board. Moreover, improvements in internal control and risk management measures, as recommended by ARML, to enhance the risk management and internal control systems of the Group and to mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of ARML, as well as the comments of the Audit and Risk Management Committee, the Board considered the internal control and risk management systems are effective and adequate.

Enterprise Risk Management Framework

The Group established its enterprise risk management framework during the Year. While the Board has the overall responsibility to ensure that sound and effective internal controls are maintained, management is responsible for designing and implementing an internal control system to manage all kinds of risks faced by the Group.

Through the risk identification and assessment processes, risks are identified, assessed, prioritised and allocated treatments. The Group's risk management framework follows the COSO Enterprise Risk Management — Integrated Framework, which allows the Board and management to manage the risks of the Group effectively. The Board receives regular reports through the Audit and Risk Management Committee that oversights risk management and internal audit functions of the Group.

Principal Risks

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of principal risks including currency risk, interest rate risk, credit risk and liquidity risk. Furthermore, there are certain other risks involved in the Group's operations which are beyond its control. In particular, the Group relies on several major customers and the Group does not enter into any long term contracts with them and therefore they have no commitment to place future orders with the Group, which exposes the Group to the risk of uncertainty and potential volatility in the Group's revenue. The Group also faces business risks such as (i) customers' reliance on the Group's ability to respond to changes in end customers' preference in a timely manner; (ii) if there is a significant decrease in the orders from our customers in the UK, the Group cannot guarantee that it would be able to make up the loss of sales from other markets; (iii) the Group operates in a competitive market and the intense competition it faces may lead to a decline in the Group's market share and lower profit margins; (iv) the Group is exposed to credit risk from our customers and the payments may not be collected from our customers in the future; (v) costs increase due to fluctuations in the price, availability and quality of raw materials which could affect the supplies of the Group; and (vi) some of our customers are sensitive to social responsibility and social compliance standards if our approved suppliers have or are perceived to have failed to comply with these standards, our reputation as a design and sourcing service provider could be adversely affected and customers may choose not to continue their business with us.

Risk Control Mechanism

The Group adopts a "three-layer" corporate governance structure with (i) operational management and controls performed by operations management, (ii) coupled with risk management monitoring carried out by the finance team, and (iii) independent internal audit outsourced to and conducted by ARML. The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit and Risk Management Committee and management with a profile of its major risks and records management's action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group. The risk register is updated at least annually by the management as the risk owners with addition of new risks and/or removal of existing risks, if applicable, after the annual risk evaluation has been performed. This review process can ensure that the Group proactively manages the risks faced so that all risk owners have access to the risk register and are aware of those risks in their area of responsibility and they can adopt follow-up actions in an efficient manner.

The Group's risk management activities are performed by management on an ongoing basis. The Company has adopted risk management policy and procedures (the "Risk Management Policy"). The effectiveness of the Group's risk management framework will be evaluated at least annually, and periodic management meeting is held to update the progress of risk monitoring efforts. The management is committed to ensure that risk management forms part of the daily business operation processes in order to align risk management with corporate goals in an effective manner.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management annually in order to further enhance the Group's internal control and risk management systems.

RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group and ensure that the preparation of the consolidated financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

AUDITOR'S REMUNERATION AND RESPONSIBILITIES

The Company has appointed D & PARTNERS CPA LIMITED as the auditor of the Group. For the Year, D & PARTNERS CPA LIMITED received HK$500,000 for audit services, HK$150,000 for non-audit services in connection with the Group's interim review for the period ended 31 October 2025. The reporting responsibilities of D & PARTNERS CPA LIMITED are set out in the Independent auditor's reports of this report.

There was no disagreement between the Board and the Audit and Risk Management Committee on the selection and appointment of the external auditors during the Year.

DIVIDEND POLICY

Under the Dividend Policy, the declaration and payment of dividends shall be determined by the Board and subject to all the applicable requirements under, including but not limited to, the Companies Law of the Cayman Islands and the articles of association of the Company.

The Company do not have any pre-determined dividend payout ratio. In deciding whether to propose a dividend and in determining an appropriate basis for dividend distribution, the Board will take into account, inter alia, the Group's results of operations, cashflows and financial condition, general business conditions and strategies, operating and capital requirements, future prospects, legal and tax considerations and other factors the Board deems appropriate. Our Directors will consider as to whether if there is any material adverse impact on our Group's financial and liquidity position arising out of the dividend payments. Dividends may be paid out by way of cash or by other means that our Group considers appropriate.

The Company will continually review the Dividend Policy from time to time. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with its shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The disclosure of the Group's information in a reasonable and time manner by the Board is to facilitate the shareholders as well as the investors to have a better understanding of the business performance, operations and strategies of the Group.

Our website at *www.jcfash.com* allows the Company's potential and existing investors as well as the public to get access to and acquire the Company's up-to-date corporate and financial information.

Shareholders are provided with contact details of the Company, such as telephone hotline, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. The contact details of the Company are provided in this report, the "Corporate Information" section of this annual report and the Company's website.

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns that they may have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

The Board will regularly review the shareholders communication policy to ensure its effectiveness. During the year ended 30 April 2026, the Board reviewed the implementations and effectiveness of the policy and considered that the policy remained effective and was properly implemented given the multiple channels of communication in place during the year.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

To safeguard shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. Besides, pursuant to article 64 of the Articles, one or more shareholders of the Company holding, at the date of deposit of the requisition, no less than one-tenth of the paid-up capital of the Company and having the right of voting at general meetings may make a requisition to convene a general meeting and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner.

Shareholders may send written enquiries to the Company or put forward any enquiries or proposals to the Board. The contact details are as follows:

Board of Directors
SG Group Holdings Limited
Address: Unit B, 9/F, Mai Wah Industrial Building, 1-7 Wah Sing Street, Kwai Chung, New Territories, Hong Kong
Telephone hotline: 2756 8980
Email address: admin@jcfash.com

To put forward proposals at an annual general meeting or an extraordinary general meeting, the shareholders shall submit a written notice of those proposals with detailed contact information to the Board/Company Secretary at the Company's principal place of business in Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon its confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the proposed resolution in the agenda for the general meeting.

Moreover, the notice period concerning the notice to be given to all the shareholders for consideration of the proposals submitted by the shareholders concerned varies as follows pursuant to article 65 of the Articles:

(a) for an annual general meeting and any extraordinary general meeting at which the passing of a special resolution is to be considered, it shall be called by at least 21 clear days' notice in writing; and

(b) for all other extraordinary general meetings, they may be called by not less than 14 clear days' notice in writing.

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

CONSTITUTIONAL DOCUMENTS

On 31 October 2023, an annual general meeting was held and shareholders' approval was obtained to approve the second amended and restated memorandum and articles of association of the Company was effective on 31 October 2023 and is available for viewing on the websites of the Company and the Stock Exchange.

There had been no significant changes in the constitutional documents of the Company during the year ended 30 April 2026 and up to the date of this annual report.

WHISTLEBLOWING POLICY

The whistleblowing policy has been put in place for all employees and those who have business dealings with the Group (including customers and suppliers) to deal with concerns related to fraudulent or unethical acts or non-compliances with laws and the Group's policies that have or could have significant adverse financial, legal or reputational impacts on the Group. They may raise concerns about the possible improprieties in any matters related to the Group, in person or in writing to the company secretary of the Company who shall report to the chairman of the Audit Committee in confidence and anonymity. The chairman of the Audit Committee shall then determine the course of action to pursue, with power to delegate, with respect to the report.

ANTI-CORRUPTION POLICY

The Group has formulated its own anti-corruption policy to ensure the Directors and employees within the Group comply with the Hong Kong Prevention of Bribery Ordinance, the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC and the Anti-Money Laundering Law of the PRC, where applicable. The policy sets out the integrity and conduct requirements and policies or controls in place which applies to all Directors and employees of the Group at all levels, and external parties doing business with the Group and those acting in an agency or fiduciary capacity on behalf of the Group (e.g., agents, consultants and contractors). The policy is reviewed from time to time to ensure that it remains appropriate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Report Profile

The Board of Directors of the Group presents the Environmental, Social, and Governance (ESG) Report (the "Report") for the fiscal year ended 30 April 2026.

Adhering to the reporting principles of Materiality, Quantitative, Balance, and Consistency, the Report details the practices and performance of the Group in the environmental, social, and governance (ESG) domains for FY25/26. It aims to facilitate effective communication with various stakeholders and systematically respond to their expectations.

Reporting Basis

This Report is compiled based on the actual operational conditions of the Group and with reference to the following standards and documents:

No.	Name of Standard/Document
1	Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)
2	Appendix C2 *Environmental, Social and Governance Reporting Code* of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (HKEX)
3	United Nations 2030 Sustainable Development Goals (SDGs)
4	Task Force on Climate-related Financial Disclosures (TCFD) Framework

Reporting Scope

This is an annual report covering the period from 1 May 2025 to 30 April 2026 (the "Reporting Period" or "FY25/26").

The scope of the performance indicators in this Report encompasses the principal business activities of JC Fashion Group Limited and JC Fashion (Shenzhen) Limited.

Reporting Terminology

For ease of presentation and reading, "JC Fashion Group Limited", "JC Fashion", "the Group", "we", and "our" in this Report all refer to JC Fashion Group Limited and its subsidiary, unless the context otherwise requires.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUSTAINABILITY STRATEGY AND MANAGEMENT

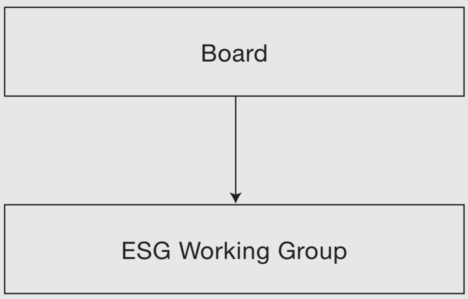
Governance

Governance Structure

Upholding the core values of sustainable development, the Group integrates ESG principles into its strategic planning and daily operational management. We proactively embrace our responsibilities as a publicly listed company to drive sustainable development for both humanity and society.

To fully embed sustainability into our corporate strategy and business operations while enhancing our sustainable development capabilities, the Group has established a two-tier ESG governance framework. Under this system, the Board of Directors serves as the highest decision-making body for sustainability strategy, guiding the ESG Working Group to drive the effective implementation of our sustainability initiatives.

ESG Governance Structure



Roles and Responsibilities

Strategic Level	Board of Directors	As the highest decision-making body for the Group's ESG strategy, the Board of Directors (the "Board") is responsible for formulating overall strategic goals, as well as reviewing and making decisions on material ESG matters. The Board leads the establishment of the cross-departmental ESG Working Group to ensure the effective implementation and continuous progress of our sustainability objectives.
Tactical and Execution Level	ESG Working Group	The ESG Working Group is responsible for assisting the Board in evaluating and formulating sustainability goals and pathways, and facilitating the effective implementation of the Group's sustainability initiatives. It coordinates specific corporate ESG tasks across departments and oversees the preparation and compilation of the annual ESG report.

Strategy

The Group deeply integrates sustainable development with its corporate strategy. Centered around our corporate vision and combined with industry trends, we have thoroughly analyzed the IFRS Sustainability Disclosure Standards (IFRS S1 & S2) issued by the International Sustainability Standards Board (ISSB), alongside Appendix C2 Environmental, Social and Governance Reporting Guide of the Listing Rules of the Stock Exchange of Hong Kong Limited. We have aligned these frameworks with the 17 United Nations Sustainable Development Goals (SDGs) to shape our core sustainability philosophy.

Risk Management

The Group regards risk management as a core pillar of its strategic development, safeguarding steady corporate growth through a continuously optimized prevention and control system. We deeply integrate risk management with business development, establishing a closed-loop, "four-in-one" risk management system spanning "Strategy Formulation - Preventive Assessment - Dynamic Monitoring - Emergency Response".

Risk Mitigation and Response

The Group has established robust risk mitigation and emergency management mechanisms. Upon the occurrence of a risk event, the head of the responsible department must immediately report to the relevant corporate departments. The Group will then formulate response plans based on available information.

Throughout the risk management process, we prioritize stakeholder concerns and provide timely updates on the progress of risk resolution. Once a risk is resolved, we conduct immediate retrospective reviews to identify internal management deficiencies and propose corrective recommendations to prevent the recurrence of similar risks.

Metrics and Targets

Dimensions	Targets	FY25/26 Progress
Environmental	• Ensure environmental compliance and avoid administrative penalties resulting from environmental issues.	• Zero environmental incidents occurred throughout the year.
Social	• Ensure zero incidents in information security management; • Continuously enhance supply chain stability and elevate the standard of supply chain Corporate Social Responsibility (CSR) management; • Ensure zero major product quality incidents.	• Zero information security management incidents occurred throughout the year; • Zero supply chain disruption events occurred throughout the year; • Zero major product quality incidents occurred throughout the year.
Governance	• Ensure corporate governance complies with all regulatory requirements.	• Zero corruption-related litigation cases occurred throughout the year; • Zero monopoly or unfair competition cases occurred throughout the year.

Stakeholder Engagement

JC Fashion Group Limited highly values building close and efficient communication channels with our diverse stakeholders. We continuously refine our routine engagement mechanisms and have identified six core stakeholder groups:

Stakeholders	Communication Channels	Key Areas of Concern
Investors & Shareholders	• Annual General Meetings (AGMs) • Investor surveys and questionnaires • Official website updates • Information disclosures and regulatory filings	• Legal compliance • Business ethics
Customers	• Customer visits and meetings • Customer satisfaction surveys • External industry exhibitions	• Product responsibility
Employees	• Internal training programs • Employee evaluation and grievance mechanisms • Performance reviews and communication	• Labour standard • Development and training • Health and Safety • Employment
Suppliers & Partners	• Supplier empowerment and training sessions • Supplier audits and assessments • Regular surveys and feedback collection	• Supply chain management • Anti-corruption
Community & NGOs	• Charitable and community volunteer activities • Regular information disclosures • Community engagement initiatives • Survey and questionnaire responses	• Climate change • Emissions • Use of resources • Environmental and natural resources • Community investment
Government & Regulatory Authorities	• Routine reporting and communications • Participation in public consultations and feedback submissions • Meetings and discussions with government bodies	• Anti-corruption • Legal compliance

Materiality Assessment

JC Fashion Group Limited conducts materiality assessments with reference to the latest disclosure frameworks, including the IFRS Sustainability Disclosure Standards (IFRS S1 & S2) issued by the International Sustainability Standards Board (ISSB) and Appendix C2 *Environmental, Social and Governance Reporting Code* of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*. Given that there were no major adjustments to the Group's operations during the current year, we have carried forward the results of the FY24/25 ESG materiality assessment, yielding 14 core ESG material topics.

Environmental

- Climate Change
- Use of Resources
- Emissions
- Environmental and Natural Resources

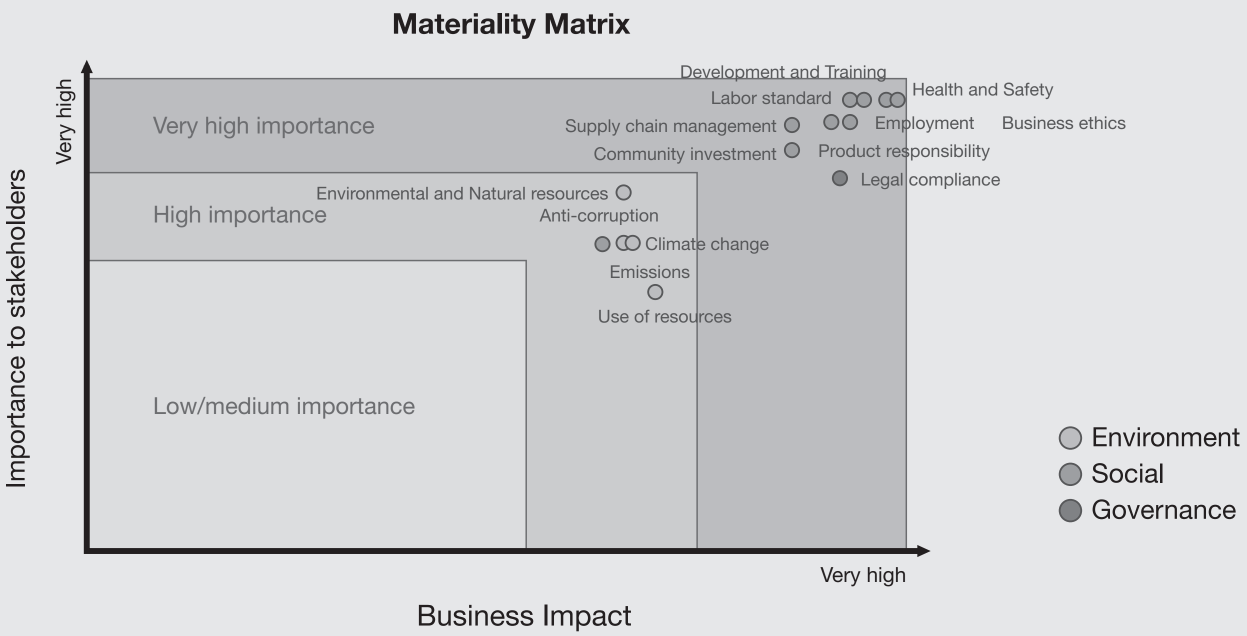
Social

- Employment
- Development and Training
- Labor Standard
- Health and Safety
- Product Responsibility
- Supply Chain Management
- Community Investment

Governance

- Legal Compliance
- Anti-Corruption
- Business Ethics

Materiality Matrix



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL

ENVIRONMENTAL PERFORMANCE

UN SDGS

ADDRESSING CLIMATE CHANGE

Governance

JC Fashion Group Limited continuously refines its climate governance system, establishing a vertically integrated governance structure led by the Board of Directors (the “Board”) and executed by the ESG Working Group.

As the highest decision-making body, the Board is responsible for defining the Group’s strategic direction regarding climate change and oversees the establishment of climate-related targets, guided by our short- and long-term sustainability goals. These goals focus on reducing emissions in line with regulatory requirements and industry best practices. Simultaneously, the Board is responsible for overseeing climate-related risks and opportunities. The Board conducts comprehensive reviews of our climate risk management framework, which includes regular updates on the identification, assessment, and mitigation of climate-related risks. These reviews are typically held quarterly, allowing us to stay abreast of any emerging risks or opportunities in a timely manner.

Furthermore, Executive Directors play a pivotal role in communicating relevant climate-related information to the Board. They are responsible for developing and implementing ESG strategies, and they provide detailed reports during Board meetings. These reports encompass current performance metrics, progress towards our sustainability goals, and insights into how climate change may impact our business operations and strategy.

In addition, JC Fashion integrates stakeholder feedback and market analysis into Board discussions. By engaging with various stakeholders, including customers and suppliers, the Board gathers valuable insights that inform our understanding of climate-related risks and opportunities. This engagement is conducted regularly, ensuring that the Board maintains a well-rounded perspective when making strategic decisions.

At the management and execution level, the ESG Working Group translates strategic objectives into actionable operational metrics. The Working Group prepares regular management reports detailing progress on climate initiatives, emerging risks, and opportunities, while comprehensively overseeing the execution of climate governance. Concurrently, the Working Group integrates climate considerations into daily operations and reports progress to the Board on a regular basis, ensuring the effective operation of a closed-loop climate management system.

Strategy

The Group utilizes scientific climate scenario analysis models to accurately identify the risks and opportunities that climate change poses to our operations. By internalizing these assessment findings into our strategic decision-making, we dynamically adjust our operational measures to maximize business climate resilience, demonstrating our corporate responsibility amid the global transition to a green, low-carbon economy.

Climate Risk and Opportunity Identification

To strengthen our climate resilience management, the Group adheres to scientific and prudent principles, drawing comprehensive references from the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) to systematically identify climate-related risks and opportunities and assess their potential financial impacts.

Aligned with our industry characteristics and corporate development blueprint, we have defined distinct time horizons:

- Short-term: 1–2 years
- Medium-term: 3–5 years
- Long-term: Over 5 years

This structured approach aims to capture potential climate risk exposures through comprehensive, forward-looking analysis. By ensuring our business strategies remain highly aligned with evolving climate trends, we effectively enhance the risk-mitigation capabilities of our operations.

Climate-related Physical Risks and Mitigation Measures

Risk Category	Risk Name	Risk Description	Operational Impact	Financial Impact Level	Time Horizon	Affected Value Chain	Risk Mitigation Measures
Acute Risk	Typhoons	JC Fashion's operating sites in Hong Kong and Shenzhen are highly vulnerable to extreme weather events such as typhoons. These events can cause power outages and waterlogging, potentially leading to occupational safety incidents or the forced suspension of R&D and production, which in turn increases operating costs.	Increased operating costs/ Business disruption	Low	Short-term	Direct Operations/ Downstream	Establish and improve environmental risk emergency response plans; identify and review potential physical risks annually; set up robust response mechanisms and stockpile emergency supplies at JC Fashion's Hong Kong and Shenzhen operating sites; regularly refine coping strategies, with all functional departments working collaboratively to ensure business continuity.

Risk Category	Risk Name	Risk Description	Operational Impact	Financial Impact Level	Time Horizon	Affected Value Chain	Risk Mitigation Measures
	Extreme Precipitation	Extreme precipitation impacts production and transportation processes in JC Fashion's Hong Kong and Shenzhen operations. The Group must deploy contingency plans, which may lead to an increase in operating costs.	Increased operating costs	Medium	Short-term	Upstream/ Direct Operations/ Downstream	Regularly inspect and maintain drainage systems at operating sites; establish weather-monitoring alerts and flexible working/commuting arrangements during heavy rainstorms to ensure employee safety and logistics coordination.
	Fire Hazards	JC Fashion's operating sites in Hong Kong and Shenzhen are exposed to fire risks, which could lead to power outages, casualties, and equipment damage. This may result in safety incidents or the forced suspension of R&D and production, thereby increasing operating costs.	Increased operating costs/ Business disruption	Low	Short-term	Direct Operations	Implement strict fire safety protocols; equip facilities with standardized firefighting equipment; conduct regular fire drills and safety inspections to minimize fire hazards and ensure rapid response.
Chronic Risk	Biological Epidemics	Biological epidemics or pandemics may disrupt production and labor supply, potentially leading to increased operating costs.	Increased operating costs	Medium	Short-term	Direct Operations	Establish health and safety contingency protocols; implement remote working capabilities where applicable; maintain workplace hygiene and provide sanitation supplies to protect employee health and sustain operational resilience.
	Sea Level Rise	The Group's main operating sites are located in Hong Kong and Shenzhen, both of which are coastal cities. Operations may face long-term threats from rising sea levels and potential structural damage to operating premises.	Increased operating costs	Medium	Long-term	Upstream/ Direct Operations/ Downstream	Factor climate resilience and flood-prevention capabilities into site selection and lease renewals; work closely with property management to monitor coastal flood risks and reinforce physical flood defenses where necessary.

Climate-related Transition Risks and Mitigation Measures

Risk Category	Risk Name	Risk Description	Operational Impact	Financial Impact Level	Time Horizon	Affected Value Chain	Risk Mitigation Measures
Transition Risk	Policy and Legal Risk	Increasingly stringent environmental regulations increase compliance costs; failure to meet compliance requirements may lead to fines, sanctions, and operational restrictions.	Increased operating costs	Medium	Long-term	Upstream/Direct Operations	Establish a dynamic tracking mechanism for environmental compliance to adapt to policy changes in advance and formulate response plans.
	Market Risk	Preferences of consumers and commercial clients are shifting towards products and services with lower climate impacts; if the company's products do not meet these expectations, market share may decline.	Decreased revenue	Medium	Long-term	Upstream/ Direct Operations	The Group is investing in energy efficient technologies and sustainable materials to reduce its carbon footprint and adapt to evolving regulatory and market demands. Ongoing training initiatives are in place to enhance staff awareness and capacity to respond effectively to climate-related issues.
	Technology Risk	Technologies with lower climate impact replace those with higher climate disruption, leading to the phasing out of high-carbon assets.	Increased operating costs	Medium	Long-term	Direct Operations	
	Reputation Risk	Failure to meet stakeholders' expectations on environmental information disclosure may result in reputational damage, potentially leading to a decrease in order volumes.	Increased operating costs	Medium	Long-term	Direct Operations	Establish robust stakeholder communication mechanisms to regularly respond to ESG concerns and safeguard brand trust.

Climate-related Opportunities and Response Measures

Opportunity Category	Opportunity Description	Operational Impact	Financial Impact Level	Time Horizon	Affected Value Chain	Opportunity Response Measures
Market Opportunity	Growing demand for low-carbon solutions and increased investments in green technologies and sustainable practices.	Increased revenue	High	Medium-term	Direct Operations/ Downstream	Optimize the supply chain and prioritize the selection of low-carbon raw material suppliers.
Resilience	Deepen ESG integration across all governance processes and construct a climate-resilient operating system aligned with low-carbon development trends.	Increased revenue	Medium	Long-term	Direct Operations	Promote transparent ESG information disclosures and regularly respond to stakeholder demands; deepen cross-departmental ESG synergies to integrate carbon management into the entire production and delivery process.
Financing Opportunity	Actively participate in green finance and sustainable financing initiatives.	Reduced financing costs/ Enhanced capital accessibility	Medium	Short-to-medium term	Direct Operation	Establish a green finance framework to secure green credit or issue green bonds; improve corporate ESG ratings to attract impact investments.

The operational development of JC Fashion faces multifaceted climate-related risks alongside low-carbon transition opportunities, with impacts permeating every segment of the Group's value chain. In terms of physical risks, JC Fashion's operating locations in Hong Kong and Shenzhen are highly susceptible to acute disasters such as typhoons, extreme precipitation, and fire hazards, which directly threaten the safety of production facilities and office environments, potentially causing power outages or operational suspensions and driving up recovery costs, while long-term sea-level rise poses chronic threats to these coastal operating sites.

Regarding transition risks, increasingly stringent environmental regulations continue to drive up compliance costs—where failure to adapt in a timely manner could result in penalties and operational restrictions—while shifting consumer preferences toward low-carbon products necessitate rapid technological iteration, brand reputation risks from inadequate environmental disclosures could directly impact order stability, and lags in product upgrades could lead to a loss of market share.

Conversely, the low-carbon transition presents clear avenues for value creation and strategic growth; rising demand for sustainable solutions allows the Group to optimize its supply chain and strengthen market competitiveness, while embedding ESG principles across our governance structure and building climate-adaptive operations reduces energy consumption through cross-functional synergies and enhances green market alignment, complemented by green finance initiatives that help optimize financing costs and enhance capital accessibility. By establishing comprehensive environmental risk emergency plans, strengthening compliance monitoring, refining supply chain management, and aligning resources with green finance, JC Fashion is proactively mitigating risks and capturing transition opportunities, continuously enhancing its climate resilience to secure its competitive edge in the low-carbon economy and achieve steady, sustainable growth.

Risk and Opportunity Management

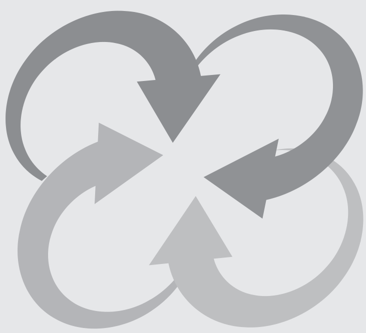
To effectively manage climate-related risks and opportunities, JC Fashion aligns its practices with international regulatory standards, specifically IFRS S2 (Climate-related Disclosures) issued by the International Sustainability Standards Board (ISSB). We have deeply integrated the management of climate-related risks and opportunities into the Group's overall risk management framework and long-term business development strategies. Supported by our top-down climate governance structure, the Group has established a closed-loop, full-process mechanism encompassing "Identification, Assessment, Management, and Monitoring" to systematically manage and control climate-related financial impacts and operational risks.

Climate Risk and Opportunity Identification

Focusing on the core aspects of climate-related risk and opportunity identification, the Group integrates industry-specific characteristics with our operational realities. Referencing authoritative climate scenarios and a three-dimensional time horizon spanning the short, medium, and long term, we have established a comprehensive, multi-tiered identification framework. This system focuses on physical and transition risks as our two primary categories while deeply exploring potential green development opportunities linked to the low-carbon transition, ensuring that our identification process is comprehensive, material, and compliant.

Climate Risk and Opportunity Management

Based on the unique characteristics of each climate risk, we formulate differentiated and targeted response strategies. We have established standardized emergency management mechanisms and constructed a closed-loop management model of "Response, Review, Improvement, and Enhancement." This continuously strengthens the effectiveness of our climate risk controls, proactively captures green development opportunities, and elevates the Group's climate resilience and emergency response capabilities.



Climate Risk and Opportunity Assessment

Applying scientific methodologies that combine qualitative analysis and quantitative estimation, we conduct comprehensive assessments of climate risks and opportunities. We systematically analyze the potential impacts of various risks and opportunities on the Group's business operations, financial performance, and long-term strategic development, establishing clear risk rating criteria and mitigation priorities.

Climate Risk and Opportunity Monitoring

To strengthen the oversight and control of climate risks and opportunities, led and coordinated by our sustainability governance body, we focus on key areas such as core carbon emissions control, the implantation of our climate governance system, and the compliance of our disclosures. We conduct regular supervisory inspections, process audits, and effectiveness evaluations to continuously optimize our control processes and enhance management precision.

Metrics and Targets

JC Fashion integrates greenhouse gas (GHG) emissions into the core of its corporate Key Performance Indicator (KPI) framework and scientifically establishes phased emission reduction targets. Leveraging the digital and intelligent management capabilities of the TT Green platform, the Group has achieved precise data tracking and carbon accounting. This digitized approach drives energy conservation and carbon reduction across our entire value chain, resolutely supporting the Group's high-quality strategy for green and low-carbon development.

JC Fashion Greenhouse Gas (GHG) Emissions

GHG Emission Metrics	Unit	FY24/25	FY25/26
Scope 1	tCO_2e	0.31	**0.283**
Scope 2	tCO_2e	142.925	**139.384**
Scope 3	tCO_2e	76.92	**138.661**
Total GHG Emissions	tCO_2e	220.155	**278.328**

GHG Emissions Accounting Methodology and Boundary

Aspect	FY25/26
Accounting Standards & Guidelines	*Corporate Value Chain (Scope 3) Accounting and Reporting Standard (GHG Protocol); The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol); 2006 IPCC Guidelines for National Greenhouse Gas Inventories.*
Operational Boundary	The operations of JC Fashion in Hong Kong and Shenzhen.

GHG Data Management and Digitalization

To ensure the accuracy, traceability, and credibility of our environmental disclosures, the Group utilizes TT Green, a blockchain-powered carbon management platform. This digital tool centralizes our greenhouse gas (GHG) data collection, enabling real-time tracking of energy consumption and emission sources across our operations.

By leveraging the platform's secure data recording and automated calculation engine, we align our carbon accounting with the latest global standards and localized emission factors. The immutable ledger system of the platform provides a clear, audit-ready trail that enhances the integrity of our ESG data and supports our commitment to transparent environmental governance.

ENERGY MANAGEMENT

JC Fashion remains committed to the efficient use of resources across all operational facets, including production, storage, transportation, and the utilization of buildings and electronic equipment. In strict compliance with the Energy Conservation Law of the People's Republic of China and other relevant environmental regulations and standards, the Group actively fulfills its corporate social responsibility. Guided by our core principles of "Prioritizing Energy Conservation, Assigning Individual Accountability, and Encouraging All-Member Participation," we strive to systematically lower energy consumption and operational costs across our office scenarios, continuously reducing greenhouse gas emissions to facilitate green and low-carbon development.

To optimize energy consumption, the Group closely monitors and manages its resource utilization. During the 2025/26 financial year (FY25/26), the Group's Scope 1 direct energy consumption from company vehicles (mobile combustion of motor gasoline) was 5,428.83 kg, representing a 4.48% reduction compared to 5,683.34 kg in the previous year. Similarly, our Scope 2 indirect energy consumption from purchased electricity grid mix was 266,885 kWh, reflecting a 2.34% decrease from 273,279 kWh in the prior year. These positive trends demonstrate the tangible success of our ongoing energy efficiency initiatives and our dedication to minimizing our carbon footprint.

To sustain these improvements, we seamlessly integrate low-carbon and energy-saving practices into our daily workflows. Our energy consumption strategies focus heavily on optimizing the use of electricity and fuels, particularly in mobile combustion activities related to company vehicles. Additionally, we optimize resource utilization by reducing our reliance on non-renewable resources and ensuring highly efficient energy use across our offices. We also empower our employees to actively participate in improving our environmental performance through targeted training programs and awareness campaigns. Furthermore, we foster collaborative partnerships with customers, suppliers, and investors to amplify our sustainability advocacy and nurture a collective culture of environmental stewardship.

Energy Conservation Initiatives

To drive continuous energy efficiency, the Group has implemented a series of robust and practical energy-saving measures across its office facilities:

HVAC and Temperature Control	• Temperature Standards: Set AC to ≥ 26°C in summer and heating ≤ 20°C in winter. • Auto Shut-Down: Program central HVAC to turn off 30 minutes before off-hours and on weekends. • Smart Operation: Keep doors/windows closed during HVAC operation; prioritize natural ventilation in mild seasons.
Office Equipment Efficiency	• Computer Power Management: Enable 15-minute inactivity auto-sleep mode. • Off-hour Shutdown: Turn off hosts and monitors before leaving; restrict dual monitors unless necessary. • Green Procurement: Procure energy-saving certified equipment and phase out high-consumption hardware. • Shared Devices: Turn on printers/copiers only when needed; set to double-sided printing by default.
Lighting System Optimization	• Daylight Utilization: Prioritize natural daylight; turn off artificial lights when illuminance ≥ 300 lux. • Smart Controls: Use zoned control switches and install motion-sensor lighting in common areas. • Night Shutdown: Strictly turn off all non-essential lighting after office hours.

THE ENVIRONMENT AND NATURAL RESOURCES

The Group prioritizes sustainable resource management across all operations, striving to maximize resource efficiency while avoiding significant ecological harm and resource overexploitation. Guided by the "3R" framework (Reduce, Reuse, and Recycle), we consistently seek to optimize the consumption of energy, water, paper, and other operational materials to minimize our carbon footprint and support conservation. While no standalone environmental policy exists, eco-conscious, resource-saving practices are seamlessly embedded into our daily workflows, fostering a culture of conservation and advancing our sustainability goals. Additionally, reflecting the streamlined nature of our business activities, no packaging material consumption was recorded during the Reporting Year, highlighting our ongoing efforts to minimize waste from the outset.

Although our core business activities currently pose minimal risks to the environment and natural resources, the Group remains unwavering in its dedication to being an ethical environmental steward. We rigorously evaluate our operational impacts on health, safety, and local ecosystems to ensure strict regulatory compliance, while actively participating in community environmental initiatives. To deepen environmental engagement, we organize targeted training programs and awareness campaigns, empowering employees to proactively drive ecological performance. Furthermore, we actively collaborate with customers, suppliers, and investors to amplify sustainability advocacy, continually refining our strategies to protect the planet and uphold our environmental responsibilities.

WATER RESOURCES MANAGEMENT

Against the backdrop of climate change, environmental pollution, and over-extraction, global water resources are shrinking, further intensifying regional supply-demand imbalances. Recognizing that water resources are fundamental to our production and operations, JC Fashion strictly complies with the laws and regulations of the countries and regions where we operate, consistently placing water conservation, efficient utilization, and compliant management at the core of our strategy. Water management is a key priority for the Group, with dedicated efforts aimed at minimizing water withdrawal and maximizing resource efficiency. We regularly evaluate our water consumption and discharge practices to ensure full alignment with our sustainability targets and regulatory requirements.

During the 2025/26 financial year (FY25/26), reflecting the Group's commitment to green operations and refined resource management, both the water consumption and the water withdrawal of JC Fashion were recorded at 0. This milestone highlights the Group's ongoing success in controlling direct resource consumption across its operational footprint.

The Group is dedicated to responsible water stewardship and is actively working towards establishing water sourcing targets that are fit for purpose, alongside continuous improvements in water efficiency. We are currently collecting relevant operational data to establish a solid baseline, which will inform and guide our scientific target-setting process. These targets and their associated initiatives will be disclosed in due course, underscoring our long-term commitment to sustainable resource use and proactive environmental stewardship.

POLLUTANT EMISSIONS MANAGEMENT

JC Fashion Group Limited is dedicated to maintaining high environmental standards across its business operations. Adhering to the "3R" principles, the Group implements strict sorting and management of both hazardous and non-hazardous wastes generated during its operational processes. By emphasizing waste reduction at the source and conducting meticulous sorting and collection, we ensure that all waste is handled and disposed of in a proper and compliant manner, thereby minimizing the ecological footprint of our business operations on air, water resources, and land.

Complementing our waste management efforts, the Group remains steadfast in its overall commitment to sustainability and responsible environmental stewardship. We are actively working towards establishing actionable emission reduction targets and developing a clear roadmap to facilitate their achievement. To demonstrate our dedication to transparency and the continuous improvement of our environmental performance, we will disclose these targets and the corresponding implementation steps in due course.

Hazardous Waste Management

Given the nature of the Group's business, the hazardous waste generated during daily operational activities is negligible. During the 2025/26 financial year (FY25/26), the Group did not generate any hazardous waste, with the volumes of hazardous waste generated, diverted from disposal, and directed to disposal all recorded at 0 tonnes.

Nevertheless, the Group fully recognizes the potential environmental risks associated with hazardous materials. In particular, the improper disposal of electronic waste containing heavy metals can severely contaminate soil, water resources, and local ecosystems. To mitigate these risks, the Group proactively controls the generation of hazardous waste and strictly adheres to regulatory standards for waste segregation and management. In daily office operations, general hazardous wastes such as spent batteries and fluorescent tubes are systematically collected and directed to designated government recycling bins, with active employee participation encouraged. Furthermore, the Group advises employees to recycle obsolete electronic devices (e.g., computers and office appliances) wherever feasible. The Group remains committed to maintaining high disclosure transparency and plans to disclose more detailed hazardous waste metrics in future reporting cycles as its data collection systems continue to mature.

Non-Hazardous Waste Management

In terms of non-hazardous waste management, the Group is committed to implementing a 'Zero Waste Office' policy. During the 2025/26 financial year (FY25/26), the Group maintained a record of zero across three indicators: waste generated, waste diverted from disposal, and waste directed to disposal.

To achieve and sustain this target, we actively promote resource conservation, encourage the reuse of items, and prioritize recycling in an effort to prevent the generation of physical waste. The primary potential wastes from our daily office operations are paper and stationery. We guide our employees to adopt digital workflows—such as sharing documents via email and utilizing electronic communication tools as the default channel for internal announcements—to cultivate a culture of digital communication and eliminate paper dependency at the source.

At the operational level, the Group implements double-sided printing to optimize paper efficiency, selects refillable stationery to extend product lifecycles, and prioritizes the procurement of office supplies that feature high recyclability, high recycled content, minimal packaging, and enhanced durability. For the minimal amount of recyclables generated from our operations, we carry out systematic sorting, collection, and 100% recycling in strict compliance with regulatory standards. This ensures that no non-hazardous waste is sent for disposal, deeply embedding the core values of sustainability into our daily operations.

Fabric Waste Management and Circular Economy

A circular economy represents an economic framework designed to eradicate waste and foster the perpetual reuse of resources via recycling, reduction, and minimized ecological harm. The Group actively upholds this model by prioritizing waste reduction and material reuse, establishing a closed-loop system to optimize resource efficiency.

SOCIAL

SOCIAL PERFORMANCE

UN SDGS

EMPLOYMENT

At JC Fashion, we recognize that our people are our most valuable asset. We are dedicated to cultivating a fair, diverse, and inclusive workplace that respects the dignity and human rights of every employee. Our commitment is rooted in strict adherence to international human rights standards, including the Universal Declaration of Human Rights, the International Labour Organization (ILO) Conventions, and the UN Convention on the Rights of the Child.

Compliance and Labor Practices

We maintain a rigorous governance framework to ensure full compliance with all applicable labor laws and regulations across our operational hubs in Hong Kong and Mainland China. This includes strict adherence to the Employment Ordinance (HK), the Labor Law of the PRC, and the Occupational Safety and Health Ordinance. We safeguard our employees' rights by ensuring all labor practices—ranging from minimum wage and working hours to occupational safety—not only meet statutory mandates but actively contribute to the sustained well-being and professional growth of our workforce.

Talent Management and Meritocracy

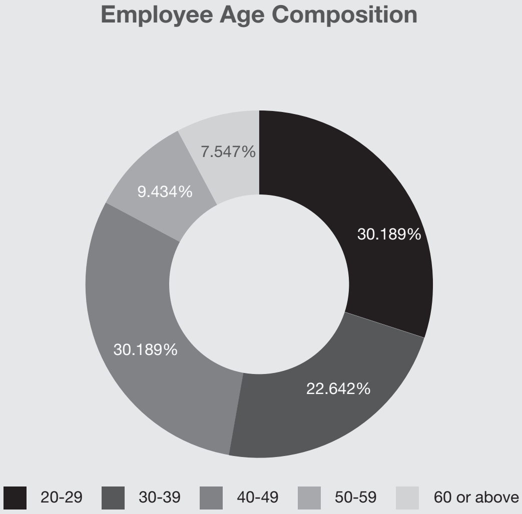
Our human capital strategy is built on the principles of transparency and meritocracy. We employ a rigorous, merit-based recruitment process to attract diverse talent, coupled with performance-driven promotion policies that ensure equal advancement opportunities for all. We provide industry-aligned compensation packages designed to reward excellence and drive long-term retention. Our commitment to our workforce is further reflected in our dismissal procedures, which are managed with dignity, respect, and full adherence to legal requirements regarding notice periods and severance. We prioritize the holistic well-being of our employees through comprehensive benefits—including health insurance, retirement plans, and continuous professional development—while fostering a healthy work-life balance through flexible arrangements.

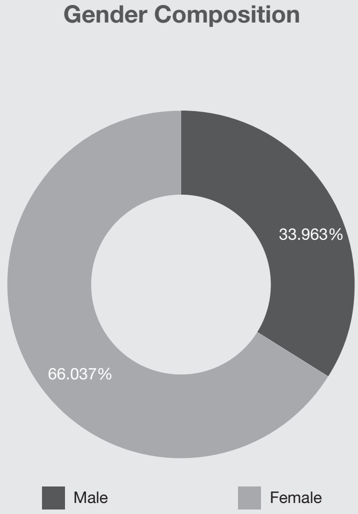
Diversity, Equity, and Inclusion (DEI)

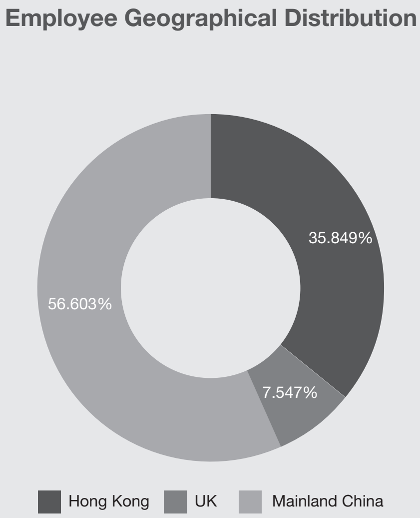
Cultivating a respectful corporate culture is central to our operations. JC Fashion upholds a strict zero-tolerance policy against discrimination and harassment, reinforced by regular training to foster awareness and an inclusive environment. We are deeply committed to diversity and equity, ensuring equal opportunities regardless of gender, age, ethnicity, or other protected characteristics.

Workforce Profile

Our organizational stability is evidenced by our employment structure: as of the end of the reporting period, 100% of JC Fashion's workforce consists of full-time employees. Our demographic profile reflects our commitment to a balanced and diverse workforce: a gender composition of 66.037% female and 33.963% male; a geographical footprint spanning Mainland China (56.603%), Hong Kong (35.849%), and the UK (7.547%); and a balanced age structure that effectively integrates fresh perspectives with seasoned professional expertise, providing a robust foundation for the Group's long-term sustainable development.







Employee Turnover Profile

During the reporting period, employee turnover was primarily observed within the 20-29 age bracket and among female employees. Recognizing these trends as critical insights for our human capital management, we are actively analyzing the underlying drivers, such as career development needs and workplace flexibility. In line with our commitment to sustainable workforce development, we are refining our talent retention strategies and engagement initiatives to foster a more inclusive and supportive work environment, ensuring that employees across all demographics feel valued and supported in their professional growth.

Employee Turnover by Age Group

Age Group	Resigned Employees	Turnover Rate
20 - 29	6	11.321%
40 - 49	2	3.774%

Employee Turnover by Gender

Gender	Resigned Employees	Turnover Rate
Male	3	5.660%
Female	9	16.981%

HEALTH AND SAFETY

JC Fashion strictly complies with all relevant local and international regulations, including the Occupational Safety and Health Ordinance in Hong Kong and applicable labor laws in Mainland China.

Adhering to the core safety management philosophy of "Safety First, Prevention Foremost, and Comprehensive Governance," and guided by the principles of being "People-Centric" and "Prioritizing both Prevention and Emergency Response," the Group has established an efficient occupational health and safety management system. This robust framework organically integrates safety risk management, hazard identification and correction, occupational health management, emergency response, and safety training, providing a solid foundation for the Group's sustainable development and the well-being of its employees.

To enhance safety awareness across the organization, JC Fashion prioritizes comprehensive training programs to strengthen employees' understanding of workplace safety protocols. Regular workshops and training sessions cover critical topics such as emergency procedures, safe equipment handling, and ergonomic practices to promote overall physical and mental well-being. Concurrently, the Group ensures that all employees are equipped with necessary personal protective equipment (PPE) and safety tools, accompanied by regular inspections and rigorous maintenance of operational equipment to guarantee ongoing safety and functionality.

Furthermore, the Group has established comprehensive emergency response plans to address potential workplace incidents. These plans outline clear evacuation procedures, first aid protocols, and communication strategies for crisis situations. These proactive and preventative measures are designed to minimize the impact and damage of natural disasters and emergencies on our personnel, assets, and the environment, thereby safeguarding our operational continuity.

Workplace Safety Management Measures

No.	Specific Measures
1	Map out fire safety locations across the office premises, and promptly replenish firefighting resources at high-risk areas.
2	Conduct monthly inspections on the status of fire extinguishers to ensure they are fully operational and available.
3	Establish clearly marked safety and escape routes, with designated personnel conducting daily patrols and recording operational conditions.
4	Regularly conduct fire safety awareness and promotional campaigns for all employees to enhance their safety consciousness.

JC Fashion Number and Rate of Work-Related Fatalities

	FY23/24	FY24/25	FY25/26
Number of work-related fatalities (Person)	0	0	**0**
Rate of work-related fatalities (%)	0.00	0.00	**0.00**

JC Fashion Lost Days Due to Work Injury

	FY25/26
Lost days due to work injury (Day)	**0**

Occupational Health and Safety

In strict accordance with the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Provisions on the Administration of Occupational Health in the Workplace, and other applicable laws and regulations, JC Fashion has established and continuously refined its occupational health and safety management mechanisms.

To safeguard our workforce, the Group systematically conducts comprehensive risk assessments to identify and mitigate potential hazards within the workplace, encompassing detailed evaluations of operational processes, equipment, and environmental conditions. Regular safety inspections are performed to ensure rigorous compliance with our internal safety policies and to proactively detect any risk areas. All inspections are meticulously documented, and corrective actions are executed promptly to resolve any identified issues.

Furthermore, JC Fashion regularly organizes occupational health and safety awareness campaigns and training programs. For instance, all new employees undergo safety orientation training that covers critical health and safety topics upon onboarding. To ensure high preparedness against unforeseen events, the Group maintains robust emergency response plans designed for various scenarios—including fire outbreaks, natural disasters, and medical emergencies. These emergency protocols are regularly reviewed, updated, and tested through drills to maintain a high level of responsive and operational resilience.

DEVELOPMENT AND TRAINING

JC Fashion places a high priority on the career development of its employees and is committed to fostering a culture of continuous learning and professional growth. Recognizing that the knowledge and skills of our workforce are essential to the successful execution of their duties and the Group's long-term success, we have implemented comprehensive training policies aimed at systematically enhancing workforce capabilities. Employees are actively encouraged to pursue continuous education and skill development through both formal and informal learning channels.

To ensure the continuous optimization of these initiatives, the Group integrates training outcomes into its annual performance evaluation process. This approach provides employees with constructive feedback on their development progress and highlights areas for improvement. This structured feedback loop ensures that our training programs remain highly relevant, target-oriented, and effective in enhancing overall job performance.

During the reporting year, the Group significantly enhanced its training programs. Key training activities and initiatives undertaken during the year are highlighted below:

Training Category	Key Focus Areas	Description & Key Outcomes
Internal Training Sessions	Product quality control, supply chain management, and customer service excellence.	Conducted regular in-house workshops focused on professional skill development to enhance operational efficiency, optimize supply chain coordination, and maintain high standards of service quality.
External Workshops and Courses	Leadership development, digital marketing, and sustainable practices in fashion.	Supported employees in attending professional external programs to broaden their industry perspectives, build future leadership capabilities, and integrate sustainability concepts into the Group's fashion business operations.
Mentorship Programs	Knowledge transfer, career guidance, and peer support.	Launched structured mentorship initiatives pairing junior employees with senior management. This program successfully facilitated intergenerational knowledge transfer, provided customized guidance on career development, and fostered a collaborative, supportive learning environment within the organization.

Training Category	Key Focus Areas	Description & Key Outcomes
Training for Compliance and Safety	Workplace health and safety practices, and regulatory compliance.	Conducted mandatory training sessions on occupational safety to ensure strict adherence to workplace safety regulations and proactively mitigate potential operational hazards.
Evaluation of Training Effectiveness	Employee satisfaction and training content assessment.	Regularly conducted systematic evaluations to measure employee satisfaction and assess the practical effectiveness of training programs, using the feedback to continuously optimize the Group's training mechanism.

The Percentage of Employees Trained – by Gender

Gender	Percentage
Male	100%
Female	100%

The Percentage of Employees Trained – by Employee Category

Employee Category	Percentage
Junior employees	100%
Middle level management	100%
Senior management	100%

Average Hours of Training – by Gender

Gender	Total number of training hours provided	Average training hours per employee
Male	1296	72
Female	2784	79.543

Average Hours of Training – by Employee Category

Employee Category	Total number of training hours provided	Average training hours per employee
Junior employees	336	48
Middle level management	672	48
Senior management	3072	96

LABOUR STANDARDS

JC Fashion strictly prohibits the use of child and forced labor. The Group's recruitment practices strictly comply with all applicable national and international labor laws, with a rigorous focus on age verification and the protection of labor rights. This commitment is upheld through the continuous standardization of candidate identity-check procedures, thorough verification of personal data, and strict adherence to ethical hiring criteria.

To ensure robust enforcement, the Group maintains a zero-tolerance policy. In the event of any suspected breaches, the Group will enforce the immediate termination of the associated labor contracts, followed by comprehensive investigations and strict disciplinary actions against any perpetrators or enablers.

During the Reporting Year, the Group maintained an unblemished record with zero reported cases of child or forced labor. This milestone reflects JC Fashion's unwavering commitment to ethical labor practices and its ongoing efforts to foster a safe, respectful, and inclusive workplace. This achievement further underscores the organization's dedication to safeguarding employee rights and upholding its core values of integrity, accountability, and social responsibility.

SUPPLY CHAIN MANAGEMENT

Adhering to the principle of win-win cooperation, the Group continuously strengthens its procurement risk management and standardizes the full-life cycle management of its suppliers. To ensure robust oversight of its supply chain—which expanded to 32 partners during the Reporting Year—the Group enforces stringent policies, including its Supplier Selection Criteria. We remain dedicated to collaborating with all partners to co-create a sustainable value chain, while actively promoting the fair, orderly, and sustainable development of Small and Medium-sized Enterprises (SMEs).

Number of Suppliers – by Geographical Region

Geographical Region	Amount
Mainland China	20
Hong Kong	12

Supplier Onboarding

To safeguard a high-quality and sustainable supply chain, the Group continuously optimizes its supplier onboarding and admission processes. At the onboarding stage, a dedicated supply chain management team rigorously evaluates potential partners through on-site factory inspections, product quality controls, and third-party assessments to ensure full compliance with our stringent quality and ethical standards. Our onboarding criteria strictly prohibit child and forced labor, promote non-discrimination, and mandate safe working conditions, environmental compliance, and adherence to all applicable legal frameworks. Non-compliant candidates are systematically excluded, while immediate corrective actions are mandated for minor lapses.

To verify these ethical and sustainable practices, the Group employs independent external auditors to conduct robust third-party audits (e.g., SMETA). For underperforming suppliers, we enforce strict corrective action plans followed by mandatory re-evaluations, terminating collaborations if persistent failures occur.

As a core part of our commitment to green procurement, we prioritize environmentally sustainable options, actively favoring suppliers that offer recyclable, low-pollution, and resource-efficient products, while disqualifying those with environmentally harmful production practices. When selecting apparel suppliers, industry-specific factors—such as technical expertise, financial stability, operational efficiency, quality control systems, and ethical track records—are holistically assessed. This rigorous, multi-dimensional approach ensures our sourcing practices are fully aligned with the Group's dual goals of responsible procurement and advancing a green, circular production-and-consumption cycle.

Environmental and Social Risks

The Group adopts a comprehensive, risk-based approach to identify, assess, and mitigate environmental and social risks across its supply chain. We conduct regular, structured annual evaluations of all approved suppliers through compliance audits and environmental/social impact checks to ensure they consistently uphold the Group's high sustainability standards.

In cases of non-compliance, suppliers are required to implement targeted corrective action plans (CAPs) within a specified timeframe, followed by rigorous verification checks by the Group. To foster a resilient and sustainable ecosystem, we actively encourage and support our partners in adopting continuous improvement practices. This includes providing tailored training and capacity-building initiatives designed to enhance our suppliers' overall sustainability performance and ESG capabilities.

Promoting Environmentally Preferable Products

The Group prioritizes business partners that offer products and services with minimized environmental footprints, actively sourcing materials that are recyclable, derived from sustainable resources, or manufactured through low-pollution processes. Throughout the procurement cycle, suppliers are rigorously evaluated on their commitment to sustainability, particularly in critical areas such as utilizing eco-friendly dyes and organic materials, practicing waste minimization, and deploying energy-efficient manufacturing technologies.

Concurrently, environmental and sustainability criteria are legally integrated into our supplier contracts, which clearly define specific ecological obligations and performance expectations. As a core condition of our partnership, suppliers are contractually obligated to commit to continuous improvement in their environmental stewardship.

To ensure robust oversight, the Group has established a systematic monitoring framework to track suppliers' compliance with these environmental standards. This mechanism entails regular self-reporting and bilateral feedback channels, requiring suppliers to submit periodic updates on their environmental performance, carbon reduction initiatives, and operational improvements. The Group systematically reviews these reports to verify ongoing adherence to our strict sustainability criteria.

Through the strict implementation of these practices, JC Fashion Group Limited not only champions the market promotion of environmentally preferable products and services but also cultivates a deeply rooted culture of sustainability across its supply chain, contributing to the broader ecological transition of the global apparel industry.

PRODUCT RESPONSIBILITY

Product Quality and Safety

JC Fashion consistently regards product quality and safety as the lifeline of the Group's development. We have constructed a robust quality management framework anchored on the philosophy of "regulatory compliance as the bottom line, international standards as the baseline, and customer satisfaction as the gold standard." The Group is dedicated to delivering outstanding quality and reliable safety in our products, seamlessly integrating green, eco-friendly, and highly efficient concepts into our product lifecycle management, while strictly complying with the highest health and safety standards both domestically and internationally.

To systematically ensure product quality, the Group has established a detailed "Quality Control Policy and Procedures" document, supported by a dedicated Quality Assurance and Quality Control (QA/QC) Department. As a design and procurement service provider, the Group enforces a rigorous pre-production protocol with approved suppliers, securing customer approvals on design details, material safety, sample specifications, and labeling requirements. In the event of a product defect claim, the Group initiates root-cause investigations. If internal negligence is confirmed, the Group promptly triggers product recall procedures, compensates clients, and reviews quality protocols. If the defect is caused by suppliers, we pursue claims against the responsible party to mitigate liability risks.

Driven by our stringent quality assurance protocols, proactive inspections, and responsive complaint resolution, the Group achieved exemplary performance during the Reporting Year. The percentage of total products sold or shipped subject to recalls for safety and health reasons was 0%, and the number of product and service-related complaints received was 0. The absence of any product recalls or customer grievances highlights the Group's dedication to operational excellence, solidifying its reputation as a trustworthy, client-focused leader and a benchmark for reliability in meeting stakeholder expectations.

Protecting Intellectual Property Rights

In its apparel supply chain and operational management, the Group prioritizes the protection of intellectual property (IP) rights. We strictly adhere to IP-related legislation, including the Trademark Law of the People's Republic of China and Hong Kong's Trade Marks Ordinance, demonstrating our dedication to legal compliance and ethical business practices. To reinforce this commitment, the Group has established comprehensive internal policies and protocols to protect both its own IP and that of its clients, ensuring proactive measures are in place to prevent any misuse or infringement.

Special attention is dedicated to the handling of highly sensitive materials, such as product design sketches and technical documents, which frequently contain proprietary customer information. These materials are securely stored in controlled, high-security environments, with access strictly restricted to designated teams—such as merchandising and design staff—and pre-approved personnel. By implementing these strict safeguards, the Group not only meets legal obligations but also promotes a culture of accountability and confidentiality across its supply chain operations, bolstering client confidence in a highly competitive apparel industry.

Consumer Data Protection and Privacy

Concurrently, JC Fashion attaches great importance to information security and privacy data protection. The Group strictly complies with the Data Security Law of the People's Republic of China and the Personal Information Protection Law of the People's Republic of China in Mainland China, as well as Hong Kong's Personal Data (Privacy) Ordinance, among other relevant regulatory requirements. To prioritize operational focus and efficiency, the Group maintains a strict no-advertising policy. In safeguarding data privacy, all collected personal information is securely stored and used exclusively for legitimate business-related purposes.

Robust data protection guidelines are embedded in the Group's Staff Instructions, explicitly barring employees from sharing confidential company or customer data during or after their employment. Regular training sessions and internal communications emphasize the importance of information security, reinforcing compliance. Concurrently, the Group mandates confidentiality agreements with authorized suppliers to prevent unauthorized sharing of customer data or product designs. A zero-tolerance approach is enforced against breaches, with violations leading to potential termination or legal consequences. Driven by an internal oversight team, no customer data breaches or related complaints were reported during the Reporting Year. Additionally, the Group operates a direct feedback channel for stakeholders to voice concerns, ensuring swift resolution and reinforcing our transparency and accountability in all operations.

ANTI-CORRUPTION

JC Fashion strictly complies with all applicable laws and regulations governing anti-corruption, anti-extortion, anti-fraud, and anti-money laundering, upholding the highest standards of integrity, transparency, and accountability across all business operations. Our business activities strictly adhere to the relevant legal frameworks within our operating regions, including the Prevention of Bribery Ordinance (Cap. 201), the Securities and Futures Ordinance, and the Anti-Money Laundering and Counter-Terrorist Financing guidelines issued by the Securities and Futures Commission (SFC) in Hong Kong, as well as the Criminal Law of the People's Republic of China in Mainland China.

During the Reporting Period, the Group's robust compliance framework yielded outstanding results, with zero concluded or pending legal cases recorded regarding bribery, extortion, fraud, or money laundering. Furthermore, there were no lawsuits or legal proceedings initiated against the Group or its employees concerning corrupt practices during this timeframe. This flawless record highlights the Group's unwavering dedication to transparency, ethical business conduct, and full regulatory compliance.

Code of Conduct and Prevention Measures

To prevent involvement in illicit activities and protect the Group's operational integrity, specific policies and guidelines have been established within our Staff Instructions to clearly define the expected conduct of all employees. Upon onboarding, all new personnel must formally commit to refraining from any corrupt practices to ensure a solid foundation of business ethics. Additionally, the Group enforces a stringent gift policy to maintain impartial and ethical business relations, which requires employees to immediately report any gift or monetary benefit exceeding HK$500 received from a supplier or related party to the Administration Department, while strictly prohibiting the acceptance of any gifts or benefits above this threshold.

Whistleblowing and Reporting Mechanisms

The Group has established clear, confidential reporting channels to allow employees to voice concerns regarding potential non-compliance or ethical violations without fear of retaliation:

- Reporting Channels: Concerns or suspected violations can be reported directly to the Personnel and Administration Department.

- Escalation Path: If the issue involves the Personnel and Administration Department itself, employees are instructed to escalate the matter directly to the General Manager.

- Investigation Commitment: The Group commits to conducting thorough, fair, and impartial investigations into all reported cases, maintaining strict confidentiality throughout the process to protect whistleblowers.

Anti-Corruption Training

To foster a robust culture of integrity, the Group provides regular and comprehensive anti-corruption training to both directors and staff. These training programs are designed to cover critical topics including ethical risk recognition, legal obligations, and corporate reporting procedures, alongside the prevention of bribery, extortion, fraud, and compliance with anti-money laundering (AML) guidelines.

Delivered through a combination of interactive workshops, online learning modules, and real-world case studies, the training equips personnel with the practical knowledge needed to identify and mitigate compliance risks. Furthermore, the Group conducts periodic refresher courses to ensure all directors and employees remain updated on evolving regulatory developments and corporate best practices.

COMMUNITY INVESTMENT

JC Fashion is dedicated to continuously strengthening its corporate social responsibility framework. We actively practice corporate citizenship, aiming to harmonize economic benefits with social value. The Group recognizes that strategic community investment plays a vital role in supporting marginalized populations, fostering social cohesion, and building a more equitable and empathetic society.

During the Reporting Period, the Group did not allocate dedicated funding or targeted efforts to broad-scale societal initiatives as we focused on refining our operational structure. Recognizing this as an area for growth, we are actively transitioning toward a more structured and proactive community engagement model. Moving forward, the Group is committed to prioritizing community investments that address the local needs of our operational areas and constructively mitigate any potential indirect impacts of our business activities, ensuring lasting positive outcomes.

Five Strategic Pillars of Community Investment

To generate shared value and advance positive social and environmental outcomes, JC Fashion will progressively prioritize five strategic focus areas for our community investments:

1. Education

   Funding educational programs—including scholarships, school infrastructure improvements, mentorship opportunities, and vocational training—to equip individuals with essential skills and knowledge, thereby fostering sustainable socio-economic growth.

2. Health and Well-being

   Supporting initiatives that expand healthcare accessibility, promote disease prevention, provide mental health resources, and enhance holistic wellness to foster healthier and stronger communities.

3. Environmental Conservation

   Prioritizing ecological preservation efforts, such as reforestation projects, clean energy adoption, responsible resource management, and biodiversity protection, to safeguard natural ecosystems and bolster climate resilience.

4. Social Inclusion and Diversity

   Championing diversity-focused programs that ensure equitable participation, dismantle systemic barriers, and cultivate inclusive environments where diverse voices are valued and empowered.

5. Community Development

   Strengthening community foundations through investments in essential infrastructure, public amenities, cultural preservation, and collaborative spaces to nurture community cohesion and civic pride.

HKEX CONTENT AND GRI STANDARDS INDEX

Report Chapters		HKEX Appendix C2 – Environmental, Social and Governance Reporting Code	GRI Sustainability Reporting Standards
About this Report	Report Profile	Part A: Introduction – Paragraph 4	2-1/2-2/2-3/2-6
	Reporting Basis	Part A: Introduction – Paragraph 8	
	Reporting Scope	Part B: Mandatory Disclosure Requirements – Paragraph 15	
	Reporting Terminology	/	
Sustainability Strategy and Management			
Governance	Governance Structure Roles and Responsibilities	Part B: Mandatory Disclosure Requirements – Paragraph 13(i)	2-14
Strategy		/	2-22
Risk Management	Risk Management Risk Mitigation and Response	Part B: Mandatory Disclosure Requirements – Paragraph 13(ii)/ Part D: Climate Disclosures	/
Metrics and Targets		Part B: Mandatory Disclosure Requirements – Paragraph 13(iii)/ Part D: Climate Disclosures	GRI 3-3
Stakeholder Engagement		Part B: Mandatory Disclosure Requirements – Paragraph 14(ii)	2-16/2-26/2-29
Materiality Assessment		Part B: Mandatory Disclosure Requirements – Paragraph 14	3-1/3-2/3-3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Report Chapters		HKEX Appendix C2 – Environmental, Social and Governance Reporting Code	GRI Sustainability Reporting Standards
		Environmental	
Addressing Climate Change	Governance	Part D: Climate–Related Disclosures – (I) Governance	201-2/305-1/ 305-2/305-3/ 305-5
	Strategy	Part D: Climate–Related Disclosures – (II) Strategy	
	Risk and Opportunity Management	Part D: Climate–Related Disclosures – (III) Risk Management	
	Metrics and Targets	Part D: Climate–Related Disclosures – (IV) Metrics and Targets	
Energy Management	Energy Management Energy Conservation Initiatives	Part C: "Comply or Explain" Provisions – Aspect A2 – KPI A2.1, A2.3	302-1/302-4
The Environment and Natural Resources		Part C: "Comply or Explain" Provisions – Aspect A3– KPI A3.1	3-3, 304-2
Water Resources Management		Part C: "Comply or Explain" Provisions – Aspect A2 – KPI A2.2, A2.4	303-1/303-2/ 303-3/303-5
Pollutant Emissions Management	Hazardous Waste Management Non-Hazardous Waste Management Fabric Waste Management and Circular Economy	Part C: "Comply or Explain" Provisions – Aspect A1	303-4/306-1/ 306-2/306-3/ 306-4/306-5

Report Chapters		HKEX Appendix C2 – Environmental, Social and Governance Reporting Code	GRI Sustainability Reporting Standards
		Social	
Employment	Compliance and Labor Practices Talent Management and Meritocracy Diversity, Equity, and Inclusion (DEI) Workforce Profile Employee Turnover Profile	Part C: "Comply or Explain" Provisions – Aspect B1	2-7/2-8/401-1/405-1/405-2/406-1
Health and Safety	Health and Safety Occupational Health and Safety	Part C: "Comply or Explain" Provisions – Aspect B2	403-1/403-2/403-3/403-4/403-5/403-6/403-7/403-8/403-9/403-10
Development and Training		Part C: "Comply or Explain" Provisions – Aspect B3	404-1/404-2/404-3
Labour Standards		Part C: "Comply or Explain" Provisions – Aspect B4	408-1/409-1
Supply Chain Management	Supplier Onboarding Environmental and Social Risks Promote Environmentally Preferable Products	Part C: "Comply or Explain" Provisions – Aspect B5	414-1/308-1/414-2/308-2

Report Chapters		HKEX Appendix C2 – Environmental, Social and Governance Reporting Code	GRI Sustainability Reporting Standards
Product Responsibility	Product Quality and Safety Protecting Intellectual Property Rights Consumer Data Protection and Privacy	Part C: "Comply or Explain" Provisions – Aspect B6	416-1/418-1
Anti-Corruption	Code of Conduct and Prevention Measures Whistleblowing and Reporting Mechanisms Anti-Corruption Training	Part C: "Comply or Explain" Provisions – Aspect B7	2-23/2-26/205-1/205-2/205-3
Community Investment	Community Investment Five Strategic Pillars of Community Investment	Part C: "Comply or Explain" Provisions – Aspect B8	413-1

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The Group is principally engaged in supply of apparel products to online fashion retailers and fashion retailers, the provision of consultation services, and the provision of institutional catering to private institution.

RESULTS AND DIVIDEND

Details of the audited consolidated results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

The Board does not recommend the payment of a final dividend for the Year (30 April 2025: Nil).

BUSINESS REVIEW

A discussion and analysis of the Group's performance during the Year, the key factors affecting its results and financial position, and the information on the compliance with laws and regulations, environmental policy and relationships with stakeholders are set out in the section headed "Management Discussion and Analysis" of this annual report. Furthermore, a fair review of, and an indication of likely future development in the Group's business are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Save as disclosed in this annual report, since the end of the Year, no important event affecting the Group has occurred.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong for the Year.

The Group also complies with the requirements under the Companies Act (revised) of the Cayman Islands, the Listing Rules and the SFO for the disclosure of information and corporate governance.

REPORT OF THE DIRECTORS

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of principal risks including currency risk, interest rate risk, credit risk and liquidity risk. The risk management policies and practices of the Group are shown in note 33 to the consolidated financial statements.

Other risks facing by the Group are set out in the section headed "Principal Risks and Uncertainties" of Management Discussion and Analysis and "Risks relating to the business of the Group" of the announcement relating to the Transfer of Listing dated 11 March 2020.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the latest five financial years of this annual report. This summary does not form part of the consolidated financial statements.

SUBSIDIARIES

Details (including the principal activities) of the Company's subsidiaries as at 30 April 2026 are set out in note 36 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

CHARITABLE DONATIONS

The Group did not make any charitable and other donations during the Year and the year ended 30 April 2026.

DISTRIBUTABLE RESERVES

As at 30 April 2026, the Company did not have any reserves available for distribution, calculated in accordance with the Companies Act (revised) of the Cayman Islands (30 April 2025: Nil). Such amount represented share premium after setting off accumulated losses of the Company, which may be distributable provided that immediately following the date on which the dividend is proposed to distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

PRE-EMPTIVE RIGHTS

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

REPORT OF THE DIRECTORS

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 28 to the consolidated financial statements.

DIRECTORS

During the Year and thereafter up to the date of this report, the Directors are named as follows:

Executive Directors
Mr. Zha Wenyu *(Chairman)* (Note 1)
Mr. Wang Chunbin *(Chief Executive Officer)* (Note 1)
Mr. Zhang Denghui (Note 1)
Mr. Jiang Hongqing (Note 1)
Mr. Choi King Ting, Charles (Note 2)
Mr. Choi Ching Shing
Ms. Li Li Mei

Independent Non-executive Directors
Mr. Lai Kwok Hung, Alex
Mr. Yeung Chuen Chow, Thomas
Mr. Cüneyt Bülent Bilâloğlu

Notes:

1. Appointed on 24 July 2026

2. Resigned as chairman and chief executive officer on 24 July 2026

Pursuant to article 109 of the Article, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules as at the date of this report and considers all the independent non-executive Directors to be independent.

NON-COMPLIANCE WITH THE LISTING RULES

As at the date of this report, the board of directors of the Company comprises 10 members, among them 3 are independent non-executive directors. The Company has failed to meet the requirement set out in Rule 3.10(A) of the Listing Rules that a listed issuer must appoint independent non-executive directors representing at least one-third of the board. The Company is endeavoring to identify suitable candidates to meet the requirement set out in Rule 3.10(A) of the Listing Rules as soon as practicable, and will make further announcement as and when appropriate.

REPORT OF THE DIRECTORS

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group of this annual report.

DIRECTORS' SERVICE CONTRACTS

The Company has entered into service contracts with all executive Directors for a term of three years. The contracts shall be continuing thereafter unless and until terminated by either party thereto giving to the other not less than six months written notice.

In addition, the Company has entered into letter of appointments with independent non-executive Directors for a term of three years.

No Directors proposed for re-election at the 2026 annual general meeting have service contracts, which are not determinable by the Company within one year without payment of compensation, other than statutory compensation.

TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the business of the Group to which the Company, or its holding company, or any of its subsidiaries was a party and in which a director or a connected entity of a director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year, nor was there any transaction, arrangements or contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries for the Year. There was also no contract of significance between the Company or one of the subsidiaries and the controlling shareholders or any of its subsidiaries.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the Year.

DIRECTORS' EMOLUMENTS

Details of the remuneration of the Directors on a named basis during the Year are set out in note 10 to the consolidated financial statements.

REMUNERATION POLICY

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company provides a comprehensive benefit package for all employees as well as career development opportunities. This includes retirement schemes, medical insurance, other insurances, in-house training, on-the job training, external seminars and programs organised by professional bodies and educational institutions.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the directors and officers of the Group from their risk exposure arising from the business of the Group.

Pursuant to the Articles, the Directors shall be indemnified and secured harmless out of the assets of the Company from all actions, costs, charges, losses, damages and expenses, which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at 30 April 2026, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 13 of Appendix D2 to the Listing Rules, were as follows:

Name of Directors	Nature of interest	Number of Shares held	Percentage of shareholding in the Company's issued share capital
Mr. Charles Choi (Note 1)	Interest in controlled corporation	23,000,000(L)	71.88%
	Beneficial owner	970,000(L)	3.03%
	Total	23,970,000	74.91%
Mr. Lai Kwok Hung, Alex	Beneficial owner	10,000(L)	0.03%

Notes:

1. Mr. Charles Choi directly owns 100% of JC Fashion International Group Limited ("JC International"), which in turn holds 71.88% of the issued share capital of the Company. Mr. Charles Choi is deemed, or taken to be interested in, all the Shares held by JC International for the purpose of the SFO.

2. The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at 30 April 2026, none of the Directors nor chief executive of the Company has registered an interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) 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 were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rule 13 of Appendix D2 to the Listing Rules.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed under the paragraphs headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any specified undertaking of the Company or any other associated corporations" above, at no time during the Year were any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or the chief executive of the Company or any of their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

So far as the Directors are aware, as at 30 April 2026, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Nature of interests	Number of Shares held	Percentage of shareholding in the Company's issued share capital
JC International (Note 1)	Beneficial owner	23,000,000(L) (Note 2)	71.88%

Notes:

1. Mr. Charles Choi directly owns 100% of JC International, which in turn holds 71.88% of the issued share capital of the Company. Mr. Charles Choi is deemed, or taken to be interested in, all the Shares held by JC International for the purpose of the SFO.

2. The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at 30 April 2026, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDER

Our Directors believe that our Group is capable of carrying on our business independently of our Controlling Shareholder in view of the Group has maintained independence on management independence, operational independence and financial independence since the Listing Date of the Company. Details of the independence from the controlling shareholders are set out in the section headed "Relationship with the Controlling Shareholders" of the Prospectus.

SHAREHOLDERS' INTERESTS IN SECURITIES OF SIGNIFICANCE

Other than the interests disclosed above in respect of the substantial shareholders, as at 30 April 2026, no other person is individually or collectively entitled to exercise or control the exercise of 5% or more of the voting power at the general meetings of the Company and are able, as a practicable manner, to direct or influence the management of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of sales for the Year generated from the Group's major customers is as follows:

– The largest customer	30.2%
– Five largest customers	77.0%

The percentage of suppliers for the Year attributable to the Group's major suppliers is as follows:

– The largest supplier	23.7%
– Five largest suppliers	83.2%

None of the Directors, their close associates (as defined in the Listing Rules) or any shareholder (which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any beneficial interest in any of the Group's five largest customers or its five largest suppliers for the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year and up to the date of this annual report, the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

During the Year and up to the date of this report, none of the Directors or the controlling shareholders or substantial shareholders (as defined in the Listing Rules) of the Company or their respective close associates (as defined in the Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under the Listing Rules.

NON-COMPETITION UNDERTAKING

Each of the covenants of the deed of non-competition dated 21 February 2017 (“Non-Competition Undertakings”), Mr Charles Choi and JC International (“Covenants”), has made annual declarations to the Company that during the years ended 30 April 2025 and 2026, they have complied with the terms of the Non-Competition Undertakings. Details of the Non-Competition Undertakings are set out in the section headed “Relationship with our Controlling Shareholders” of the Prospectus.

The independent non-executive Directors have reviewed the status of compliance by each of the Covenants with the undertakings in the Non-Competition Undertakings and as far as the independent non-executive Directors can ascertain, the undertakings have been fully complied with and enforced during the years ended 30 April 2025 and 2026. The executive Directors and the independent non-executive Directors also confirm that there are no other matters in relation to the aforesaid undertaking which should be brought to the attention of the Shareholders and the potential investors of the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has set up an Audit and Risk Management Committee on 21 February 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and section D3 of the CG Code. The duties of the Audit and Risk Management Committee are to review relationship with the Company’s external auditors, review the Company’s financial information, oversee the Company’s financial reporting system and internal control procedures and oversee the Company’s continuing connected transactions. The Audit and Risk Management Committee comprises all three independent non-executive Directors, namely Mr. Lai Kwok Hung, Alex, who is the chairman of the Audit and Risk Management Committee, Mr. Yeung Chuen Chow, Thomas and Mr. Cüneyt Bülent Bilâloğlu. The audited consolidated financial statements of the Group for the Year have been reviewed by the Audit and Risk Management Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Listing Rules and legal requirements, and adequate disclosures have been made.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the Year are set out in note 34 to the consolidated financial statements in this annual report. None of these related party transactions constituted a connected transaction as defined under the Listing Rules for the Year.

SUFFICIENCY OF PUBLIC FLOAT

From the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company’s total issued share capital are held by the public at all times throughout the Year and thereafter up to the date of this report.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings of the Shares.

REPORT OF THE DIRECTORS

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to implementing good corporate governance practices. Information on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report of this annual report.

EVENTS AFTER THE REPORTING PERIOD

Hong Kong Weiye Software Co., Limited has become the controlling shareholder of the Company pursuant to the share purchase agreement dated 25 May 2026 (as amended and supplemented by the Supplemental Agreement dated 3 June 2026) entered into among Hong Kong Weiye Software Co., Limited, Mr. Choi King Ting, Charles and JC Fashion International Group Limited in relation to the sale and purchase of the 23,970,000 Shares, as set out in the announcement of the Company dated 4 June 2026. The completion took place on 23 June 2026. Pursuant to Rule 26.1 of the Takeovers Code, upon completion, Hong Kong Weiye Software Co., Limited will be required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by Hong Kong Weiye Software Co., Limited and the concert parties of Hong Kong Weiye Software Co., Limited). The mandatory unconditional cash offer has been commenced on 24 July 2026. Please refer to the announcements of the Company dated 4 June 2026, 23 June 2026, 25 June 2026 and 10 July 2026 and the composite document of the Company dated 24 July 2026 for details of the mandatory unconditional cash offers.

Saved as disclosed above, there are no significant events affecting the Group after the Year and up to the date of this report.

INDEPENDENT AUDITORS

D & PARTNERS CPA LIMITED was appointed as the auditor of the Company by the Board with effect from 4 December 2020 to fill the causal vacancy following the resignation of Deloitte Touche Tohmatsu. Save for the above, there was no other change in the auditor of the Company since the Company listed on GEM on 21 March 2017.

The financial statements for the Year have been audited by D & PARTNERS CPA LIMITED. D & PARTNERS CPA LIMITED will retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint D & PARTNERS CPA LIMITED as the auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Choi King Ting, Charles
Executive Director

Hong Kong, 29 July 2026

INDEPENDENT AUDITOR'S REPORT

D & PARTNERS
CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF SG GROUP HOLDINGS LIMITED
樺欣控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of SG Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 72 to 147, which comprise the consolidated statement of financial position as at 30 April 2026, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the 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 judgment, 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.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on supply of apparel products	
We identified the recognition of revenue pertaining to the supply of apparel products to fashion retailers as a key audit matter due to the significance of the amount contributed to total revenue as disclosed in the consolidated statement of profit or loss and other comprehensive income. The judgement on the point of revenue recognition by the management is significant. Revenue from the supply of apparel products is recognised when the customer obtains the control of the apparel products, being when the apparel products are delivered to the customers at the designated location and the control has passed to the customers. The accounting policy for revenue recognition is disclosed in note 5 to the consolidated financial statements. The Group recognised revenue from the supply of apparel products of HK$156,404,000 (2025: HK$142,604,000) for the year ended 30 April 2026, which is disclosed in note 5 to the consolidated financial statements.	Our procedures in relation to revenue recognition on supply of apparel products included: • Obtaining an understanding of the Group's revenue business process on supply of apparel products and the key controls over revenue recognition on supply of apparel products performed by the management; • Testing the key controls over revenue recognition from contracts with customers on supply of apparel products; • Sampling the contracts with customers on supply of apparel products and evaluating the content of the contracts with reference to Hong Kong Financial Reporting Standard 15 "Revenue from Contracts with Customers"; • Performing fluctuation analysis to identify any unusual patterns of revenue on supply of apparel products for the year and, inquiring of management and evaluating the management's response to any unusual patterns identified pertaining to revenue on supply of apparel products identified; and • Agreeing the details of a sample of revenue transactions on supply of apparel products to the corresponding supporting documents such as invoices, bills of lading and acknowledgements of receipt.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

Impairment assessment of trade receivables

We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables at the end of the reporting period.

As at 30 April 2026, the Group's net trade receivables amounting to approximately HK$24,169,000 (2025: approximately HK$39,383,000) which represented approximately 23% (2025: 34%) of total assets of the Group.

As disclosed in note 4 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables individually. The provision rates are based on external credit ratings considering the individual debtor's historical default rate, adjusted with considering forward-looking information that is reasonable and supportable available without undue costs or effort that are specific to each debtor.

As disclosed in note 33 to the consolidated financial statements, the Group had impairment loss recognised on trade receivables of approximately HK$990,000 (2025: HK$2,126,000) for the year ended 30 April 2026.

How our audit addressed the key audit matter

Our procedures in relation to impairment assessment of trade receivables included:

- Understanding key controls on how the management estimates the loss allowance for trade receivables;

- Testing the accuracy of information used by management in determining credit loss allowance, including trade receivables ageing analysis as at 30 April 2026, on a sample basis, by comparing individual items in the analysis with the relevant sales agreements, sales invoices and other supporting documents;

- Discussing with the management and assessing the reasonableness of the management's basis and judgement in determining credit loss allowance on trade receivables as at 30 April 2026, including their identification of credit impaired trade receivables and the basis of estimated loss rates applied in each category (with reference to historical default rates and forward-looking information); and

- Evaluating the disclosures regarding the impairment assessment of trade receivables in note 33 to the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment, intangible assets and right-of-use assets	
We identified the impairment of property, plant and equipment, intangible assets and right-of-use assets as a key audit matter because of its significance to the consolidated financial statements and high degree of management judgement involved in determining the recoverable amounts. As disclosed in notes 15, 18 and 16 to the consolidated financial statements, the carrying amounts of property, plant and equipment was HK$11,670,000 (2025: HK$13,528,000), the carrying amount of intangible assets was HK$Nil (2025: HK$514,000) and the carrying amount of right-of-use assets was HK$1,225,000 (2025: HK$1,230,000) as at 30 April 2026. The calculation of the recoverable amount requires the management of the Group to estimate the higher of fair value less costs of disposal and value in use of those assets. Management reviewed the recoverable amounts of the property, plant and equipment, intangible assets and right-of-use assets at the end of the reporting period by estimating the respective fair value less costs of disposal and value in use of these assets to determine the impairment amount required to write down these assets to their recoverable amounts. As disclosed in note 7 to the consolidated financial statements, no impairment loss was provided for property, plant and equipment, intangible assets and right-of-use assets for the year ended 30 April 2026 (2025: Nil).	Our procedures in relation to impairment of property, plant and equipment, intangible assets and right-of-use assets included: • Understanding how the management performs the impairment assessment in respect of the property, plant and equipment, intangible assets and right-of-use assets; • Evaluating the management's assessment in estimating recoverable amount of the property, plant and equipment, intangible assets and right-of-use assets; • Testing and checking the accuracy of the calculation of recoverable amount of the property, plant and equipment, intangible assets and right-of-use assets; and • Comparing the Group's cash flow forecast with the historical financial information upon which the cash flow forecast is based.

OTHER INFORMATION

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Lau, Ming Tak Simeon (practising certificate number: P07579).

D & PARTNERS CPA LIMITED
Certified Public Accountants
Suites 710-713, 7/F
12 Taikoo Wan Road,
Taikoo, Hong Kong

29 July 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2026

	NOTES	**2026** **HK$'000**	2025 HK$'000
Revenue	5	**166,245**	153,766
Cost of sales and services		**(140,374)**	(123,419)
Gross profit		**25,871**	30,347
Other income	6	**1,811**	1,077
Other gains and losses	7	**346**	(1,336)
Impairment loss recognised on trade receivables		**(990)**	(2,126)
Administrative expenses		**(18,527)**	(16,676)
Selling and distribution expenses		**(15,251)**	(17,062)
Finance costs	8	**(441)**	(479)
Loss before tax	9	**(7,181)**	(6,255)
Income tax (expense) credit	12	**(123)**	214
Loss for the year		**(7,304)**	(6,041)
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**525**	(193)
Other comprehensive income (expense) for the year		**525**	(193)
Total comprehensive expense for the year		**(6,779)**	(6,234)
Loss per share – basic and diluted (Hong Kong dollars)	14	**(0.228)**	(0.189)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2026

	NOTES	2026 HK$'000	2025 HK$'000
Non-current assets			
Property, plant and equipment	15	**11,670**	13,528
Right-of-use assets	16	**1,225**	1,230
Investment properties	17	**4,120**	4,760
Intangible assets	18	**–**	514
Financial instrument at fair value through other comprehensive income ("FVTOCI")	21	**–**	–
		17,015	20,032
Current assets			
Inventories	19	**5,937**	476
Trade and other receivables	20	**50,939**	65,494
Tax recoverables		**–**	15
Financial assets at fair value through profit or loss ("FVTPL")	22	**47**	36
Bank balances and cash	23	**30,396**	30,439
		87,319	96,460
Current liabilities			
Contract liabilities	24	**2,311**	2,189
Trade and other payables	24	**21,417**	16,977
Lease liabilities	25	**817**	853
Bank borrowings	27	**2,694**	2,726
Other borrowings	27	**–**	10,000
Tax payables		**337**	127
		27,576	32,872
Net current assets		**59,743**	63,588
Total assets less current liabilities		**76,758**	83,620
Non-current liabilities			
Lease liabilities	25	**417**	415
Deferred tax liabilities	26	**10**	95
		427	510
Net assets		**76,331**	83,110

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 APRIL 2026

	NOTE	**2026** **HK$'000**	2025 HK$'000
Capital and reserves			
Share capital	28	**320**	320
Reserves		**76,011**	82,790
Total equity		**76,331**	83,110

The consolidated financial statements on pages 79 to 147 were approved and authorised for issue by the Board of Directors on 29 July 2026 and are signed on its behalf by:

Mr. Choi King Ting Charles
DIRECTOR

Mr. Choi Ching Shing
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2026

	Share capital HK$'000	Share premium HK$'000	Statutory reserve HK$'000 (Note)	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 May 2024	320	39,201	456	(2,925)	(80)	52,372	89,344
Loss and total comprehensive expense for the year	–	–	–	–	(193)	(6,041)	(6,234)
At 30 April 2025	320	39,201	456	(2,925)	(273)	46,331	83,110
Loss and total comprehensive expense for the year	–	–	–	–	525	(7,304)	(6,779)
Disposal of financial instrument at FVTOCI	–	–	–	2,925	–	(2,925)	–
At 30 April 2026	320	39,201	456	–	252	36,102	76,331

Note: Amount represents statutory reserve of the subsidiary of the Company established in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, the subsidiary is required to transfer at least 10% of its net profit after tax, as determined under the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, to a non-distributable reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2026

	2026 **HK$'000**	2025 HK$'000
OPERATING ACTIVITIES		
Loss before tax	**(7,181)**	(6,255)
Adjustments for:		
Depreciation of property, plant and equipment	**1,999**	2,359
Depreciation of right-of-use assets	**851**	1,051
Depreciation of investment properties	**108**	144
Amortisation of intangible assets	**514**	1,468
Finance costs	**441**	479
Impairment loss recognised on trade receivables	**990**	2,126
Bad debts written off	**59**	–
Net unrealised (gain) loss on financial assets at FVTPL	**(11)**	10
Net realised loss on financial assets at FVTPL	**–**	453
Interest income	**(16)**	(23)
Write off on property, plant and equipment	**–**	76
Gain on lease modification	**(33)**	–
Impairment loss recognised on investment properties	**532**	1,552
Operating cash flows before movements in working capital	**(1,747)**	3,440
Increase in inventories	**(5,461)**	(431)
Decrease (increase) in trade and other receivables	**14,137**	(27,734)
Increase in trade and other payables	**4,396**	9,400
Increase in contract liabilities	**122**	1,671
Cash generated from (used in) operations	**11,447**	(13,654)
Hong Kong Profits Tax refunded	**17**	916
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	**11,464**	(12,738)
INVESTING ACTIVITIES		
Interest received	**16**	23
Purchase of property, plant and equipment	**(119)**	(30)
Proceeds from disposal of financial assets at FVTPL	**–**	3,827
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	**(103)**	3,820

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2026

	2026 HK$'000	2025 HK$'000
FINANCING ACTIVITIES		
Other borrowings (repaid) raised	**(10,000)**	10,000
Repayments of lease liabilities	**(846)**	(1,036)
Interest paid	**(441)**	(479)
Repayment of bank borrowings	**(32)**	(1,368)
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	**(11,319)**	7,117
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**42**	(1,801)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**30,439**	32,430
Effect of foreign exchange rate changes	**(85)**	(190)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**30,396**	30,439

1. GENERAL

SG Group Holdings Limited (the "Company") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 8 October 2015. The ordinary shares of the Company was listed on GEM of The Stock Exchange of Hong Kong Limited in 2017. On 20 March 2020, the ordinary shares of the Company transferred and listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the directors, the immediate and ultimate holding company is JC Fashion International Group Limited which was incorporated in the British Virgin Islands ("BVI"). Its ultimate controlling party is Mr. Choi King Ting Charles ("Mr. Charles Choi") who is also a director and the chief executive of the Company.

The registered office of the Company is situated at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

The address of the head office and the principal place of business of the Company is Unit B, 9/F., Mai Wah Industrial Building, 1-7 Wah Sing Street, Kwai Chung, New Territories, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the supply of apparel products with design and sourcing services to fashion retailers and the provision of consultation services.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is different from the functional currency of the Company, being United States dollars ("US$"). The directors of the Company consider that presenting the financial information in HK$ is preferable as the principal place of business of the Company and its principal subsidiaries are in Hong Kong.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 May 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

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

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

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

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

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.

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

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

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

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Basis of consolidation (Continued)

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

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

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in note 5 and 24.

Property, plant and equipment

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

Construction in progress for administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Borrowing costs

Borrowing costs which are not eligible for capitalisation to qualifying assets are recognised in profit or loss in the year in which they are incurred.

Leases

Definition of 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.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to lease of property that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term lease are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

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

Refundable rental deposits

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Government grants

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currencies (Continued)

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all costs necessary to make the sale.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment on property, plant and equipment and intangible assets (Continued)

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “other gains and losses” line item in profit or loss.

(iii) Financial assets at FVTPL

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

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

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually.

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

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

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

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

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 1 year (2025: 1 year) past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

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

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortised cost

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition/modification of financial liabilities

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

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The above said fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and government-managed retirement benefit schemes, which are defined contribution retirement benefit plans, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

Current and deferred tax are recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

Revenue recognition from sales of apparel products at a point in time

Under HKFRS 15, control of the asset is transferred over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Significant judgment is required in determining whether the terms of the Group's contracts with customers in relation to apparel products create an enforceable right to payment for the Group. The Group has considered the relevant local laws that apply to those relevant contracts. Based on the assessment of the Group's management, the apparel products have alternative use which do not create an enforceable right to payment for the Group. Accordingly, the sales of apparel products are considered to be performance obligation satisfied at a point in time.

Key source of estimation uncertainty

The following is the key source of estimation uncertainty at the end of the reporting period that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year from the end of the reporting period.

Provision of ECL for trade receivables

The Group uses individual assessment to calculate ECL for the trade receivables. The provision rates are based on external credit ratings considering the individual debtor's historical default rate, adjusted after considering forward-looking information that is reasonable and supportable available without undue costs or effort that are specific to each debtor. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. As at 30 April 2026, the carrying amount of trade receivables is HK$24,169,000 (2025: HK$39,383,000) and impairment loss of HK$1,788,000 (2025: HK$5,004,000). The information about the ECL is disclosed in note 33.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCE OF ESTIMATION UNCERTAINTY (CONTINUED)

Fair value measurement of financial instruments

In the absence of current prices in active market for similar unlisted equity interests, the Group determines the fair values by using discounted cash flow valuation technique with input not based on observable market data and other available information.

The investment was disposed during the year ended 30 April 2026. The carrying amounts of the unlisted investments as at 30 April 2025 was HK$Nil, further details of which are set out in note 21.

Estimated impairment of property, plant and equipment, intangible assets and right-of-use assets

Property, plant and equipment, intangible assets and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Where the actual future cash flows are less than expected, a material impairment loss may arise. The fair value less costs of disposal of certain assets have been determined from market available information.

As at 30 April 2026, the carrying amounts of property, plant and equipment, intangible assets and right-of-use assets subject to impairment assessment were HK$11,670,000, HK$Nil and HK$1,225,000 (2025: HK$13,528,000, HK$514,000 and HK$1,230,000) respectively, after taking into account the impairment losses of HK$Nil (2025: HK$Nil) was recognised in respect of property, plant and equipment, no impairment loss was recognised for intangible assets and no impairment loss was recognised for right-of-use assets. Details of the impairment of property, plant and equipment, intangible assets and right-of-use assets are disclosed in notes 15, 18 and 16 respectively.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on supply of apparel products and provision of institutional catering.

The Group determines its operating segments based on the reports reviewed by the executive directors, being the chief operating decision makers (the “CODM”), which are used to make strategic decisions for the purposes of resource allocation and assessment of segment performance. The Group mainly sells apparel products with designing and sourcing services to fast fashion clothing retailers and newly provide institutional catering this year.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The details of the Group's each reportable segment is as follows:

Supply of Apparel Products	Supply of branded label apparel products with designing and sourcing services to fashion retailers.
Provision of institutional catering	Provision of institutional catering to private institution

This operating segments also represent the Group's reportable segments.

Segment revenue and results

For the year ended 30 April 2026

	Supply of Apparel Products HK$'000	Institutional catering HK$'000	Total HK$'000
Segment revenue			
Supply of Apparel Products			
Womenswear	142,824	–	142,824
Childrenswear	13,465	–	13,465
Menswear	115	–	115
	156,404	–	156,404
Institutional catering	–	9,841	9,841
	156,404	9,841	166,245
Segment (loss) profit	(8,900)	3,938	(4,962)
Unallocated income			239
Unallocated gains and losses			(413)
Unallocated expenses			(2,045)
Unallocated finance costs			–
Loss before tax			(7,181)

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the year ended 30 April 2025

	Supply of Apparel Products HK$'000	Institutional catering HK$'000	Total HK$'000
Segment revenue			
Supply of Apparel Products			
Womenswear	121,513	–	121,513
Childrenswear	20,441	–	20,441
Menswear	650	–	650
	142,604	–	142,604
Institutional catering	–	11,162	11,162
	142,604	11,162	153,766
Segment (loss) profit	(4,832)	1,691	(3,141)
Unallocated income			194
Unallocated gains and losses			(1,201)
Unallocated expenses			(2,107)
Unallocated finance costs			–
Loss before tax			(6,255)

Segment loss represents the loss from each segment without allocation of unallocated income and expenses mainly including certain depreciation on property, plant and equipment, depreciation on investment properties, change in fair value of financial assets at FVTPL, general office expenses, certain finance costs, and net foreign exchange gains. This is consistent with the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

There were no inter-segment sales for both years.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue by type of products

	2026 HK$'000	2025 HK$'000
At a point in time:		
Supply of apparel products		
Womenswear	**142,824**	121,513
Childrenswear	**13,465**	20,441
Menswear	**115**	650
Institutional catering	**9,841**	11,162
	166,245	153,766

Revenue from the supply of apparel products is recognised at a point in time, when control of the goods has transferred, being when the goods have been shipped to the designated location (delivery) and the control has passed to the customers.

Revenue from provision of institutional catering is recognised at a point in time when services have been provided to customers. A receivable is recognised by the Group when the services are rendered to the customers at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Segment assets and liabilities

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM of the Group.

Geographical information

Information about the Group's revenue from external customers is presented based on the geographic locations of where the customers received the goods and provision of services is detailed below:

	2026 HK$'000	2025 HK$'000
Revenue from external customers		
Europe	**112,253**	91,599
North America	**41,936**	50,671
Asia	**11,283**	11,496
South America	**773**	–
	166,245	153,766

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information (Continued)

The following is an analysis of the carrying amounts of the Group's non-current assets (including property, plant and equipment, right-of-use assets, investment properties and intangible assets), analysed by the geographical area in which the assets are located:

	2026 HK$'000	2025 HK$'000
Hong Kong	**16,195**	16,631
The PRC	**820**	3,294
The UK	**–**	107
	17,015	20,032

Information about major customers

Revenue from major customers which accounted for 10% or more of the Group's revenue for the reporting period is set out below:

	2026 HK$'000	2025 HK$'000
Customer A[1]	**50,125**	45,043
Customer B[1]	**23,031**	20,711
Customer C[1]	**32,463**	39,908
Customer D[1]	**13,483**[2]	15,665

1 Revenue generated from supply of apparel products segment.

2 Customer D did not contribute 10% or more of the Group's total revenue for the year ended 30 April 2026. The current year revenue is disclosed for comparative purposes only.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Contract liabilities

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

Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

(a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);

(b) a refund liability/contract liability; and

(c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

6. OTHER INCOME

	2026 HK$'000	2025 HK$'000
Dividend income	**1**	18
Government grants (Note)	**1,354**	347
Interest income	**16**	23
Rental income	**179**	175
Sample income	**–**	295
Others	**261**	219
	1,811	1,077

Note: During the current year, the Group recognised government grants HK$1,354,000 (2025: HK$347,000) of which HK$746,000 (2025: HK$321,000) relates to Greater Bay Area Youth Employment Scheme, HK$608,000 (2025: HK$Nil) relating to Dedicated Fund on Branding, Upgrading and Domestic Sales and HK$Nil (2025: HK$26,000) relates to SME Export Marketing Fund provided by the Hong Kong Government.

7. OTHER GAINS AND LOSSES

	2026 HK$'000	2025 HK$'000
Net exchange gains	**893**	755
Bad debts written off	**(59)**	–
Net unrealised gain (loss) on financial assets at FVTPL	**11**	(10)
Net realised loss on financial assets at FVTPL	**–**	(453)
Write off on property, plant and equipment	**–**	(76)
Gain on lease modification	**33**	–
Impairment loss recognised on investment properties	**(532)**	(1,552)
	346	(1,336)

8. FINANCE COSTS

	2026 HK$'000	2025 HK$'000
Interest on:		
Bank borrowings	**79**	124
Other borrowings	**320**	280
Lease liabilities	**42**	75
	441	479

9. LOSS BEFORE TAX

	2026 HK$'000	2025 HK$'000
Loss before tax has been arrived at after charging:		
Directors' remuneration (note 10)	**1,836**	1,578
Other staff costs	**11,419**	11,940
	13,255	13,518
Retirement benefit schemes contributions for other staffs	**766**	767
Total staff costs	**14,021**	14,285
Depreciation of property, plant and equipment	**1,999**	2,359
Depreciation of right-of-use assets	**851**	1,051
Depreciation of investment properties	**108**	144
Amortisation of intangible assets	**514**	1,468
Write off on property, plant and equipment	**–**	76
Impairment loss recognised on investment properties	**532**	1,552
Rental expenses in respect of short-term leases	**328**	180
Auditor's remuneration	**500**	500
Marketing expenses	**679**	503
Testing charges	**1,343**	1,054
Transportation	**3,197**	3,890
Cost of inventories recognised as expenses	**107,708**	107,706

10. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE

Mr. Charles Choi is a director and the chief executive of the Company and his emoluments are disclosed below include the service rendered by him as the chief executive.

Mr. Choi Ching Shing Benny ("Mr. Benny Choi"), who is the sibling of Mr. Charles Choi, is an executive director of the Company. Mr. Benny Choi was also a director of the operating subsidiaries of the Group during the year ended 30 April 2026.

10. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE (CONTINUED)

Directors and Chief Executive

Below details are the emoluments including fees, salaries and allowances and retirement benefit schemes contributions paid by the group entities to the directors of the Company and the chief executive of the Company during the year.

	Fees HK$'000	Salaries and allowances HK$'000	Performance bonus HK$'000	Retirement benefit schemes contributions HK$'000	Total HK$'000
For the year ended 30 April 2026					
Executive directors					
Mr. Charles Choi	**–**	**936**	**–**	**30**	**966**
Mr. Benny Choi	**–**	**120**	**–**	**6**	**126**
Ms. Li Li Mei	**–**	**366**	**–**	**18**	**384**
	–	**1,422**	**–**	**54**	**1,476**
Independent non-executive directors					
Mr. Lai Kwok Hung, Alex	**120**	**–**	**–**	**–**	**120**
Mr. Yeung Chuen Chow, Thomas	**120**	**–**	**–**	**–**	**120**
Mr. Cüneyt Bülent Bilâloğlu	**120**	**–**	**–**	**–**	**120**
	360	**–**	**–**	**–**	**360**
	360	**1,422**	**–**	**54**	**1,836**
For the year ended 30 April 2025					
Executive directors					
Mr. Charles Choi	–	936	–	30	966
Mr. Benny Choi	–	120	–	6	126
Ms. Li Li Mei	–	120	–	6	126
	–	1,176	–	42	1,218
Independent non-executive directors					
Mr. Lai Kwok Hung, Alex	120	–	–	–	120
Mr. Yeung Chuen Chow, Thomas	120	–	–	–	120
Mr. Cüneyt Bülent Bilâloğlu	120	–	–	–	120
	360	–	–	–	360
	360	1,176	–	42	1,578

10. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE (CONTINUED)

Directors and Chief Executive (Continued)

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

The independent non-executive directors' emoluments shown above are for their services as directors of the Company.

None of the directors waived or agreed to waive any emoluments during the years ended 30 April 2026 and 2025.

11. EMPLOYEES' EMOLUMENTS

Employees

Included in the five individuals with the highest emoluments in the Group are Mr. Charles Choi and Ms. Li Li Mei whose emoluments are included in the disclosure in note 10 above. The accumulated emoluments of the remaining three (2025: four) highest paid individuals are as follows:

	2026 HK$'000	2025 HK$'000
Salaries and allowances	**2,435**	2,180
Retirement benefit schemes contributions	**54**	69
	2,489	2,249

The number of the five highest paid individuals, whose emolument fell within the following bands is as follows:

	2026 Number of employees	2025 Number of employees
Nil to HK$1,000,000	**4**	4
HK$1,000,001 to HK$1,500,000	**1**	1

During the year, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSE (CREDIT)

	2026 HK$'000	2025 HK$'000
Current tax		
Hong Kong Profits Tax	**153**	15
UK Corporate Tax	**55**	14
	208	29
Deferred tax credit (note 26)	**(85)**	(243)
	123	(214)

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for the year. No provision for EIT is made for the years ended 30 April 2026 and 2025 as the Group has no assessable profit arising in the PRC or the assessable profits are wholly absorbed by tax losses brought forward from prior years.

The UK Corporate Tax is calculated at 19% of the taxable profits of subsidiary established in the UK.

12. INCOME TAX EXPENSE (CREDIT) (CONTINUED)

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

	2026 HK$'000	2025 HK$'000
Loss before tax	**(7,181)**	(6,255)
Tax at Hong Kong Profits Tax rate of 16.5% (2025: 16.5%)	**(1,185)**	(1,032)
Tax effect of expenses not deductible for tax purposes	**158**	331
Tax effect of income not taxable for tax purposes	**(95)**	(231)
Tax effect of tax losses not recognised	**1,583**	1,142
Tax effect of utilisation of tax losses not previously recognised	**(323)**	(776)
Tax effect of deductible temporary difference not recognised	**356**	452
Utilisation of deductible temporary differences previously not recognised	**(49)**	(3)
Tax effect of different rate of subsidiaries operating in other jurisdictions	**(163)**	(79)
Tax concession	**(156)**	(16)
Tax reduction	**(3)**	(2)
Income tax expense (credit)	**123**	(214)

Details of deferred taxation are set out in note 26.

13. DIVIDEND

No dividend was paid or proposed for the ordinary shareholders of the Company during the year ended 30 April 2026 (2025: Nil), nor has any dividend been proposed since the end of the reporting period.

14. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

	2026 HK$'000	2025 HK$'000
Loss:		
Loss for the purpose of calculating basic loss per share (loss for the year)	**(7,304)**	(6,041)
	'000	'000
Weighted average number of shares:		
Number of ordinary shares for the purpose of calculating basic loss per share	**32,000**	32,000

No diluted loss per share for both years was presented as there were no potential ordinary shares in issue for both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Owned properties HK$'000	Fixture and furniture HK$'000	Leasehold improvement HK$'000	Catering equipment HK$'000	Total HK$'000
COST					
At 1 May 2024	15,544	2,671	9,881	84	28,180
Additions	–	17	–	13	30
Write off	–	–	–	(97)	(97)
Exchange realignment	–	(31)	(1)	–	(32)
At 30 April 2025	15,544	2,657	9,880	–	28,081
Additions	–	119	–	–	119
Write off	–	–	(572)	–	(572)
Exchange realignment	–	201	8	–	209
At 30 April 2026	15,544	2,977	9,316	–	27,837
DEPRECIATION AND IMPAIRMENT					
At 1 May 2024	7,068	1,928	3,235	5	12,236
Provided for the year	362	336	1,645	16	2,359
Eliminated on write off	–	–	–	(21)	(21)
Exchange realignment	–	(20)	(1)	–	(21)
At 30 April 2025	7,430	2,244	4,879	–	14,553
Provided for the year	362	299	1,338	–	1,999
Eliminated on write off	–	–	(572)	–	(572)
Exchange realignment	–	179	8	–	187
At 30 April 2026	7,792	2,722	5,653	–	16,167
CARRYING VALUES					
At 30 April 2026	7,752	255	3,663	–	11,670
At 30 April 2025	8,114	413	5,001	–	13,528

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives, using the straight-line method and at the following rates per annum:

Owned properties	2% to 3.5% or over the lease term, whichever is shorter
Fixture and furniture	20%
Leasehold improvement	over the shorter of the term of the lease
Catering equipment	20%

Impairment assessment

For the year ended 30 April 2026 and 2025, the Group has performed impairment assessment on property, plant and equipment, intangible assets and right-of-use assets. Certain subsidiaries were loss making during the year due to the economic downturn. Impairment assessment is performed on subsidiaries with operating losses which is considered as an impairment indicator for the years ended 30 April 2026 and 2025.

The management of the Group concluded there was indication for impairment and conducted impairment assessment on certain property, plant and equipment, intangible assets with finite useful lives and right-of-use assets with carrying amounts of HK$11,670,000, HK$Nil and HK$1,225,000 (2025: HK$13,528,000, HK$514,000 and HK$1,230,000) respectively. The recoverable amount of owned properties and related leasehold improvement, are estimated individually.

The recoverable amounts of the owned properties and related leasehold improvement have been determined based on their fair value less costs of disposal. The Group uses direct comparison to estimate the fair value less costs of disposal of the assets which is based on the recent transaction prices for similar properties adjusted for nature, location and conditions of the property. The fair value measurement is categorised into Level 3 fair value hierarchy. The relevant assets were impaired to their recoverable amount of HK$Nil (2025: HK$Nil), which is their carrying values at year end and the impairment of HK$Nil (2025: HK$Nil) has been recognised in profit or loss within the relevant functions to which these assets relate during the year.

In addition, the Group estimates the recoverable amount of the cash-generating unit of supply of apparel products to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets when reasonable and consistent basis can be established.

The recoverable amount of cash-generating units ("CGU") have been determined based on a value in use calculation. The Group engaged independent qualified valuer to assist in determining the value in use of the relevant CGU. That calculation uses cash flow projections based on financial budgets approved by the management of the respective subsidiary covering the following 5 years with a pre-tax discount rate is 12.7% (2025: 12.1%) as at 30 April 2026. The annual growth rate used is 2.5% (2025: 2.5%), which is based on the human resources capacity and future business plan. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the cash-generating units' past performance and management expectations for the market development.

Based on the result of the assessment, the carrying amounts of the CGU has not been reduced since the management of the Group determined that the recoverable amounts of CGU are higher than their carrying amounts based on the value-in-use calculation.

16. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
As at 30 April 2026	
Carrying amount	1,225
As at 30 April 2025	
Carrying amount	1,230
For the year ended 30 April 2026	
Depreciation charge	(851)
For the year ended 30 April 2025	
Depreciation charge	(1,051)

	2026 HK$'000	2025 HK$'000
Expenses related to short-term leases	**328**	180
Additions to right-of-use assets	**–**	–
Lease modification	**845**	–
Total cash outflow for leases (Note 1)	**1,216**	1,291

Note 1: Amounts include payments of principal and interest portion of lease liabilities and short-term lease payments.

The Group leases various properties for its operations. Lease contracts were entered into for fixed term of 2 to 5 years. Lease terms were negotiated on an individual basis and contained a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for properties. As at 30 April 2026 and 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Details of lease maturity analysis of lease liabilities is set out in note 33.

Restrictions or covenants on leases

In addition, lease liabilities of HK$1,234,000 (2025: HK$1,268,000) are recognised with related right-of-use assets of HK$1,225,000 (2025: HK$1,230,000) as at 30 April 2026. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17. INVESTMENT PROPERTIES

	Leasehold properties HK$'000
COST	
At 1 May 2024, at 30 April 2025 and 2026	8,000
DEPRECIATION AND IMPAIRMENT	
At 1 May 2024	1,544
Charge for the year	144
Impairment loss recognised in profit or loss	1,552
At 30 April 2025	3,240
Charge for the year	108
Impairment loss recognised in profit or loss	532
At 30 April 2026	3,880
CARRYING VALUES	
At 30 April 2026	4,120
At 30 April 2025	4,760

The above item of investment properties is depreciated on a straight-line basis at 2% or over lease term, whichever is shorter per annum.

The fair value of the investment properties (including land portion) at 30 April 2026 and 2025, which has been determined by the directors of the Company by reference to recent market prices for similar properties approximated to the carrying amount of the investment properties.

In estimating the fair value of the properties, the highest and best use of the property is its current use.

Details of the Group's investment properties and information about the fair value hierarchy and valuation technique are as follows:

Description	Carrying value at April 30		Fair value at level 3 at April 30		Valuation technique	Major unobservable input
	2026 HK$'000	2025 HK$'000	**2026 HK$'000**	2025 HK$'000		
Car park slots in Royal Terrace	**4,120**	4,760	**4,120**	4,760	Market approach	Adjusting factors, mainly taking into account the time, location and floor level, between the comparables

18. INTANGIBLE ASSETS

	Computer software HK$'000	Online showroom HK$'000	Brand names HK$'000	Total HK$'000
COST				
At 1 May 2024, 30 April 2025 and 2026	4,703	3,470	814	8,987
AMORTISATION				
At 1 May 2024	3,371	2,820	814	7,005
Charge for the year	941	527	–	1,468
At 30 April 2025	4,312	3,347	814	8,473
Charge for the year	391	123	–	514
At 30 April 2026	4,703	3,470	814	8,987
CARRYING VALUES				
At 30 April 2026	–	–	–	–
At 30 April 2025	391	123	–	514

In the opinion of the directors, the computer software, online showroom and brand names which have finite useful lives are amortised on a straight-line basis over 5 years.

19. INVENTORIES

	2026 HK$'000	2025 HK$'000
Apparel product		
– Goods in transit	**5,937**	476

20. TRADE AND OTHER RECEIVABLES

	2026 HK$'000	2025 HK$'000
Trade receivables	25,957	44,387
Less: allowance for credit losses	(1,788)	(5,004)
	24,169	39,383
Other receivables		
– Deposits and prepayments	1,120	2,127
– Prepayment to suppliers	20,570	20,906
– Value-added tax receivables	3,333	1,805
– Others	1,747	1,273
	26,770	26,111
Total trade and other receivables	50,939	65,494

For customers with good credit quality and payment history, the Group allows credit periods of no longer than 90 days (2025: 90 days). For other customers, the Group requests an advance deposit payment and demands for full settlement upon delivery of the goods.

The following is an aged analysis of trade receivables (net of allowance for credit losses) presented based on the invoice date at the end of the reporting period, which approximates the revenue recognition dates:

	2026 HK$'000	2025 HK$'000
Within 60 days	15,587	26,640
61 to 180 days	8,012	12,391
181 to 365 days	437	35
Over 365 days	133	317
	24,169	39,383

Included in the Group's trade receivables balance are debtors with aggregate carrying amounts of approximately HK$5,274,000 (2025: approximately HK$4,781,000), which are past due at the end of the reporting period for which the Group has not provided for impairment loss because there has not been a significant change in credit quality and taking into account of forward looking information and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

As at 30 April 2026, the Group has HK$3,926,000 (2025: HK$475,000) of trade receivables past due over 90 days but not impaired. The Group does not consider such balances are defaulted due to long and on-going business relationship, good repayment record, good credit quality and forward looking information of these customers.

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Details of impairment assessment of trade and other receivables are set out in note 33.

Trade and other receivables that are denominated in foreign currencies, currencies other than the functional currencies of relevant group entities:

	2026 **HK$'000**	2025 HK$'000
Great British Pound ("GBP")	**6,477**	2,828
HK$	**12,553**	3,801
Renminbi ("RMB")	**77**	77

21. FINANCIAL INSTRUMENT AT FVTOCI

	2026 **HK$'000**	2025 HK$'000
Unlisted equity investment (Note)	**–**	–

Note: The unlisted equity interest of 19.5% represented the Group's investment in a private company established in British Virgin Islands, which is a investment holding company. During the year ended 30 April 2026, the Group disposed of this entire unlisted equity interest to a family member of a director of the Company for a consideration of HK$1.

The above unlisted investment was not held for trading and the directors of the Company had elected to designate the investment in equity instrument at FVTOCI. Upon disposal during the year ended 30 April 2026, no fair value change (2025: HK$Nil) was recognised to other comprehensive income. Detail of the transaction is also disclosed in the related party disclosures note.

22. FINANCIAL ASSETS AT FVTPL

	2026 **HK$'000**	2025 HK$'000
Hong Kong listed equity securities held for trading (Note 1)	**47**	36
Analysed for reporting purpose as:		
Current assets	**47**	36

Note 1: The fair values of listed securities are based on the bid prices quoted in active markets in Hong Kong.

23. BANK BALANCES AND CASH

Bank balances carried interest at prevailing market rates based on daily bank deposits rates for both years.

Details of impairment assessment of bank balance are set out in note 33.

Bank balances that are denominated in foreign currencies, currencies other than the functional currencies of relevant group entities:

	2026	2025
	HK$'000	HK$'000
HK$	**7,287**	18,486
GBP	**4,839**	1,170
RMB	**18**	29
EUR	**7**	7

24. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2026	2025
	HK$'000	HK$'000
Trade payables	**18,504**	12,284
Other payables	**1,195**	2,247
Accrued expenses	**1,718**	2,446
Total trade and other payables	**21,417**	16,977

The credit period of trade payables ranges from 30 to 90 days for both years.

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period.

	2026	2025
	HK$'000	HK$'000
Within 60 days	**13,546**	11,919
61 to 180 days	**4,877**	224
181 to 365 days	**4**	64
Over 365 days	**77**	77
	18,504	12,284

24. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (CONTINUED)

Trade and other payables that are denominated in foreign currencies, currencies other than the functional currencies of relevant group entities:

	2026 HK$'000	2025 HK$'000
HK$	**1,260**	1,744
RMB	**8,220**	2,117
GBP	**630**	582

The following is the analysis of contract liabilities.

	2026 HK$'000	2025 HK$'000
Receipt in advance for apparel products contracts	**2,311**	2,189

Contract liabilities are classified as current as they are expected to be settled within the Group's normal operating cycle.

Contract liabilities represent deposits received and receipt in advance from customers for apparel contracts. Contract liabilities as at the end of each reporting period are recognised as revenue in the subsequent year.

When the Group receives a deposit before the production activity commences, this gives rise to contract liabilities at the start of production until the revenue recognised when the customer obtains the control of the apparel products. The Group typically receives 30% deposit on acceptance of customers' order.

	2026 HK$'000	2025 HK$'000
Balance at the beginning of the year	**2,189**	518
Billing in advance for contracts for apparel products	**2,179**	2,060
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(2,057)**	(389)
Balance at the end of the year	**2,311**	2,189

25. LEASE LIABILITIES

	2026 HK$'000	2025 HK$'000
Lease liabilities payable:		
Within one year	**817**	853
Within a period of more than one year but not more than two years	**417**	415
	1,234	1,268
Less: Amount due for settlement within 12 months shown under current liabilities	**817**	853
Amount due for settlement after 12 months shown under non-current liabilities	**417**	415

Details of lease information are set out in note 16.

Details of maturity analysis of lease liabilities are set out in note 33.

26. DEFERRED TAX LIABILITIES

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2026 HK$'000	2025 HK$'000
Deferred tax liabilities	**10**	95

26. DEFERRED TAX LIABILITIES (CONTINUED)

The following is the major deferred tax liabilities recognised and movements thereon during the current and prior years.

	Accelerated tax accounting depreciation HK$'000
At 1 May 2024	(338)
Credited to profit or loss	243
At 30 April 2025	(95)
Credited to profit or loss	85
At 30 April 2026	(10)

At the end of the reporting period, the Group has unused tax losses of HK$29,068,000 (2025: HK$23,964,000) available for offset against future profits.

No deferred tax asset has been recognised in respect of HK$29,068,000 (2025: HK$23,964,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses of HK$24,766,000 (2025: HK$19,662,000), may be carried forward indefinitely, and the remaining may be carried forward for one to five years.

At the end of the reporting period, the Group has deductible temporary differences of HK$4,850,000 (2025: HK$3,002,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

27. BANK AND OTHER BORROWINGS

	2026	2025
	HK$'000	HK$'000
Bank borrowings	**2,694**	2,726
Other borrowings	**–**	10,000
	2,694	12,726
Secured	**–**	10,000
Unsecured	**2,694**	2,726
	2,694	12,726
The carrying amounts of the above borrowings are repayable (Note):		
Within one year	**405**	10,244
In more than one year but not exceeding two years	**417**	2,482
In more than two years but not exceeding five years	**1,325**	–
Over five years	**547**	–
	2,694	12,726
Amounts shown under current liabilities with repayment on demand clause	**2,694**	12,726

Note:

The amounts due are based on scheduled repayment dates set out in the loan agreements.

The bank borrowings were personal guaranteed by Mr. Choi King Ting, Charles, the executive director of the Group and have been extended to July 2032. The effective interest rates (which is also equal to contracted interest rate) on the Company's borrowings are 2.88% (2025: 3.63%) per annum.

The other borrowings were pledged by the Group's owned properties and investment properties. Details of pledged of assets are set out in note 30.

The bank and other borrowings that are denominated in currencies other than the functional currency of the Company are set out below:

	2026	2025
	HK$'000	HK$'000
HK$	**2,694**	12,726

28. SHARE CAPITAL OF THE COMPANY

Details of movements of authorised and issued capital of the Company are as follows:

	Number of shares	Share capital HK$
Ordinary share of HK$0.01 each		
Authorised:		
At 1 May 2024, 30 April 2025 and 30 April 2026	200,000,000	2,000,000
Issued and fully paid:		
At 1 May 2024, 30 April 2025 and 30 April 2026	32,000,000	320,000

There is no movement for both years.

29. OPERATING LEASING ARRANGEMENTS

The Group as lessor

All of the leasehold properties held for rental purposes have committed lessees for one year.

Minimum lease payments receivable on leases are as follows:

	2026 HK$'000	2025 HK$'000
Within one year	**119**	107

30. PLEDGE OF ASSETS

No pledged of assets as at 30 April 2026.

During the year ended 30 April 2025, the Group has pledged HK$8,114,000 in owned properties classified under property, plant and equipment, along with HK$4,760,000 in investment properties as collateral for other borrowings.

31. RETIREMENT BENEFITS PLAN

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for all its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The Group contributes 5% (2025: 5%) of relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme.

The employees employed in the PRC and the UK are members of the state-managed retirement benefits schemes operated by PRC and UK government. The PRC and UK subsidiaries are required to contribute a certain percentage of their basis payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contribution under the schemes.

The total cost of HK$820,000 (2025: HK$809,000) charged to profit or loss represents contributions paid or payable to the above schemes by the Group at the rates specified in the rules of plans.

Obligation to pay Long Service Payment ("LSP") under Hong Kong Employment Ordinance (Chapter 57)

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on the following formula:

Last month's wages (before termination of employment) × 2/3 × years of service.

Last month's wages are capped at HK$22,500 while the amount of long service payment shall not exceed HK$390,000. This obligation is accounted for as a post-employment defined benefit plan.

Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee ("the Offsetting Arrangement"). The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year. Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. On the other hand, the accrued benefits derived from the Group's voluntary contributions made pre-, on or post-transition can continue to be used to offset pre- and post-transition LSP. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last month's wages immediately preceding the Transition Date and the years of service up to that date.

32. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt and equity attributable to the owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

33. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2026 **HK$'000**	2025 HK$'000
Financial assets		
Fair value through profit or loss	**47**	36
Financial instrument at FVTOCI	**–**	–
Amortised cost	**56,456**	72,496
	56,503	72,532
Financial liabilities		
Amortised cost	**21,940**	26,677
Lease liabilities	**1,234**	1,268

Financial risk management objectives and policies

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

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk

Interest rate risk

The Group is exposed to fair value interest rate risk which arise from lease liabilities. The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, unlisted investment and variable rate bank borrowings due to the fluctuation of the prevailing market interest rate. The Group currently does not have a policy on hedging interest rate risk. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

No sensitivity analysis on interest rate risk on bank deposits is presented as the directors of the Company consider the sensitivity on interest rate risk on bank deposits is insignificant.

The Group is mainly exposed to cash flow interest rate risk in relation to bank borrowings as at 30 April 2026 and 2025. It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

For the year ended 30 April 2026 and 2025, the Group's exposure to interest rate risk on financial liabilities is detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rate arising from the Group's floating rate bank borrowings.

Equity price risk

The Group is exposed to equity price risk through its investment in equity securities measured at FVTPL and unlisted equity investment measured at FVTOCI for the year end 30 April 2026 and 2025. The Group's equity price risk is concentrated on equity instruments quoted on the Stock Exchange and unlisted equity investment quoted by valuation techniques. The management manages the exposure to price risk by maintaining a portfolio of investments with different risk and return profiles.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at 30 April 2026 and 2025. For sensitivity analysis purpose, the sensitivity rate at 10% is applied as a result of the volatile financial market. If the price of the respective financial assets at FVTPL had been 10% lower, the Group's profit after taxation would decrease by HK$4,000 (2025: HK$3,000) for the year ended 30 April 2026.

If the price of the unlisted equity securities at FVTOCI had been 10% higher/lower, the investment revaluation reserve would increase/decrease by HK$Nil for the year ended 30 April 2025.

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies at the end of the reporting period are as follows:

	Assets		Liabilities	
	2026 HK$'000	2025 HK$'000	**2026 HK$'000**	2025 HK$'000
HK$	**8,347**	19,695	**2,842**	1,867
GBP	**11,195**	3,876	**2**	–
RMB	**18**	29	**5**	–
EUR	**7**	7	**–**	–

The directors of the Company consider that the exposure of HK$ against US$ is limited as HK$ is pegged to US$ and the Group has arranged forward contracts to limit the currency risk of GBP against US$ to keep the net exposure to foreign currency risk to an acceptable level, and the exposure to other foreign currencies is not significant.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

The sensitivity analysis below details the Group's sensitivity to 10% (2025: 10%) increase and decrease in the exchange rate of GBP against the functional currencies of the corresponding group entities. 10% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign currency rate. A positive number indicates an increase in post-tax profit when GBP strengthen 10% (2025: 10%) against the functional currencies of the corresponding group entities. For a 10% weakening of GBP, there would be an equal but opposite impact on the post-tax profit.

	2026	2025
	HK$'000	HK$'000
GBP	**934**	324

In management's opinion, the sensitivity analysis is unrepresentative of the foreign exchange risk inherent in the financial assets and financial liabilities as the year end exposure does not reflect the exposure during the year.

Credit risk and impairment assessment

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligations by the counterparties is arising from the carrying amount of respective recognised financial assets as stated in the consolidated statement of financial position of the Group.

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

Trade receivables

As at 30 April 2026, the Group has concentration of credit risk as 25% (2025: 34%) and 69% (2025: 78%) of the total trade receivable was due from the Group's largest debtor and the top five largest debtors respectively. Taking into accounts the creditworthiness of the customers, the credit risk measures and the historical levels of default, the directors consider that such concentration of credit risk would not result in significant credit default exposure to the Group.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

As part of the Group's credit risk management, the Group performs impairment assessment under ECL model on trade receivables with significant balances and credit-impaired individually. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the Group applied internal credit rating for its customers, the Group's trade receivables are assessed by reference to the past default experience and current past due exposure on each debtor. The expected loss rate is ranged from 0.10% to 100% (2025: 0.11% to 100%).

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

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

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

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

2026	**Internal credit rating**	**12m or lifetime ECL**	**Gross carrying amount** HK$'000
Financial assets at amortised cost			
Trade receivables	Good	Lifetime ECL (not credit-impaired)	10,231
	Low risk	Lifetime ECL (not credit-impaired)	7,576
	Watch list	Lifetime ECL (not credit-impaired)	8,150
	Loss	Lifetime ECL (credit-impaired)	–

2025	**Internal credit rating**	**12m or lifetime ECL**	**Gross carrying amount** HK$'000
Financial assets at amortised cost			
Trade receivables	Good	Lifetime ECL (not credit-impaired)	16,151
	Low risk	Lifetime ECL (not credit-impaired)	2,871
	Watch list	Lifetime ECL (not credit-impaired)	21,178
	Loss	Lifetime ECL (credit-impaired)	4,187

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of HK$Nil (2025: HK$4,115,000) and HK$80,000 (2025: HK$121,000) respectively as at 30 April 2026 were assessed individually.

Gross carrying amount	**2026** Average loss rate	**2026** Account receivables HKD'000	2025 Average loss rate	2025 Account receivables HKD'000
Current (not past due)	**0.50%**	**18,990**	0.64%	34,826
1 - 60 days past due	**1.51%**	**1,313**	1.70%	4,127
61 - 180 days past due	**23.67%**	**4,777**	40.96%	636
181 - 365 days past due	**58.03%**	**796**	45.18%	635
More than 365 days past due	**100.00%**	**80**	100.00%	4,163
		25,956		44,387

The estimated loss rates are estimated based on historical observed default rates by individual customers over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Trade receivables (Continued)

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

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 1 May 2024	261	2,617	2,878
Changes due to financial instruments recognised as at 1 May 2024:			
– Transfer to credit-impaired	(133)	133	–
– Impairment loss recognised	302	1,443	1,745
– Impairment loss reversed	(67)	(6)	(73)
New financial assets originated	454	–	454
As at 30 April 2025	817	4,187	5,004
Changes due to financial instruments recognised as at 1 May 2025:			
– Transfer to credit-impaired	(72)	72	–
– Impairment loss recognised	1,595	8	1,603
– Impairment loss reversed	(640)	–	(640)
– write-offs	(19)	(4,187)	(4,206)
New financial assets originated	27	–	27
As at 30 April 2026	1,708	80	1,788

The Group does not hold any collateral over these balances.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables

For other receivables amounted to HK$1,891,000 (2025: HK$1,474,000), in order to minimise the credit risk, directors continuously monitor the settlement status and the level of exposure to ensure that follow-up action is taken to recover overdue debts. In determining the 12m ECL for other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. The Group has considered the consistently low historical default rate in connection with payments and forward-looking information and thus no loss allowance was recognised.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings ranged from A3 to Aa2 (2025: from A3 to Aa2) assigned by international credit-rating agencies.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by arranging factoring arrangement to accelerate collection of receivables, maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

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

	Weighted average interest rate %	On demand or less than 6 months HK$'000	6 months to 1 year HK$'000	1 to 2 years HK$'000	More than 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 30 April 2026							
Trade and other payables	–	19,246	–	–	–	19,246	19,246
Bank borrowings	2.88	2,694	–	–	–	2,694	2,694
		21,940	–	–	–	21,940	21,940
Lease liabilities	2.75	420	420	420	–	1,260	1,234

	Weighted average interest rate %	On demand or less than 6 months HK$'000	6 months to 1 year HK$'000	1 to 2 years HK$'000	More than 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 30 April 2025							
Trade and other payables	–	13,951	–	–	–	13,951	13,951
Bank borrowings	3.63	2,726	–	–	–	2,726	2,726
Other borrowings	12.00	10,000	–	–	–	10,000	10,000
		26,677	–	–	–	26,677	26,677
Lease liabilities	4.20	469	420	420	–	1,309	1,268

33. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the “on demand or less than 1 month” time band in the above maturity analysis. As at 30 April 2026, the aggregate carrying amounts of these bank loans amounted to HK$2,694,000 (2025: HK$2,726,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be fully repaid seven years (2025: two) after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity Analysis – Bank borrowings with a repayment on demand clause based on scheduled repayments

	Weighted average interest rate %	less than 1 year HK$'000	1 to 2 years HK$'000	More than 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts HK$'000
30 April 2026	**2.88**	**478**	**477**	**1,988**	**2,943**	**2,694**
30 April 2025	3.63	326	2,516	–	2,842	2,726

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Fair value measurement of financial instruments

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

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

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the financial assets that are not measured on a recurring basis

The fair value of financial assets not measured at fair value on a recurring basis is estimated using discounted cash flow method.

The carrying amounts of the financial assets not measured at fair value on a recurring basis approximate their fair values as at 30 April 2026 and 2025.

The following tables give information about how the fair values of financial assets measured at fair value are determined including their fair value hierarchy, valuation technique(s) and key inputs used.

Financial assets	Fair value as at 2026 HKD	Fair value as at 2025 HKD	Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)	Significant unobservable input(s)
1. Listed equity securities classified as equity instruments at FVTPL	**47**	36	Level 1	The fair value of the equity securities is estimated by the price quotation available on the Hong Kong Stock Exchange.	N/A
2. Unlisted equity investment classified as equity instrument at FVTOCI	**–**	–	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate.	Discount rate, taking into account weighted average cost of capital determined using a Capital Asset Pricing Model at 15% (Note 2) Discount for lack of marketability and control of 15.7% and 25.1%, respectively (Note 1)
	47	36			

* The fair value as at initial recognition is approximately to the fair value as at report date.

Note 1: An increase in the discount for lack marketability and control used in isolation would result in an decrease in the fair value measurement of the private equity investment, vice versa.

Note 2: An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the private equity investments respectively, and vice versa.

These were no transfers between level 1, 2 and 3 during both years.

33. FINANCIAL INSTRUMENTS (CONTINUED)

Reconciliation of Level 3 fair value measurement of financial asset

	2026 **HK$'000**	2025 HK$'000
Unlisted equity investment classified as equity instrument at FVTOCI		
At 1 May	**–**	–
Loss on fair value change	**–**	–
At 30 April	**–**	–

Except for the financial assets that are measured at fair value on a recurring basis, the directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

34. RELATED PARTY DISCLOSURES

(i) Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

Relationships	Nature of transactions	**2026** **HK$'000**	2025 HK$'000
Director	Disposal of a subsidiary	**1**	–
Family member of a director	Disposal of financial instrument at FVTOCI	**–***	–
Related company A	Purchase of ingredients and beverage	**2,988**	374
	Supply chain management services	**–**	338
Related company B	Purchase of ingredients and beverage	**1,264**	–

* Below HK$1,000.

34. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) Compensation of key management personnel

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

	2026 **HK$'000**	2025 HK$'000
Salaries and allowances	**2,810**	2,816
Retirement benefit schemes contributions	**88**	90
	2,898	2,906

Further details of the directors' emoluments are included in note 10.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank borrowings HK$'000	**Other borrowings** HK$'000	**Lease liabilities** HK$'000	**Total** HK$'000
At 1 May 2024	4,094	–	2,304	6,398
Financing cash flows	(1,368)	10,000	(1,112)	7,520
Interest expenses	–	–	75	75
Exchange adjustments	–	–	1	1
At 30 April 2025	2,726	10,000	1,268	13,994
Financing cash flows	(32)	(10,000)	(888)	(10,920)
Lease modification	–	–	812	812
Interest expenses	–	–	42	42
At 30 April 2026	2,694	–	1,234	3,928

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Group's principal subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place and date of incorporation/ operations	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Company		Principal activities
			2026	2025	
Indirectly held					
JC Fashion Group Limited	Hong Kong 1 April 2010	Ordinary shares HK$10,000	**100%**	100%	Supply of apparel products with design and sourcing services to fashion retailers and consultation service
JC Design & Consultancy Company Limited	Hong Kong 17 November 2014	Ordinary share HK$1	**100%**	100%	Property investment
JC Fashion (UK) Company Limited	The UK 29 May 2014	Ordinary share GBP1	**100%**	100%	Operation of a showroom and provide consultation services
旺利多時裝(深圳)有限公司* JC Fashion (Shenzhen) Limited	The PRC 6 April 2017	Registered capital HK$8,000,000	**100%**	100%	Sourcing and quality assurance services
JC Fashion (Overseas) Development Company Limited	Hong Kong 29 August 2017	Ordinary share HK$1	**100%**	100%	Supply of apparel products with design and sourcing services to fashion retailers and provision of institutional catering to private institution
JC Capital Development Company Limited	BVI 9 October 2017	Ordinary share US$1	**100%**	100%	Investment holding
A Dim Sum Story (HK) Limited	Hong Kong 17 October 2017	Ordinary share HK$1	**100%**	100%	Investment holding
LOST INK LIMITED	Hong Kong 25 April 2019	Ordinary share HK$1	**100%**	100%	Supply of apparel products with design and sourcing services to fashion retailers
Labelrail (UK) Company Limited	The UK 25 July 2023	Ordinary share GBP1	**100%**	100%	Operation of a showroom

* The Company is a wholly foreign owned enterprise established in the PRC.

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

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

37. EVENTS AFTER THE REPORTING PERIOD

Changes in Shareholding and Unconditional Mandatory Cash Offer

On 23 June 2026, Hong Kong Weiye Software Co., Limited (the "Offeror") completed the acquisition of 23,970,000 ordinary shares of the Company, representing approximately 74.91% of the total issued share capital of the Company. The total consideration for the block share acquisition amounted to HK$198,520,000 (equivalent to HK$8.282 per share), which was satisfied as to HK$137,520,000 in cash upon completion and as to HK$61,000,000 by the issuance of a two-month promissory note by the Offeror in favor of the Sellers. The promissory note carries an interest rate of 9.6% per annum, representing a total interest accrual of HK$976,000 over its term.

For more information, please refer to the announcements published on 24 July 2026.

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2026 **HK$'000**	2025 HK$'000
Non-current assets		
Investment in a subsidiary	**22,593**	22,593
Amount due from a subsidiary	**–**	16,406
	22,593	38,999
Current assets		
Bank balances	**112**	108
Current liabilities		
Accruals	**207**	107
Amount due to subsidiaries	**–**	19,280
	207	19,387
Net current liabilities	**(95)**	(19,279)
Net assets	**22,498**	19,720
Capital and reserves		
Share capital (note 28)	**320**	320
Reserves	**22,178**	19,400
Total equity	**22,498**	19,720

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movement in the Company's reserves

	Share premium HK$'000	Capital reserve HK$'000 (Note)	Accumulated loss HK$'000	Total HK$'000
At 1 May 2024	39,201	22,593	(41,222)	20,572
Loss and total comprehensive expense for the year	–	–	(1,172)	(1,172)
At 30 April 2025	39,201	22,593	(42,394)	19,400
Profit and total comprehensive income for the year	–	–	2,778	2,778
At 30 April 2026	39,201	22,593	(39,616)	22,178

Note: Deemed contribution is arisen from acquisition of the entire interest in JC FASHION GROUP LIMITED ("JC BVI"), a subsidiary of the Company, and represents the excess of the net asset value of JC BVI at the date of acquisition over the par value of the shares allotted by the Company.

FINANCIAL SUMMARY

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

Results

	Year ended 30 April				
	2026	2025	2024	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**166,245**	153,766	122,905	149,362	168,888
(LOSS) PROFIT BEFORE TAX	**(7,181)**	(6,255)	(17,359)	(16,517)	1,230
INCOME TAX (EXPENSE) CREDIT	**(123)**	214	212	90	(739)
(LOSS) PROFIT FOR THE YEAR	**(7,304)**	(6,041)	(17,147)	(16,427)	491

Assets and Liabilities

	As at 30 April				
	2026	2025	2024	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**104,334**	116,492	104,297	132,623	150,956
TOTAL LIABILITIES	**28,003**	(33,382)	(14,953)	(25,648)	(24,762)
NET ASSETS	**76,331**	83,110	89,344	106,975	126,194