



# S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)  
(Stock Code: 1184)

# SAS

## Annual Report 2025



This Annual Report is printed on environmentally friendly paper



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## Company Profile

Established since 1981 and listed on the Hong Kong Stock Exchange in 1994, **S.A.S. GROUP** is a leading ELECTRONIC SUPPLY CHAIN SERVICES PROVIDER in the Greater China region. The Group specialises in design, development, sourcing, quality assurance and logistics management of global proprietary electronic components and semiconductor products including chipset solutions, display panels, memory chips, power supply system solutions, multimedia system solutions, PEMCO, IoT home automation solutions, light-emitting diode (“LED”) lighting solutions and other premier solutions for a wide range of applications for mobile, consumer electronic, computer and networking, telecommunication and LED lighting and display products. S.A.S. Group serves more than 100 famous semiconductor suppliers and over 10,000 customers such as electronics manufacturing services (“EMS”) providers, original equipment manufacturers, original design manufacturers, valued-added resellers, retailers and end customers and has more than 20 sales offices in the Greater China region. According to Gartner’s data, in terms of revenue, the Group is ranked in between top 9 to 12 global semiconductor distributor and the top Hong Kong based semiconductor distributor during 2018 to 2025.

The Group is also a distributor of innovative environmental-friendly lifestyle enhancement finished products under SHARP **SHARP** and our owned brands of Light in Motion  and LIM InfraSystems  in the Asia Pacific region.

## DIRECTORS

### Executive Directors

Dr. Yim Yuk Lun, Stanley *SBS BBS JP*  
(Chairman and Managing Director)  
Mr. Yim Tsz Kit, Jacky  
Mr. Wong Wai Tai  
Mr. Tsui Chi Wing, Eric

### Non-Executive Directors

Mr. Wong Sui Chuen  
Ms. Yim Kei Man, Carmen

### Independent Non-Executive Directors

Mr. Wong Tak Yuen, Adrian  
Mr. Cheung Chi Kwan  
Mr. Wong Wai Kin

## AUDIT COMMITTEE

Mr. Wong Tak Yuen, Adrian (Chairman)  
Mr. Cheung Chi Kwan  
Mr. Wong Wai Kin

## REMUNERATION COMMITTEE

Mr. Wong Tak Yuen, Adrian (Chairman)  
Mr. Wong Sui Chuen  
Mr. Wong Wai Kin

## NOMINATION COMMITTEE

Mr. Wong Tak Yuen, Adrian (Chairman)  
Mr. Cheung Chi Kwan  
Ms. Yim Kei Man, Carmen

## COMPANY SECRETARY

Mr. Wong Wai Tai

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## PRINCIPAL OFFICE

19th Floor, S.A.S. Tower  
55 Lei Muk Road  
Kwai Chung, N.T.  
Hong Kong

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17th Floor, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## PRINCIPAL BANKERS

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

## AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Registered Public Interest Entity Auditor  
35/F., One Pacific Place  
88 Queensway  
Hong Kong

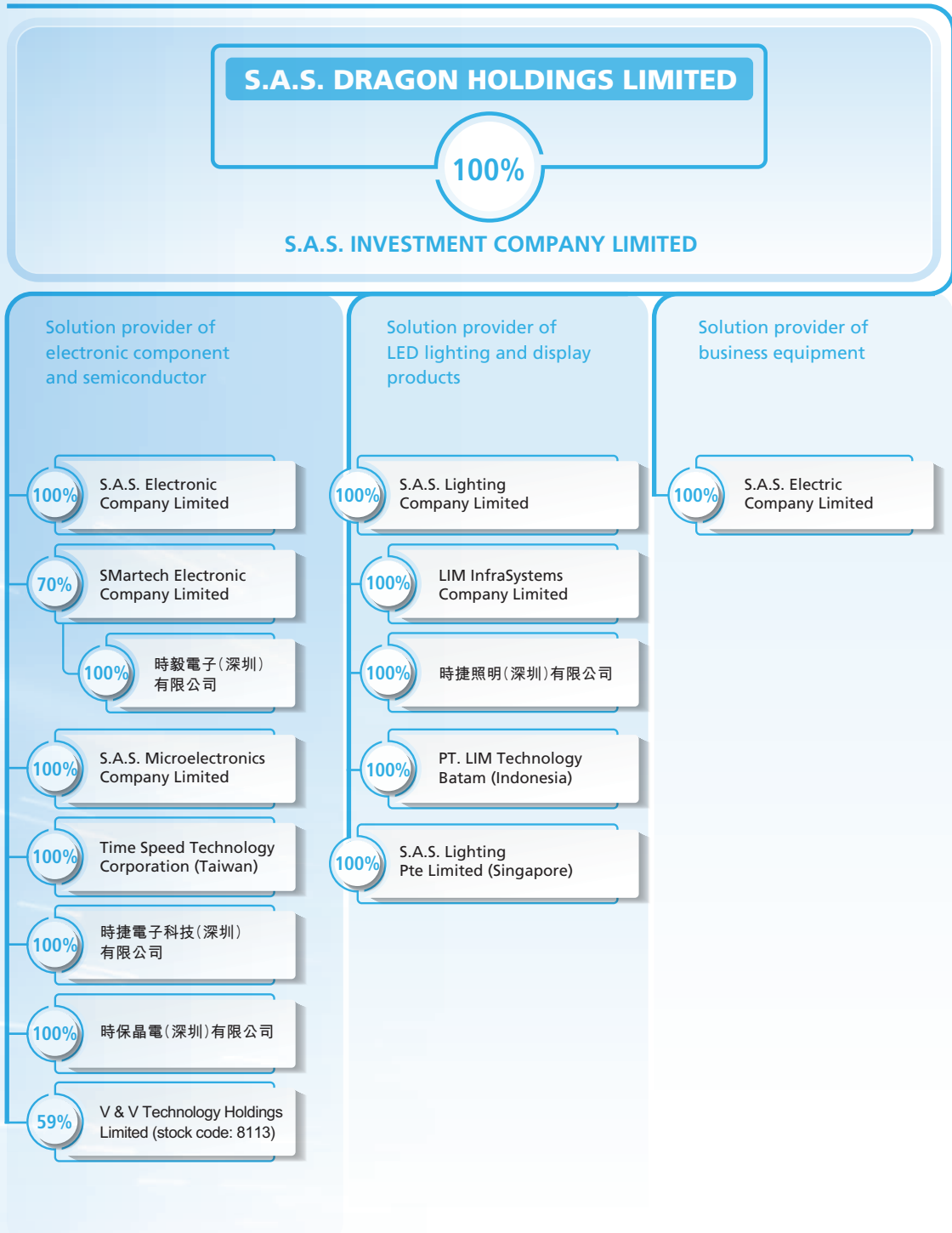
## STOCK CODE

The Stock Exchange of Hong Kong Limited: 1184

## WEBSITE

<http://www.sasdragon.com.hk>

# Group Structure

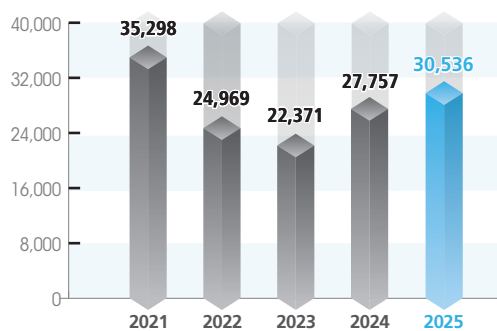


# Financial Highlights

	2025	2024	Change
Revenue (HK\$ million)	<b>30,536</b>	27,757	+10.0%
Profit attributable to owners of the Company (HK\$ million)	<b>556.7</b>	501.2	+11.1%
Basic earnings per share (HK cents)	<b>88.96</b>	80.09	+11.1%
Dividend per share (HK cents)			
– Final proposed	<b>25.00</b>	25.00	
– Interim paid	<b>15.00</b>	15.00	
Total	<b>40.00</b>	40.00	Unchanged

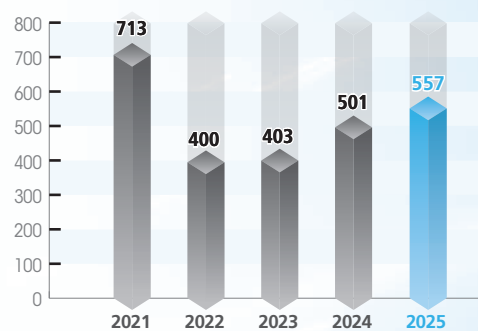
## Revenue

(HK\$ million)



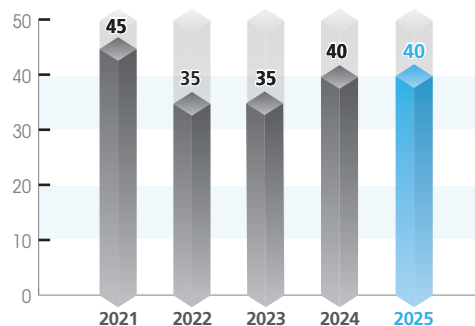
## Profit attributable to owners of the Company

(HK\$ million)



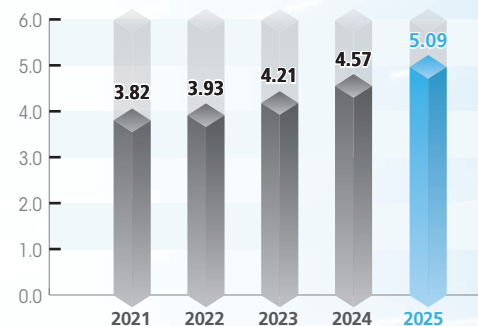
## Dividend per share

(HK cents)



## Net asset value per share

(HK\$)



# Chairman's Statement

On behalf of the Board, I am pleased to present the consolidated results of S.A.S. Dragon Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2025.

## FINANCIAL REVIEW

For the year ended 31 December 2025, the Group recorded revenue of HK\$30,536,444,000 increased by 10.0% from HK\$27,756,985,000 recorded last year. The Group's gross profit was HK\$1,331,343,000 decreased by 6.9% from HK\$1,430,087,000 recorded last year and gross profit margin was 4.4%, compared with 5.2% recorded last year. Profit attributable to the shareholders of the Company for the year ended 31 December 2025 was HK\$556,715,000, increased by 11.1% compared with HK\$501,237,000 recorded last year. Basic earnings per share was HK88.96 cents (2024: HK80.09 cents).

## DIVIDENDS

The Board has recommended a final dividend of HK25.00 cents per share for the year ended 31 December 2025 subject to approval by the shareholders at the forthcoming annual general meeting. Together with an interim dividend of HK15.00 cents per share already paid, total dividend for the year will amount to HK40.00 cents (2024: HK40.00 cents per share).

## BUSINESS REVIEW

### Distribution of Electronic Components and Semiconductor

During the year under review, despite a challenging year marked with tariffs volatility and supply chain disruptions, driven by demand for data centre infrastructure and AI-related system, semiconductor shipment value ramped up significantly since the fourth quarter of 2025, the global semiconductor industry recorded a robust year in 2025. Benefited from the growing demand of AI solutions for smartphone, PC and GPU servers, the Group's component team recorded sales revenue of HK\$30.40 billion, increased by 10.1% from HK\$27.61 billion recorded in last year. According to Gartner's data, in terms of revenue, the Group is ranked as top 11 global semiconductor distributor and the top Hong Kong based semiconductor distributor in 2025.

We keep focusing on our strategy to provide comprehensive portfolio of design and supply chain services to our target customers in the Greater China region by broadening our world's leading semiconductor supplier base as well as expending our geographical sales network.


### Mobile Phone

According to IDC, worldwide smartphone shipments in 2025 is 1.26 billion units, rebound by 2% from 1.24 billion units. Top global smartphone brands are implementing their smartphone premiumization strategy with higher average selling prices to achieve business growth. During the year under review, the Group recorded significant revenue in mobile phone segment by delivering broader range of competitive products such as high-performance memory solutions, full screen high resolution display panels, high-megapixel CMOS sensors, auto focus actuators, mobile payment security ICs, fingerprint, force touch, multi-function motion sensors, high-speed wired and wireless charging technologies solutions to those branded handset manufacturers, design houses and camera module factories in the Greater China region.

## **Consumer Electronic**

During the year under review, rising demand for AI PC, tablets, AI glasses, smart home appliances, EV control displays and AI infrastructure contributing the Group to record significant revenue in consumer electronics segment by delivering competitive system on chips, displays with high resolution and dynamic refresh rate, radio frequency modules, Bluetooth low energy solutions, larger storage memory chips, distance measurement and proximity sensors, optical couplers, frequency conversion ICs to our branded manufacturers.

## **LED Technology Solution Provider**

Our LED team specializing in providing customized order fulfilments including sales and contract work of LED lighting and display products under our owned brand of Light in Motion  and LIM InfraSystems



for global market.

During the year under review, our LED project team completed a number of sizeable LED lighting and display projects for HSBC Main Building, Singapore Marina Bay Sands, Hong Kong and Mainland developers, NGOs and government departments.



Please scan the QR code for more information.

## **Distribution of Home Appliances and Business Equipment and provision of related ancillary services**

During the year under review, our SHARP B2B business team achieved satisfactory business performance by offering competitive business solutions to enterprises compared to the same period of 2024.

## **Properties Investment**

As of 31 December 2025, the Group carried the 17 units of investment properties (31 December 2024: 17 units) for commercial and industrial uses in Hong Kong and the PRC. The aggregate carrying value of investment properties amounted to HK\$488 million (31 December 2024: HK\$508 million).

The above investment properties altogether generated rental income of HK\$18.3 million (2024: HK\$17.4 million) with an annualized return of 3.8% (2024: 3.4%).

# Chairman's Statement

## OUTLOOK

Looking ahead, according to the China's 15th Five Year Plan starting from 2026, technology remains a core pillar, with renewed support for AI, supercomputing, semiconductors, aerospace, humanoid robots, 6G, biopharma, and the low altitude economy, alongside a push to accelerate AI adoption and commercialization. Rising demand for next generation AI smartphone, AI PCs and AI humanoid robots offers the Group's growth opportunities. However, semiconductor industry will navigate a complex landscape shaped by memory supply challenges, developments in the Middle East, uncertainties on oil prices and inflation and persistent geopolitical friction, particularly US-China tensions over advanced technology access and export controls. The Group will continue to maintain a prudent approach with strong focus on cash flow management.

We believe we are in a much better position than before against challenges and have confidence that the Group will maintain competitive in the Greater China region by virtue of our economies of scales, solid long-term customer relations supported by our strong financial strength, localized sales and engineers, competent inventory management and other value added services. By leveraging on our over 45 years of experience, industry expertise and market recognition, we are confident to pursue a healthy and sustainable business growth and generate more returns to our shareholders.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group has always been proactively implementing the concept of sustainable development, taking environmental, social and governance issues as one of the basic consideration of business operation.

## APPRECIATION

On behalf of the Board of Directors, I would like to thank all our employees for their contribution and commitments. I also wish to extend my sincere gratitude to our shareholders, customers, suppliers and other business partners for their long-term supports and dedication.

**Dr. Yim Yuk Lun, Stanley** *SBS BBS JP*  
*Chairman*

Hong Kong, 26 March 2026

# Management Discussion and Analysis

## LIQUIDITY AND FINANCIAL RESOURCES

As of 31 December 2025, the Group's current ratio was 134% (31 December 2024: 128%). The Group was in net cash position of approximately HK\$1,236,685,000 (31 December 2024: HK\$736,368,000), calculated as total cash and bank balances and financial assets at fair value through profit or loss minus total bank and other borrowings.

The Group recorded debtors turnover of approximately 50 days for the year under review (2024: 38 days) based on the amount of trade and bills receivable as at 31 December 2025 divided by sales for the same year and multiplied by 365 days (2024: 366 days).

The Group recorded inventory turnover and average payable year of approximately 20 days and 47 days respectively for the year under review (2024: approximately 43 days and 53 days respectively) based on the amount of inventory and trade and bills payables as at 31 December 2025, divided by cost of sales for the same year and multiplied by 365 days (2024: 366 days).

During the year ended 31 December 2025, the Group recorded net operating cash inflow of HK\$809,797,000 compared with net operating cash inflow of HK\$552,809,000 in same period last year.

## FOREIGN EXCHANGE RISK MANAGEMENT

The Group has foreign currency sales and purchases, bank deposits and borrowings primary in United States dollars and Renminbi which expose the Group to foreign currency risk.

If necessary, the Group will consider to enter into foreign currency forward contracts to hedge the currency risk related to its payable denominated in foreign currencies.

## EMPLOYEE AND REMUNERATION POLICY

At 31 December 2025 the Group employed approximately 500 employees in the Greater China region. The Group ensures that their employees are offered competitive remuneration packages. Other staff benefits include provident fund schemes and medical insurance. Also, discretionary bonus was granted to eligible employees based on the Group's financial results and individual performance.

# Directors and Senior Management Profiles

## DIRECTORS

### Executive Directors

Dr. Yim Yuk Lun, Stanley *SBS BBS JP* (“Dr. Yim”), aged 66, is the founder and the Chairman and Managing Director of the Group. He is responsible for the formulation of corporate strategies and the overall direction for the Group. Dr. Yim is appointed as executive director of V & V Technology Holdings Limited (stock code: 8113), a company listed on the GEM Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in 2015 and a subsidiary of the Group (“V & V Technology”). Dr. Yim is appointed as independent non-executive director of Asia Allied Infrastructure Holdings Limited (stock code: 711), a company listed on the Main Board of the Stock Exchange in 2020 and has been re-designated from independent non-executive director to a non-executive director in 2021 and remain as a member of the audit committee and the nomination committee. Dr. Yim is currently is Member of HKSAR Fight Crime Committee, Member of Independent Police Complaints Council, Member of Development Bureau Appeal Tribunal Panel, Chairman of Tsuen Wan District JPC Honorary President Council, President of Hong Kong Justice of the Peace Association, Honorary Permanent Presidents of Hong Kong Baptist University Foundation, Co-Chairman of Entrepreneur Committee of Hong Kong Baptist University, Member of The Court of Hong Kong Metropolitan University, Honorary Vice President of the Hong Kong Electronic Industries Association, Member of the Advisory Board of Yan Chai Hospital, Vice Chairman of Hong Kong Artificial Intelligence & Innovation Association, Honorary President of Federation of Hong Kong-Shanghai Associations. Dr. Yim is the father of Mr. Jacky Yim, Ms. Carmen Yim and Mr. Jeffrey Yim and is the brother-in-law of Mr. Tsui.

Mr. Yim Tsz Kit, Jacky (“Mr. Jacky Yim”), aged 41, is appointed as an Executive Director of the Company in 2013. He is the founder and chief executive officer of S.A.S. Lighting Company Limited. He joins the Group in 2009 and leads a working team to develop the LED lighting business in the Group. He is appointed as chairman and non-executive director of V & V Technology in 2023. He has received the Young Entrepreneur Award of the Guangdong-HK-Macao Greater Bay Area in 2020, the Directors of the Year Awards from The Hong Kong Institute of Directors in 2019 and he has also received the Young Industrialist Awards of Hong Kong from The Federation of Hong Kong Industries in 2017. He holds a Bachelor’s degree from Central Saint Martins in United Kingdom and a Master’s degree in Business Administration from the University of Wales. Before joining the Group, he was working in banking industry. Mr. Jacky Yim is currently a member of the Chinese People’s Political Consultative Conference Shanghai Committee, Committee Member of Shanghai Chinese Overseas Friendship Association, the vice chairman of Shenzhen Association of Enterprises with Foreign Investment (深圳市外商投資企業協會), Commerce member of Shenzhen & HK Youth Chamber, a member of Yau Tsim Mong South Area Committee, Vice-Chairman of Group 5 (Hong Kong Electronics Industry Council), Federation of Hong Kong Industries, Member of the Panel on Manpower Development of Hong Kong Council for Testing and Certification, Member of the executive committee of Hong Kong Electronic Industries Association, Vice-President of the Hong Kong Electrical Appliance Industries Association, Vice President of Hong Kong Young Industrialists Association Foundation, Vice President of Federation of Hong Kong-Shanghai Associations and Committee Member of Hong Kong-Jing’an Association. He is the son of Dr. Yim and the nephew of Mr. Tsui and the eldest brother of Ms. Carmen Yim and Mr. Jeffrey Yim.

## Directors and Senior Management Profiles

Mr. Wong Wai Tai, aged 54, is appointed as Executive Director of the Company in 2016. He joined the Group in 2005 as the Company Secretary and Chief Financial Officer of the Group. He holds a Bachelor's degree of Business Administration from Hong Kong Baptist University and a Master of Laws from Renmin University of China. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. He has over thirty years experience in accounting, auditing, taxation and financial management. Mr. Wong is appointed as non-executive director of V & V Technology in 2016.

Mr. Tsui Chi Wing, Eric, aged 62, is appointed as Executive Director of the Company in 2021. He joined the group in 2012 as President of Time Speed Technology Corporation incorporated in Taiwan, a wholly-owned subsidiary of the Company. He has more than thirty years in the operation and management in the electronic industry. He is currently a member of the High Tech Charity Association of Taiwan. He is the brother-in-law of Dr. Yim and is the uncle of Mr. Jacky Yim, Ms. Carmen Yim and Mr. Jeffrey Yim.

### Non-Executive Directors

Mr. Wong Sui Chuen, aged 72, is appointed as an Executive Director of the Company since 2003 and has been re-designed from Executive Director to a Non-Executive Director of the Company in 2024. He is a member of the Remuneration Committee. Mr. Wong has over thirty years experience in the PRC business affairs. He is currently appointed as the consultant of the Greater Bay Area Cultural Volunteer group.

Ms. Yim Kei Man, Carmen ("Ms. Carmen Yim"), aged 37, is appointed as the Non-Executive Director of the Company in 2022. She is a member of the Nomination Committee. She is appointed as the Non-Executive Director of V&V Technology in 2024. She holds a Bachelor's degree in Sociology from the London School of Economics. She has over 9 years' experience in property investment industry. She has been acting as the vice-chairman of Yan Chai Hospital since 2024 and board of directors of Yan Chai Hospital since 2018. She is currently the manager of Yan Chai Hospital Yim Tsui Yuk Shan Kindergarten and Yan Chai Hospital Chan Lu Seng Primary School. She is also a member of Tsuen Wan East Area Committee, member of Tsuen Wan District Youth Development and Civic Education Committee, the honorary career advisor of Hong Kong Baptist University and a member of Young Entrepreneur Committee of Hong Kong Baptist University Foundation. She is an observer of the Independent Police Complaints Council since 2023. She is the daughter of Dr. Yim, nephew of Mr. Eric Tsui and the sibling of Mr. Jacky Yim and Mr. Jeffrey Yim.

# Directors and Senior Management Profiles

## Independent Non-Executive Directors

Mr. Wong Tak Yuen, Adrian, aged 71, is appointed as Independent Non-Executive Director of the Company in 1999. He is the chairman of Audit Committee, Nomination Committee and Remuneration Committee. Mr. Wong holds a Bachelor's degree in Economics and Mathematics from the University of Western Ontario, London, Canada. Mr. Wong has over twenty years experience in the financial Industry.

Mr. Cheung Chi Kwan, aged 66, is appointed as Independent Non-Executive Director of the Company in 2004. He is a member of the Audit Committee and Nomination Committee. Mr. Cheung has over twenty years of accounting experience. Mr. Cheung holds a Bachelor's Degree in Laws from University of Wolverhampton, United Kingdom. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants.

Mr. Wong Wai Kin, aged 80, is appointed as Independent Non-Executive Director of the Company in 2018. He is a member of the Audit Committee and Remuneration Committee. Mr. Wong holds a Honor degree in Geography and Geology from University of Hong Kong. He has extensive experience in the government of the HKSAR and hospital management. He held the directorate posts of Controller and Student Financial Assistant Agency and Secretary General of Independent Police Complaints Committee. He is currently a member of the School Management Committee of Yan Chai Hospital Tung Chi Ying Secondary School and Yan Chai Hospital Chan Lu Sing Primary School.

## SENIOR MANAGEMENT

Mr. Wang Yi, Michael, aged 58, joined the Group in 2002 as the Sales Director of SMartech Electronic Company Limited. He graduated from Shanghai University of Technology, with a Bachelor's degree in Electronic engineering. He has several years experience as Field Application Engineer in Philips Semiconductor Shanghai and ten years experience as Sales & Marketing Manager of Samsung Semiconductor in the PRC.

Mr. Yim Tsz Yu, Jeffrey ("Mr. Jeffrey Yim"), aged 32, joined the Group in 2019 as the Business Director of S.A.S. Lighting Company Limited until his departure in 2024. Mr. Jeffrey Yim is appointed as the executive director of V & V Technology in 2024. He holds a Bachelor's degree from Cass Business School, City University of London in the United Kingdom and a Master's degree in China Business Studies from Hong Kong Polytechnic University. He has over 5 years of experience in the display and lighting product industry. Mr. Jeffrey Yim is currently deputy director of Correctional Services Pioneer Leaders of Hong Kong Correctional Services, committee member on Community Support for Rehabilitated Offenders Correctional Services Department, member of the District Fight Crime Committee (Kwai Tsing), President of Kwai Tsing District JPC Honorary President Council, member of District Youth Community Building Committee (Kwai Tsing), committee member of Tsuen Wan Lightings Festival Organizing Committee, director of Po Leung Kuk, executive committee member of Group 5 (Hong Kong Electronics Industry Council) of Federation of Hong Kong Industries, member of Hong Kong CPPCC Youth Association and member of Hong Kong Electrical Appliance Industries Association. He is a son of Dr. Yim and the nephew of Mr. Tsui, youngest brother of Mr. Jacky Yim and Ms. Carmen Yim.

# Corporate Governance Report

The Group continues to achieve high standards of corporate governance which, it believes, is crucial to the development of the Group and to safeguard the interests of the Company's shareholders.

The Company complied with the applicable code provisions in the Corporate Governance Code (the "CG Code") as contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2025, except for the deviations from code provisions C.1.7, C.2.1 and B.2.2 which are explained in the relevant paragraphs below. Disclosures on the new requirements as set out in the revised CG Code which took effect on 1 July 2025 will be included in the 2026 annual report to be published in 2027 as guided by the Stock Exchange.

## BOARD OF DIRECTORS

The Board currently consists of 4 executive directors, namely, Dr. Yim Yuk Lun, Stanley *SBS BBS JP* ("Dr. Yim"), Mr. Yim Tsz Kit, Jacky, Mr. Wong Wai Tai and Mr. Tsui Chi Wing, Eric and 2 non-executive directors, namely Mr. Wong Sui Chuen and Ms. Yim Kei Man, Carmen and 3 independent non-executive directors ("INEDs"), namely, Mr. Wong Tak Yuen, Adrian, Mr. Cheung Chi Kwan and Mr. Wong Wai Kin (collectively the "Directors"). Dr. Yim (the Chairman and Managing Director of the Group and a substantial shareholder of the Company) is the father of Mr. Yim Tsz Kit, Jacky and Ms. Yim Kei Man, Carmen and is the brother-in-law of Mr. Tsui Chi Wing, Eric.

Details of remuneration paid to members of key management (including all Directors and senior management) for the year ended 31 December 2025 fell within the following bands:

	<b>Number of individual 2025</b>
Below HK\$1,000,000	6
HK\$1,000,001 – HK\$2,000,000	2
HK\$2,000,001 – HK\$3,000,000	1
HK\$11,500,000 – HK\$12,000,000	1
HK\$28,000,000 – HK\$33,000,000	1

The Board is responsible for the formulation of corporate strategies, the setting of appropriate strategic policies and internal control and the oversight of the operation and financial performance of the Group. The Board are individually and collectively accountable to the shareholders for the success and sustainable development of the Group.

Day-to-day management of the Group is delegated to the executive directors or senior management. Executive Directors and senior management meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

The Company has received annual confirmation of independence from the three INEDs pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs are independent within the definition of the Listing Rules.

During the year, all Directors have received regular updates on the changes and developments in the relevant laws and regulations applicable to the Directors. Additionally, trainings have been attended by all Directors covering the updates on the Companies Ordinance, the Listing Rules and/or accounting reporting standards.

# Corporate Governance Report

Under the code provision C.1.7 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its Directors. With regular and timely communications among the Directors and the management of the Group, the management of the Group believes that all potential claims and legal actions against the Directors can be handled effectively and the possibility of actual litigation against the Directors is low. The Company will consider to make such an arrangement as and when it thinks necessary.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Having considered the current business operation and the size of the Group, the Board is of the view that Dr. Yim acting as both the Chairman and the Managing Director of the Group is acceptable and in the best interest of the Group. Dr. Yim is responsible for the formulation of corporate strategies and the overall direction for the Group's management team. The Company believes that the supervision of the Board and its INEDs of the Company can provide an effective check and balance of power to protect the interest of the Group and its shareholders.

Under the code provision B.2.2 of the CG Code, every director should be appointed for a specific term and subject to re-election. The executive directors and non-executive directors of the Company have not been appointed for a specific term. However, according to the Bye-laws of the Company, one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those in the Code.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix C3 of the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions.

Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year under review.

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility to prepare financial statements for each half and full financial year which give a true and fair view of the state of affairs of the Group.

## AUDIT COMMITTEE

The Audit Committee currently consists of 3 INEDs, namely, Mr. Wong Tak Yuen, Adrian, Mr. Cheung Chi Kwan and Mr. Wong Wai Kin. Mr. Wong Tak Yuen, Adrian is the Chairman of the Audit Committee. In accordance with the terms of reference of the Audit Committee, the Audit Committee held 2 meetings in 2025 to review the interim and final results and reports, financial reporting and compliance procedures and effectiveness of risk management systems and internal controls of the Group for the year ended 31 December 2025. The terms of reference of the Committee are aligned with the recommendations set out in "A Guide For Effective Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the code.

The principal duties of the Audit Committee includes the review and supervision of the Group's financial reporting system, risk management systems and internal controls procedures, review of the Group's financial information and the relationship with the Auditors of the Company.

During the financial year ended 31 December 2025, the Group has engaged the external auditors, Deloitte Touche Tohmatsu, to provide the following services and their respective fees charged are set out as below:

Type of Services	Amount HK\$'000
Audit fee	2,766
Non-audit and tax related services	227

## REMUNERATION COMMITTEE

The Remuneration Committee currently comprises 3 members, namely, Mr. Wong Sui Chuen, Mr. Wong Tak Yuen, Adrian and Mr. Wong Wai Kin, majority of whom are INEDs, and is chaired by Mr. Wong Tak Yuen, Adrian. The remuneration committee held 1 meeting during the year, to review and discuss with the management of the Company, the policy and structure of the remuneration of Directors and the senior management of the Group.

The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the Company's policies and structure for all remuneration of Directors and senior management and to review the specific remuneration packages of Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time.

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

## NOMINATION COMMITTEE

The Nomination Committee comprises 3 members, namely, Ms. Yim Kei Man, Carmen, Mr. Wong Tak Yuen, Adrian and Mr. Cheung Chi Kwan, majority of whom are INEDs and is chaired by Mr. Wong Tak Yuen, Adrian.

The nomination committee held 2 meetings during the year to recommend the re-appointment of the Directors standing for re-election at the annual general meeting, the composition of the Board of the Company, to assess the independency of INEDs and the recommendations of nomination committee member of the Company.

The principal responsibilities of the Nomination Committee are to determine the policy for the nomination of Directors, to set out the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship, to review the structure, size, composition and diversity of the Board and to assess the independence of the independent non-executive directors.

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

- Reputation for integrity
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy
- Commitment in respect of available time and relevant interest
- The number of existing directorships and other commitments that may demand the attention of the candidate
- Requirement for the Board to have independent non-executive directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules
- Diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service
- Such other perspectives appropriate to the Company's business

# Corporate Governance Report

## BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the “Board Diversity Policy”) on 27 August 2013. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board.

In designing the Board’s composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Company is committed to enhancing gender diversity at Board level. As at the date of this report, the Company has one female director representing 11% of the Board. The Company targets to maintain at least the current level of female representation on the Board. The Company will continue to strive to achieve an appropriate balance of gender diversity in the workforce as well as the Board according to business needs and future development so as to develop a pipeline of potential successors to the Board in the future.

As at the date of this annual report, the Board comprises 9 Directors, including 4 executive directors, 2 non-executive directors and 3 INEDs, thereby promoting critical review and control of the management process. The following tables further illustrate the diversity of the Board members as of the date of this annual report:

Name of Director	Age Group				
	30-39	40-49	50 to 59	60 to 69	70 or above
Dr. Yim Yuk Lun, Stanley SBS BBS JP				✓	
Mr. Yim Tsz Kit, Jacky		✓			
Mr. Wong Wai Tai			✓		
Mr. Tsui Chi Wing, Eric				✓	
Mr. Wong Sui Chuen					✓
Ms. Yim Kei Man, Carmen	✓				
Mr. Wong Tak Yuen, Adrian					✓
Mr. Cheung Chi Kwan				✓	
Mr. Wong Wai Kin					✓

Name of Director	Electronics	LED lighting and display	Accounting	Finance and banking	Hospital management	Property investment
	Dr. Yim Yuk Lun, Stanley SBS BBS JP	✓				
Mr. Yim Tsz Kit, Jacky		✓				
Mr. Wong Wai Tai			✓			
Mr. Tsui Chi Wing, Eric	✓					
Mr. Wong Sui Chuen	✓					
Ms. Yim Kei Man, Carmen						✓
Mr. Wong Tak Yuen, Adrian				✓		
Mr. Cheung Chi Kwan			✓			
Mr. Wong Wai Kin					✓	

For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

1. at least one-third of the members of the Board shall be INEDs;
2. at least one of the members of the Board shall have obtained accounting or other professional qualifications; and
3. gender diversity of the Board.

The Board has achieved the measurable objectives in the Board Diversity Policy.

## WORKFORCE DIVERSITY POLICY

The Board has adopted the Workforce Diversity Policy of the Company (the "Workforce Diversity Policy") effective from 27 June 2025. The Workforce Diversity Policy aims to set out the Company's commitment and approach to achieving diversity and inclusion within the workforce. The Group seeks to diversify its workforce across all levels by welcoming individuals of different expertise, cultures, backgrounds, genders, languages and experiences. All employees are provided with equal opportunities without discriminatory biases and are evaluated solely according to their capabilities, competencies and potentials. The Nomination Committee will review the Workforce Diversity Policy from time to time to ensure its effectiveness.

As at 31 December 2025, the Group had a total of around 500 employees. The gender ratio of male to female in the workforce (including senior management) is approximately 56% and 44% respectively. The Board is of the view that appropriate balance of gender diversity in workforce has been achieved taking into account the operational needs of the Group.

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with Appendix C1 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

# Corporate Governance Report

## BOARD AND COMMITTEE ATTENDANCE

Details of the attendance of each of the Directors at board meeting, committees meetings and annual general meeting (the "AGM") during the year are set out in the table below:

	Board	Audit Committee	Remuneration Committee	Nomination Committee	AGM
Number of Meeting(s)	6	2	1	2	1
<b>Executive Directors</b>					
Dr. Yim Yuk Lun, Stanley <i>SBS BBS JP</i>	6/6	N/A	N/A	N/A	1/1
Mr. Yim Tsz Kit, Jacky	6/6	N/A	N/A	N/A	1/1
Mr. Wong Wai Tai	6/6	N/A	N/A	N/A	1/1
Mr. Tsui Chi Wing, Eric	6/6	N/A	N/A	N/A	1/1
<b>Non-Executive Directors</b>					
Mr. Wong Sui Chuen <i>(resigned as Nomination Committee member on 27 June 2025)</i>	6/6	N/A	1/1	2/2	1/1
Ms. Yim Kei Man, Carmen <i>(appointed as Nomination Committee member on 27 June 2025)</i>	6/6	N/A	N/A	N/A	1/1
<b>Independent Non-Executive Directors</b>					
Mr. Wong Tak Yuen, Adrian	6/6	2/2	1/1	2/2	1/1
Mr. Cheung Chi Kwan	6/6	2/2	N/A	2/2	1/1
Mr. Wong Wai Kin	6/6	2/2	1/1	N/A	1/1

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibilities for maintaining good and effective risk management and internal controls of the Group.

During the year, the Board, with the assistance of the audit committee, conducted a review of the effectiveness and adequacy of the Group's risk management and internal control systems, covering financial, operational, compliance control and risk management functions. To assist the audit committee to fulfill its responsibilities, the senior management has to identify, update and report the key risk areas which covered all aspects of corporate strategies, operation and finance to the Board.

The Group risk management and internal control system includes the setting up of a management structure with limits of authority and is designed to help the Group achieve its business objectives, protects its assets against unauthorised use or disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication and ensures compliance with relevant laws and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate all risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

Risk management report and internal control report are submitted to the audit committee and the Board at least once a year. After reviewing the Group's risk management and internal control systems, the Board considers that the systems are effective and adequate for the Group as a whole. The Board further considers that (i) there was no material issue relating to the Group's risk management and internal controls, including financial, operational and compliance controls and risk management functions of the Group; and (ii) that there were adequate staff with appropriate and adequate qualifications and experience, resources for accounting, internal audit and financial reporting functions, and adequate training programmes had been provided during the year under review.

## Non-compliance with Chapter 14A of the Listing Rules

During the year ended 31 December 2025, the Company identified that the sale transactions under the conditional master agreement amounted to approximately HK\$2,350,649,000 for the year ended 31 December 2025 exceeded the original annual cap of HK\$2,300,000,000 by HK\$50,649,000, i.e. 2.2%.

This non-compliance was primarily attributable to a delay in the monthly review of cap utilisation during the fourth quarter of 2025, as finance resources were prioritised for year-end financial closing, coupled with the limitations of existing manual tracking processes.

The Company promptly announced the exceedance on 25 March 2026 upon identification.

The Company has implemented enhanced internal control measures for the Group's continuing connected transactions:

- The Finance Department has assigned Dual Personnel to monitor transaction amounts, act as a liaison via a dedicated channel, and ensure timely and accurate financial data; a qualified replacement will be arranged promptly if either is unavailable to maintain uninterrupted monitoring.
- The Finance Department conducts monthly data reviews, and the Dual Personnel shall prepare an Updated Budget Figure by aggregating year-to-date actual transaction amounts and the remaining months' budgeted figures.
- If the Updated Budget Figure hits 80% of the proposed annual caps or is expected to use up most of the caps soon, the matter will be escalated to the Board immediately.
- The Board will assess within 3 business days whether to revise the annual caps and re-comply with Listing Rule 14A.54; no connected transaction exceeding the cap will proceed until relevant Listing Rules requirements are met.
- The Company will arrange on a regular basis additional trainings for its employees, including the business operation and finance departments, to strengthen their familiarity of the Listing Rules and enhance their awareness of the compliance with the relevant internal control procedures relating to the Group's continuing connected transactions.

The Company had since then strengthened the training to the Directors, senior management and the finance department on the Listing Rules requirements of connected transactions and implemented additional measures to ensure compliance with the Listing Rules going forward.

The first training has been arranged in March 2026.

The Board has reviewed these enhanced controls and is satisfied with their effectiveness in ensuring the Company's strict adherence to the Listing Rules and maintaining high standards of corporate governance.

## PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group complies with requirements of Securities and Futures Ordinance ("SFO") and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

# Corporate Governance Report

## SHAREHOLDERS' RIGHT

### (i) Procedures by which shareholders can convene a Special General Meetings ("SGM")

The Board shall, on the requisition in writing of the shareholders of not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

If within 21 days of such deposit the Board fails to proceed to convene the SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

### (ii) Procedures for putting forward proposals at General Meetings ("GM")

Shareholders can submit a written requisition to move a resolution at GM. The number of shareholders shall represent not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the GM, or who are no less than 100 shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the GM. It must also be signed by all of the shareholders concerned and be deposited to the Company Secretary at the Company's office in Hong Kong at 19/F., S.A.S. Tower, 55 Lei Muk Road, Kwai Chung, NT, Hong Kong not less than 6 weeks before the GM in case of a requisition requiring notice of a resolution and not less than one week before the GM in case of any other requisition.

The request will be verified with the Company's Share Registrars and upon its confirmation that the request is proper and in order, the Company Secretary will ask the Board of Directors to include the resolution in the agenda for the meeting provided that the shareholders concerned have deposited a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned in accordance with the statutory requirements to all the registered shareholders.

### (iii) Shareholders' Enquiries

Shareholders may at any time send their enquiries and concerns to the Board in writing with contact information of the requisitionists and deposited to the Company Secretary at the Company's office in Hong Kong at 19th Floor, S.A.S. Tower, 55 Lei Muk Road, Kwai Chung, N.T., Hong Kong.

## COMMUNICATION WITH SHAREHOLDERS

To foster effective communications with its shareholders, the Company provides extensive information in its annual report and press release. Also the Group disseminates information relating to its business electronically through its website at [www.sasdragon.com.hk](http://www.sasdragon.com.hk). The Company regards the annual general meeting as an important event as it provides an important opportunity for direct communications between the Board and the Company's shareholders. All Directors and senior management will make an effort to attend. All shareholders will be given at least 21 days' notice of the annual general meeting and are encouraged to attend the annual general meeting and other shareholders' meetings.

The directors present their annual report and the audited consolidated financial statements of S.A.S. Dragon Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and the activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements. There were no significant changes to the Group's principal activities during the current year.

## DIVIDENDS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 35 and 36.

The directors recommend the payment of a final dividend of HK25 cents per share to the shareholders on the register of members on 22 May 2026. Dividend warrants will be dispatched on 10 June 2026.

## DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company gives priority to distributing dividend in cash and shares its profits with its shareholders. According to the dividend policy, subject to compliance with applicable rules and statutory regulations (including Bermuda laws) and the Bye-Laws of the Company, the Company will pay dividend to the shareholders.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia:

- overall business conditions and strategies;
- our financial results;
- our retained earnings and distributable reserves;
- our capital requirements;
- taxation considerations; and
- any other factors our Board may deem relevant.

In addition to cash, dividends may be distributed in the form of shares. The dividend policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

## BUSINESS REVIEW

Business review of the Group for the year ended 31 December 2025 has been stated in the Chairman's Statement and Management Discussion and Analysis on pages 6 to 9 of this annual report.

# Directors' Report

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's largest supplier and five largest suppliers taken together accounted for 62.77% and 76.05%, respectively, of the Group's total purchases for the year.

The aggregate sales attributable to the Group's largest customer and five largest customers taken together accounted for 53.66% and 68.16%, respectively, of the Group's total sales for the year.

Hon Hai Precision Industry Co., Ltd. ("Hon Hai"), a shareholder holding more than 5% of the Company's share capital, was one of the Group's five largest suppliers. Save for this company, none of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in the Group's five largest suppliers and customers.

## SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 27 to the consolidated financial statements.

## DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2025, calculated in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, is represented by the contributed surplus and the retained profits in the aggregate amount of HK\$401,171,000 (2024: HK\$337,164,000) as disclosed in note 35 to the consolidated financial statements.

## ANALYSIS OF KEY FINANCIAL PERFORMANCE INDICATORS

For details of the key financial performance indicators to the performance the Group's business, please refer to "Management Discussion and Analysis" on page 9 of this report.

## ENVIRONMENTAL PROTECTION

The Group is committed to acting in an environmentally responsible manner. Using LED lighting and display for offices and warehouse premises, environmentally friendly paper to print annual and interim reports, recycling and use of eco-friendly stationery, plus a series of measures to save paper and energy, resulted in more efficient use of resources, as well as reduction of waste.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A separate ESG report for 2025 will be published on the websites of the Company and Hong Kong Exchanges and Clearing Limited in due course in compliance with the ESG Reporting Guide as set out in Appendix C2 to the Listing Rules.

## COMPLIANCE WITH REGULATIONS

There was no material breach of or non-compliance with the applicable laws and regulations such as the Hong Kong Companies Ordinance (Cap. 622), the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and other applicable local laws and regulations in various jurisdictions.

## RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Remuneration packages are generally structured with reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Apart from salary payments, there are other staff benefits including mandatory provident fund, medical insurance and performance related bonus.

Relationship is the fundamentals of business. The Group fully understand this principal and thus maintain close relationship with the customers to fulfil their immediate and long-term need.

The Group encompasses working relationships with suppliers to meet our customer's needs in an effective and efficient manner. The Group work closely and well-communicated to suppliers before the commencement of a project.

## PRINCIPAL RISK AND UNCERTAINTIES FACING THE COMPANY

The business operation of the Group is subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. Also, the growing tensions over trade and technology between China and United States is a treat to the global economy. The Group closely monitors the above changes as well as conducting studies to assess the impact of such changes.

Save for the above, the Company is exposed to a variety of main risks including currency risk, interest rate risk, credit risk and liquidity risk. Details of the above main risks and measures for risk reduction are set out in note 33(b) to the consolidated financial statements.

## DIRECTORS

The directors of the Company during the year and up to the date of this report were:

### Executive Directors

Dr. Yim Yuk Lun, Stanley *SBS BBS JP* (*Chairman and Managing Director*)

Mr. Yim Tsz Kit, Jacky

Mr. Wong Wai Tai

Mr. Tsui Chi Wing, Eric

### Non-Executive Directors

Mr. Wong Sui Chuen

Ms. Yim Kei Man, Carmen

# Directors' Report

## Independent Non-Executive Directors

Mr. Wong Tak Yuen, Adrian  
Mr. Cheung Chi Kwan  
Mr. Wong Wai Kin

In accordance with 87 of the Company's Bye-Laws, Mr. Wong Sui Chuen, Mr. Chung Chi Kwan and Mr. Wong Wai Kin retire and, being eligible, offer themselves for re-election at the coming annual general meeting.

The term of office for all remaining directors is the period up to his retirement by rotation in accordance with the above Bye-Laws.

## DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## PERMITTED INDEMNITY PROVISION

At no time during the year and up to the date of this report was any permitted indemnity provision being in force for the benefit of any of the directors of the Company.

## MANAGEMENT CONTRACT

There were no contracts concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries or fellow subsidiaries, entered into or existed during the year.

## DIRECTORS' INTEREST IN A TRANSACTION, ARRANGEMENT AND CONTRACTS OF SIGNIFICANCE

No transaction, arrangement and contract of significance to which the Company, its holding companies, fellow subsidiaries or subsidiaries was a party and in which a director or a connected entity of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2025, the interests of the directors of the Company in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

## Long positions

### (a) Ordinary shares of HK\$0.10 each of the Company

Name of directors	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Dr. Yim Yuk Lun, Stanley SBS BBS JP	Beneficial owner Held by controlled corporation (Note 1)	114,964,000	18.37%
		227,542,800	36.36%
		342,506,800	54.73%
Mr. Wong Sui Chuen	Beneficial owner	1,824,000	0.29%
Mr. Tsui Chi Wing, Eric	Beneficial owner	714,800	0.11%
Mr. Wong Wai Tai	Beneficial owner	100,000	0.02%

### (b) Ordinary shares of HK\$0.1 each of V & V Technology Holdings Limited ("V & V Technology")

Name of directors	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of V & V Technology
Dr. Yim Yuk Lun, Stanley SBS BBS JP	Beneficial owner (Note 2) Held by controlled corporation (Note 2)	12,936,858	8.90%
		85,928,447	59.11%
		98,865,305	68.01%
Mr. Wong Wai Tai	Beneficial owner	500,000	0.34%
Mr. Tsui Chi Wing, Eric	Beneficial owner	323,375	0.22%
Mr. Wong Sui Chuen	Beneficial owner	253,132	0.17%
Mr. Yim Tsz Kit, Jacky	Beneficial owner	30,000	0.02%

#### Notes:

- These shares are held by Unimicro Limited, a company incorporated in the British Virgin Islands, which is beneficially owned by Dr. Yim Yuk Lun, Stanley SBS BBS JP.
- Dr. Yim Yuk Lun, Stanley SBS BBS JP beneficially owns 12,936,858 V & V Technology shares and is the controlling shareholder of the Company; he is therefore under the SFO deemed to be interested in 85,928,447 V & V Technology shares held by S.A.S. Investment Company Limited which is a wholly-owned subsidiary of the Company.

Save as disclosed above, other than certain nominee shares in subsidiaries held by certain directors in trust for the Company, none of the directors or chief executives or their associates had any interests or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations at 31 December 2025.

# Directors' Report

## EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

## ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the directors or their spouses or children under the age of eighteen had right to subscribe for the securities of the Company, or had exercised any such right during the year.

## SUBSTANTIAL SHAREHOLDERS

At 31 December 2025, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

### Long positions:

#### **Ordinary shares of HK\$0.10 each of the Company**

<b>Name of shareholders</b>	<b>Capacity</b>	<b>Number of issued ordinary shares held</b>	<b>Percentage of issued share capital of the Company</b>
Hon Hai	Held by controlled corporation ( <i>Note</i> )	124,000,000	19.81%
Foxconn Infinite Pte. Limited ("Foxconn")	Beneficial owner	124,000,000	19.81%

*Note:* Hon Hai owns 100% interest in Foxconn and is accordingly deemed to be interested in those ordinary shares of the Company beneficially owned by Foxconn.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company at 31 December 2025.

## TAX RELIEF

The Company is not aware of any relief on taxation available to the shareholders by reason of their holdings of the shares. If the shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the shares, they are advised to consult their professional advisers.

## CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

During the year ended 31 December 2025, the Group entered into a number of connected transactions and continuing connected transactions with Hon Hai (being the substantial shareholder of the Company) and its subsidiaries (which are regarded as connected persons as defined in the Listing Rules).

The Group carried out the following continuing connected transactions (other than continuing connected transactions that are exempted under Rule 14A.73 of the Listing Rules) during the year ended 31 December 2025:

Pursuant to the conditional master agreement entered into among the Company and Hon Hai on 2 December 2021 which governs the sales and purchases of electronic components to be made for the next 3 financial years during the period between 1 January 2022 and 31 December 2024 (as amended by the respective agreement dated 23 November 2006, 18 November 2009, 9 April 2010, 12 November 2012, 9 November 2015 and 28 December 2018).

The current conditional master agreement (2024 renewal) was entered into on 26 September 2024 ("2024 Master Agreement") which governs the sales and purchases of electronic components and sale of other products by the Group to Hon Hai Group and distribution of other brand products under the Hon Hai Group ("Hon Hai Group CCT") to be made for the next 3 financial years commencing from 1 January 2025 to 31 December 2027. Further details of the said agreement were set out in the announcement of the Company dated 26 September 2024 and the circular of the Company dated 19 November 2024.

The aggregated transaction amounts in respect of the Hon Hai Group CCT for each of the three financial years ending 31 December 2025, 2026 and 2027 of the Group are subject to annual caps and will not exceed the amounts set out below:

	<b>For the financial year ended 31 December 2025</b>	<b>For the financial year ending 31 December 2026</b>	<b>For the financial year ending 31 December 2027</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Purchase Caps	2,800,000	3,300,000	3,800,000
Sale Caps	2,300,000	2,700,000	3,200,000

The said agreement and the proposed sale and purchase caps were duly approved by the shareholders of the Company on 19 December 2024.

During the year under review, the value of connected continuing transactions for the year ended 31 December 2025 as below:

<b>Nature of transactions</b>	<b>2025</b>
	<i>HK\$'000</i>
Purchase of electronic components and brand products under Hon Hai Group	1,876,110
Sales of electronic components and other products (including distribution arrangements) by the Group to the Hon Hai Group	2,350,649

## Directors' Report

Save as disclosed above:

- (i) no contracts of significance subsisted at any time during the year to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly; and
- (ii) there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

In accordance with the conditions agreed with the Stock Exchange with respect to the connected transactions, the independent non-executive directors have reviewed the connected transactions and, in their opinion, these transactions were entered into by the Group:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued a letter to the Company confirming in accordance with rule 14A.56 of the Listing Rules that, in respect of the Hon Hai Group CCT, nothing has come to its attention that causes it to believe: (i) the Hon Hai Group CCT have not been approved by the Board; (ii) the transactions involving the provision of goods or service by the Group, were not, in all material respects, in accordance with the pricing policies of the Group; (iii) the transactions were not entered into, in all material respects, in accordance with the 2024 Master Agreement; and (iv) the Hon Hai Group CCT have exceeded the annual cap set by the Company, except for the sales of electronic products and other products by the Group to Hon Hai Group have exceeded the Sales Annual Cap.

For the year ended 31 December 2025, the annual cap applicable to sales transactions under the continuing connected transactions was HK\$2,300 million. The actual amount of such sales transactions for the same year amounted to approximately HK\$2,350.6 million, representing an excess of approximately HK\$50.6 million, i.e. 2.2% over the 2025 annual cap due to a delay in the monthly review process.

To prevent the recurrence of similar incidents and to ensure full compliance with the relevant requirements under the Listing Rules in the future, the Company has implemented enhanced measures to strengthen its internal monitoring and control procedures governing continuing connected transactions. Further details in this regard are set out in the Company's announcement dated 25 March 2026.

The Directors confirm that the Company has fully complied with the annual caps applicable to purchase transactions under continuing connected transactions for the year ended 31 December 2025.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year ended 31 December 2025, neither the Company nor its subsidiaries purchased, sold or redeemed any of its listed securities.

## **PRE-EMPTIVE RIGHTS**

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

## **EMOLUMENT POLICY**

The emolument policy of the employees of the Group is set up by the Board of Directors on the basis of their merit, qualifications, competence and job nature.

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

## **DONATIONS**

During the year, the Group made charitable and other donations amounting to approximately HK\$13,345,000.

## **SUFFICIENCY OF PUBLIC FLOAT**

According to the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 December 2025.

## **AUDITOR**

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

Signed on behalf of the Board

**Dr. YIM YUK LUN, STANLEY** *SBS BBS JP*  
*CHAIRMAN AND MANAGING DIRECTOR*

Hong Kong, 26 March 2026



## TO THE MEMBERS OF S.A.S. DRAGON HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

### OPINION

We have audited the consolidated financial statements of S.A.S. Dragon Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 113, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards 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 ("HKSA") 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 MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

## KEY AUDIT MATTER (Continued)

### Key audit matter

### How our audit addressed the key audit matter

#### ***Allowance for inventories***

We identified the allowance for inventories as a key audit matter due to significant judgement exercised by the management of the Group in estimating the net realisable values of obsolete and slow-moving inventory.

As at 31 December 2025, the carrying value of inventories was HK\$1,567,638,000 (net of allowance of HK\$30,463,000), representing 14% of the Group's total assets.

As disclosed in note 4 to the consolidated financial statements, the management reviews inventories on a product-by-product basis at the end of each reporting period to identify obsolete and slow-moving inventory items based on the inventories aging analysis. Net realisable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The management estimates the net realisable value of inventories based primarily on latest selling prices and expected future market conditions and sales.

Our procedures in relation to the allowance for inventories included:

- Understanding how the management of the Group identifies obsolete and slow-moving inventory items, and estimates the allowance for inventories as at 31 December 2025 and their basis of estimating the net realisable value, in particular, the future selling prices;
- Testing the accuracy of the inventories aging analysis as at 31 December 2025 by checking to the dates of the goods receipt notes, on a sample basis;
- Assessing the reasonableness of the estimated future selling prices, on a sample basis, by comparing them with the actual selling prices achieved subsequent to year end, where available, or during the current year of the respective inventories; and
- Challenging the appropriateness of the key assumptions and estimates made by management in making allowance for inventories by evaluating the historical accuracy of these estimates, on a sample basis, and discussing any significant variances with the management.

# Independent Auditor's Report

## 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 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.

# Independent Auditor's Report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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.

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

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

# Independent Auditor's Report

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

*(Continued)*

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

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

From the matter communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter 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 Ka Lai Man (practicing certificate number: P05570).

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

26 March 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	5	30,536,444	27,756,985
Cost of sales		(29,205,101)	(26,326,898)
Gross profit		1,331,343	1,430,087
Other income	8(b)	57,560	31,492
Other gains and losses, net	8(c)	(1,720)	7,220
Impairment losses under expected credit loss model, net of reversal		4,498	(2,113)
Distribution and selling expenses		(169,757)	(181,437)
Administrative expenses		(230,600)	(209,375)
Changes in fair value of investment properties	13	(26,400)	(76,936)
Share of results of an associate		–	372
Share of results of a joint venture		949	(130)
Finance costs	6	(61,715)	(68,625)
Loss from derecognition of trade receivables at fair value through other comprehensive income (“FVTOCI”)		(68,304)	(125,426)
Profit before tax		835,854	805,129
Income tax expense	7	(124,657)	(132,638)
<b>Profit for the year</b>	8(a)	<b>711,197</b>	672,491
<b>Other comprehensive income (expense)</b> <b>Items that may be reclassified subsequently to</b> <b>profit or loss:</b>			
Change in fair value on trade receivables at FVTOCI		(81,252)	(120,833)
Reclassification adjustment for cumulative profit included in profit or loss upon disposal of trade receivables at FVTOCI		68,304	125,426
Exchange differences arising on translation of foreign operations of subsidiaries		26,316	(32,605)
Share of other comprehensive income (expense) of a joint venture		155	(867)
Other comprehensive income (expense) for the year		13,523	(28,879)
Total comprehensive income for the year		724,720	643,612

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Profit for the year attributable to:			
Owners of the Company		<b>556,715</b>	501,237
non-controlling interests		<b>154,482</b>	171,254
		<b>711,197</b>	672,491
Total comprehensive income attributable to:			
Owners of the Company		<b>570,808</b>	473,167
Non-controlling interests		<b>153,912</b>	170,445
		<b>724,720</b>	643,612
Basic earnings per share (HK cents)	12	<b>88.96</b>	80.09

# Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
<b>Non-current Assets</b>			
Investment properties	13	488,400	507,600
Property, plant and equipment	14	366,769	387,647
Intangible assets	15	16,789	17,004
Right-of-use assets	16	150,125	157,281
Interest in a joint venture	17	11,620	10,516
Financial assets at fair value through profit or loss ("FVTPL")	21	2,998	2,998
Finance lease receivables	20	7,105	–
Deferred tax assets	28	9,283	10,096
		<b>1,053,089</b>	1,093,142
<b>Current Assets</b>			
Inventories	18	1,567,638	3,061,620
Trade and other receivables	19(a)	1,077,392	1,367,908
Trade receivables at FVTOCI	19(b)	3,284,542	1,603,691
Finance lease receivables	20	2,790	1,607
Financial assets at FVTPL	21	105,142	126,938
Tax recoverable		1,372	634
Pledged bank deposits	22	37,398	64,666
Cash and cash equivalents	22	3,767,684	2,927,070
		<b>9,843,958</b>	9,154,134
<b>Current Liabilities</b>			
Trade and other payables	23	4,475,806	4,636,086
Contract liabilities	24	65,361	74,292
Lease liabilities due within one year	25	257	661
Amount due to a joint venture	34	3,000	3,000
Tax liabilities		112,446	54,760
Bank borrowings due within one year	26	2,676,538	2,385,304
		<b>7,333,408</b>	7,154,103
<b>Net Current Assets</b>		<b>2,510,550</b>	2,000,031
<b>Total Assets less Current Liabilities</b>		<b>3,563,639</b>	3,093,173

# Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
<b>Non-current Liabilities</b>			
Deferred tax liabilities	28	4,880	9,299
Lease liabilities due after one year	25	210	–
		<b>5,090</b>	9,299
<b>Net Assets</b>			
		<b>3,558,549</b>	3,083,874
<b>Capital and Reserves</b>			
Share capital	27	62,584	62,584
Share premium and reserves		3,120,604	2,800,549
Equity attributable to owners of the Company		<b>3,183,188</b>	2,863,133
Non-controlling interests		<b>375,361</b>	220,741
<b>Total Equity</b>		<b>3,558,549</b>	3,083,874

The consolidated financial statements on pages 35 to 113 were approved and authorised for issue by the board of directors on 26 March 2026 and are signed on its behalf by:

**Dr. Yim Yuk Lun, Stanley** *SBS BBS JP*  
DIRECTOR

**Mr. Yim Tsz Kit, Jacky**  
DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company											Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000 (note i)	Other reserve HK\$'000 (note iv)	Contributed surplus HK\$'000 (note ii)	Property revaluation reserve HK\$'000 (note iii)	Translation reserve HK\$'000	FVTOCI reserve HK\$'000	Retained profits HK\$'000	Subtotal HK\$'000		
At 1 January 2024	62,584	6,521	1,109	11,145	(12,744)	13,519	206,934	(50,662)	(22,114)	2,421,107	2,637,399	191,487	2,828,886
Profit for the year	-	-	-	-	-	-	-	-	-	501,237	501,237	171,254	672,491
Change in fair value on trade receivables at FVTOCI	-	-	-	-	-	-	-	-	(93,467)	-	(93,467)	(27,366)	(120,833)
Reclassification adjustment for cumulative loss included in profit or loss upon disposal of trade receivables measured at FVTOCI	-	-	-	-	-	-	-	-	97,138	-	97,138	28,288	125,426
Exchange differences arising on translation of foreign operations of subsidiaries	-	-	-	-	-	-	-	(30,874)	-	-	(30,874)	(1,731)	(32,605)
Share of other comprehensive expense of an associate and a joint venture	-	-	-	-	-	-	-	(867)	-	-	(867)	-	(867)
Total comprehensive (expense) income for the year	-	-	-	-	-	-	-	(31,741)	3,671	501,237	473,167	170,445	643,612
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	38,005	38,005
Capital injection from non-controlling interest	-	-	-	-	2,902	-	-	-	-	-	2,902	804	3,706
Dividends declared (note 11)	-	-	-	-	-	-	-	-	-	(250,335)	(250,335)	-	(250,335)
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(180,000)	(180,000)
At 31 December 2024	62,584	6,521	1,109	11,145	(9,842)	13,519	206,934	(82,403)	(18,443)	2,672,009	2,863,133	220,741	3,083,874
Profit for the year	-	-	-	-	-	-	-	-	-	556,715	556,715	154,482	711,197
Change in fair value on trade receivables at FVTOCI	-	-	-	-	-	-	-	-	(62,654)	-	(62,654)	(18,598)	(81,252)
Reclassification adjustment for cumulative loss included in profit or loss upon disposal of trade receivables measured at FVTOCI	-	-	-	-	-	-	-	-	51,124	-	51,124	17,180	68,304
Exchange differences arising on translation of foreign operations of subsidiaries	-	-	-	-	-	-	-	25,468	-	-	25,468	848	26,316
Share of other comprehensive income of a joint venture	-	-	-	-	-	-	-	155	-	-	155	-	155
Total comprehensive (expense) income for the year	-	-	-	-	-	-	-	25,623	(11,530)	556,715	570,808	153,912	724,720
Acquisition of additional interest in a subsidiary	-	-	-	-	(589)	-	-	-	-	-	(589)	589	-
Capital injection from non-controlling interest	-	-	-	-	171	-	-	-	-	-	171	119	290
Dividends declared (note 11)	-	-	-	-	-	-	-	-	-	(250,335)	(250,335)	-	(250,335)
At 31 December 2025	62,584	6,521	1,109	11,145	(10,260)	13,519	206,934	(56,780)	(29,973)	2,978,389	3,183,188	375,361	3,558,549

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

## Notes:

- (i) The capital reserve of the Group represents the aggregate of:
  - (a) the reserve of HK\$10,445,000 arising on the acquisition of shares in subsidiaries from non-controlling shareholders pursuant to a previous group reorganisation; and
  - (b) the differences between the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to a previous group reorganisation, and the nominal value of the Company's shares issued in exchange of HK\$700,000.
- (ii) The contributed surplus of the Group represents the net aggregate of:
  - (a) the credit arising from the reduction of the nominal value of the consolidated shares from HK\$1.00 each to HK\$0.10 each by cancelling HK\$0.90 paid up on each issued share, after a transfer of HK\$10,565,000 towards the elimination of the accumulated losses of the Company as at 31 December 1997, of HK\$70,510,000;
  - (b) the credit arising from cancellation of the share premium account of HK\$237,881,000, after a transfer of HK\$180,003,000 towards the elimination of the accumulated losses of the Company as at 31 December 2002, of HK\$57,878,000; and
  - (c) the distribution to shareholders from 2003 to 2010 of HK\$114,869,000.
- (iii) The property revaluation reserve includes an amount of HK\$193,367,000 relating to properties previously held as property, plant and equipment and reclassified as investment properties in 2020. The remaining balance of HK\$13,567,000 represents revaluation surplus arising from certain of the Group's land and building carried at revalued amount prior to 30 September 1995. On the disposal or retirement of the asset, the revaluation reserve will be transferred directly to retained profits.
- (iv) The other reserve of the Group represents the net aggregate of:
  - (a) the difference of HK\$19,238,000 between the fair value of acquisition cost and the attributable additional interest in the carrying amount of net assets acquired in acquisition of additional interests in subsidiaries;
  - (b) the difference of HK\$9,002,000 between the fair value of net assets acquired from a substantial shareholder and consideration paid which was deemed as contribution from a substantial shareholder and credited to equity of the Company;
  - (c) the difference of HK\$1,520,000 between the fair value of acquisition cost and the attributable additional interest in the carrying amount of net assets acquired in acquisition of additional interests in subsidiaries in 2019;
  - (d) the increase of non-controlling interests of HK\$988,000 upon partial disposal of a subsidiary without loss of control in 2021;
  - (e) the decrease of non-controlling interests of HK\$2,902,000 upon acquire additional equity interest of a subsidiary in 2024;
  - (f) the decrease of non-controlling interests of HK\$171,000 upon acquire additional equity interest of a subsidiary in 2025; and
  - (g) the difference of HK\$589,000 between the fair value of acquisition cost and the attributable additional interest in the carrying amount of net liability acquired in acquisition of additional interests in subsidiaries in 2025.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	<b>835,854</b>	805,129
Adjustments for:		
Reversal of allowance for inventories	<b>(79,317)</b>	(36,632)
Impairment losses (reversed) recognised under expected credit loss model, net	<b>(4,498)</b>	2,113
Changes in fair value of financial assets at FVTPL	<b>(14,624)</b>	(1,811)
Amortisation of intangible assets	<b>276</b>	279
Depreciation of property, plant and equipment	<b>27,607</b>	28,892
Depreciation of right-of-use assets	<b>7,222</b>	7,215
Dividend income from equity investments	<b>(2,805)</b>	(6,761)
Exchange losses (gains), net	<b>16,462</b>	(2,811)
Finance costs	<b>61,715</b>	68,625
Gains on disposal of property, plant and equipment, net	<b>(169)</b>	(281)
Interest income on bank deposits	<b>(53,548)</b>	(18,032)
Interest income on finance leases	<b>(215)</b>	(423)
Changes in fair value of investment properties	<b>26,400</b>	76,936
Share of results of an associate	<b>–</b>	(372)
Share of results of a joint venture	<b>(949)</b>	130
Operating cash flows before movements in working capital	<b>819,411</b>	922,196
Decrease (increase) in inventories	<b>1,572,809</b>	(1,147,153)
Decrease (increase) in trade and other receivables	<b>294,725</b>	(232,265)
(Increase) decrease in trade receivables at FVTOCI	<b>(1,693,799)</b>	528,370
Decrease in amount due from an associate	<b>–</b>	609
(Decrease) increase in trade and other payables	<b>(101,226)</b>	705,968
Decrease in amount due to an associate	<b>–</b>	(416)
Decrease in contract liabilities	<b>(8,931)</b>	(18,483)
Cash generated from operation	<b>882,989</b>	758,826
Hong Kong Profits Tax paid	<b>(53,817)</b>	(194,326)
The People's Republic of China Enterprise Income Tax ("EIT") paid	<b>(3,343)</b>	(4,054)
Taiwan Corporate Income Tax paid	<b>(16,032)</b>	(7,637)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>809,797</b>	552,809

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
<b>INVESTING ACTIVITIES</b>		
Placement of pledged bank deposits	(37,398)	(64,666)
Payment for additions to financial assets at FVTPL	(46,230)	(41,068)
Payment for additions to property, plant and equipment	(5,885)	(3,477)
Proceeds on disposal of financial assets at FVTPL	82,652	5,307
Proceeds on disposal of property, plant and equipment	470	454
Interest received on bank deposits	53,548	18,455
Repayment in finance lease receivables	(8,073)	3,923
Dividend received from equity investments	2,805	6,761
Net cash inflow from acquisition of a subsidiary	–	21,418
Release of pledged bank deposits	64,666	65,800
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>106,555</b>	12,907
<b>FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	(33,071,062)	(27,789,644)
Dividends paid	(250,335)	(250,335)
Dividend paid to non-controlling shareholders	(59,049)	(60,000)
Interest paid	(61,715)	(68,625)
Repayment of lease liabilities	(194)	(286)
Bank borrowings raised	33,362,296	28,946,926
Capital contribution of non-controlling interests	290	3,706
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>(79,769)</b>	781,742
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>836,583</b>	1,347,458
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>2,927,070</b>	1,580,146
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>4,031</b>	(534)
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER,</b> represented by bank balances and cash	<b>3,767,684</b>	2,927,070

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

S.A.S. Dragon Holding Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited. The ultimate controlling shareholder of the Company is Dr. Yim Yuk Lun, Stanley *SBS BBS JP*. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The Company acts as an investment holding company and the activities of its principal subsidiaries are set out in note 36.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES

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

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

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to a HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

At the date of this report, 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 <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS AND CHANGES IN OTHER ACCOUNTING POLICIES *(Continued)*

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

Except for the new and amendments 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.

### **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. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and position of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### **3.1 Basis of preparation of consolidated financial statements**

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information

#### ***Basis of consolidation***

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

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with 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.

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### ***Investments in a joint venture***

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

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

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

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **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.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 *Leases* 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 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.

Rental income which is derived from the Group's ordinary course of business is presented as revenue.

##### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 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 operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve (attributed to non-controlling interests as appropriate).

#### **Borrowing costs**

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

#### **Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and an associate, and interest in a joint venture, 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Taxation** *(Continued)*

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

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

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

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

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.

#### **Property, plant and equipment**

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

Certain of the Group's leasehold land and buildings were revalued at 31 December 1994. The surplus arising on revaluation of these properties was credited to the property revaluation reserve. Advantage has been taken of the transitional relief provided by paragraph 80A of HKAS 16 *Property, Plant and Equipment* from the requirement to make regular revaluations of the Group's land and buildings which had been carried at revalued amounts prior to 30 September 1995, and accordingly no further revaluation of land and buildings is carried out. Prior to 30 September 1995, the revaluation increase arising on the revaluation of these assets was credited to the property revaluation reserve. Any future decreases in value of these assets will be dealt with as an expense to the extent that they exceed the balance, if any, on the revaluation reserve relating to a previous revaluation of the same asset. On the subsequent sale or retirement of a revalued asset, the corresponding revaluation surplus is transferred to retained profits.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Property, plant and equipment** *(Continued)*

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

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives 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.

#### **Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those 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 right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### ***Impairment on property, plant and equipment and right-of-use assets*** *(Continued)*

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

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

#### ***Cash and cash equivalents***

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

- (a) cash, which comprises of cash on hand and demand deposits.
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

#### ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method for electronic products, semiconductors and LED lighting and display products and a weighted average cost method for business equipment. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial instruments**

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

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. 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 fair value through profit or loss 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.

#### **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.

Debt instruments 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

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

All other financial assets are subsequently measured at FVTPL.

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.

(i) Amortised cost and interest income

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

(ii) Trade receivables classified as at FVTOCI

Subsequent fair value changes in the carrying amounts for trade receivables arising from contracts with customers without a significant financing component classified as at FVTOCI are recognised in other comprehensive income ("OCI") and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these trade receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these trade receivables had been measured at amortised cost. When these trade receivables are derecognised, the cumulative gains or losses previously recognised in OCI are reclassified to profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

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

#### (iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or 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.

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

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

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL 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, trade receivables at FVTOCI and finance lease receivables.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

*Impairment of financial assets and finance lease receivables subject to impairment assessment under HKFRS 9 (Continued)*

(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.

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

*Impairment of financial assets and finance lease receivables subject to impairment assessment under HKFRS 9 (Continued)*

(i) Significant increase in credit risk *(Continued)*

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

*Impairment of financial assets and finance lease receivables subject to impairment assessment under HKFRS 9 (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; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

#### (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, finance lease receivables and contract assets, when the amounts are over 2 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

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

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial instruments** *(Continued)*

#### **Financial assets** *(Continued)*

*Impairment of financial assets and finance lease receivables subject to impairment assessment under HKFRS 9 (Continued)*

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

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

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.

Except for trade receivables at FVTOCI, 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 measured at amortised cost and finance lease receivables, where the corresponding adjustment is recognised through a loss allowance account. For trade receivables at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amounts of these trade receivables.

#### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

On derecognition of trade receivables FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### 3.2 Material accounting policy information *(Continued)*

#### **Financial instruments** *(Continued)*

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

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

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

##### *Equity instruments*

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

##### *Financial liabilities*

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

##### *Derecognition of financial liabilities*

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

##### *Derivative financial instruments*

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

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

In the application of the Group's accounting policies, 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 underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Critical judgements in applying accounting policies

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

### *Deferred taxation on investment properties*

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that:

- (i) the Group's investment properties in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties in Hong Kong, the directors of the Company have determined the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred tax on changes in fair value of investment properties in Hong Kong as the Group is not subject to any income taxes on the fair value changes of the investment properties in Hong Kong upon disposal.
- (ii) the Group's investment properties in Chinese Mainland are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time and the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group is subject to income taxes on the rental income of its investment properties in the PRC and deferred taxes are recognised based on the expected future rental income, which is estimated to be the changes in fair value of the investment properties.

### Key sources of estimation uncertainty

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

### *Allowance for inventories*

The management of the Group reviews the inventories on a product-by-product basis at the end of each reporting period to identify obsolete and slow-moving inventory items based on the inventories ageing analysis and determines allowance for inventories by reference to net realisable value of the inventories. Net realisable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Management estimates the net realisable value of inventories based primarily on latest selling prices and expected future market conditions and sales. As at 31 December 2025, the carrying values of inventories were HK\$1,567,638,000 (2024: HK\$3,061,620,000) (net of allowance for inventories of approximately HK\$30,463,000 (2024: HK\$132,935,000)).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE AND SEGMENT INFORMATION

### Revenue

#### (i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
<b>Type of goods or services</b>		
Sales of electronic components and semiconductors	30,403,983	27,610,087
Sales of business equipment and provision of related ancillary services	65,795	70,953
Sales of LED lighting and display products	22,241	29,689
Contract works of LED lighting and display products	26,111	28,815
Revenue from contracts with customers	30,518,130	27,739,544
<u>Income from leasing activities</u>		
For operating leases – lease payments that are fixed:		
– Rental income from investment properties	18,314	17,441
<b>Total revenue</b>	<b>30,536,444</b>	<b>27,756,985</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Revenue (Continued)

#### (i) Disaggregation of revenue from contracts with customers (Continued)

	For the year ended 31 December 2025				
	Sales of electronic components and semiconductors HK\$'000	Sales of business equipment and provision of related ancillary services HK\$'000	Contract works of LED lighting and display products HK\$'000	Sales of LED lighting and display products HK\$'000	Total HK\$'000
<b>Geographical markets</b>					
Hong Kong	20,764,249	63,447	26,111	5,742	20,859,549
Chinese Mainland	7,828,474	–	–	7,210	7,835,684
Taiwan	933,841	–	–	–	933,841
Singapore	397,077	74	–	1,949	399,100
Vietnam	206,405	–	–	–	206,405
United States of America	101,028	–	–	–	101,028
Macao Special Administrative Region of the PRC	–	2,170	–	15	2,185
Others	172,909	104	–	7,325	180,338
<b>Revenue from contracts with customers</b>	<b>30,403,983</b>	<b>65,795</b>	<b>26,111</b>	<b>22,241</b>	<b>30,518,130</b>
Rental income from investment properties					18,314
<b>Total revenue</b>					<b>30,536,444</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Revenue (Continued)

#### (i) Disaggregation of revenue from contracts with customers (Continued)

	For the year ended 31 December 2024				
	Sales of electronic components and semiconductors HK\$'000	Sales of business equipment and provision of related ancillary services HK\$'000	Contract works of LED lighting and display products HK\$'000	Sales of LED lighting and display products HK\$'000	Total HK\$'000
<b>Geographical markets</b>					
Hong Kong	19,429,159	67,860	28,815	9,525	19,535,359
Chinese Mainland	6,980,580	–	–	10,536	6,991,116
Taiwan	524,179	–	–	50	524,229
Singapore	260,438	–	–	3,941	264,379
Vietnam	164,598	–	–	–	164,598
United States of America	101,007	–	–	–	101,007
Macao Special Administrative Region of the PRC	1,212	2,874	–	415	4,501
Others	148,914	218	–	5,223	154,355
<b>Revenue from contracts with customers</b>					
	27,610,087	70,952	28,815	29,690	27,739,544
Rental income from investment properties					17,441
Total revenue					27,756,985

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Revenue (Continued)

#### (i) Disaggregation of revenue from contracts with customers (Continued)

	For the year ended 31 December	
	2025 HK\$'000	2024 HK\$'000
<b>Timing of revenue recognition</b>		
A point in time	30,487,155	27,705,824
Over time (Note)	30,975	33,720
Revenue from contracts with customers	30,518,130	27,739,544
Rental income from investment properties	18,314	17,441
<b>Total revenue</b>	<b>30,536,444</b>	<b>27,756,985</b>

Note: The amounts include repair and maintenance services to business equipment and contract works of LED lighting and display products.

#### (ii) Performance obligations for contracts with customers

*Sales of electronic components and semiconductors and LED lighting and display products (revenue recognised at a point in time)*

Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific location (delivery). The normal credit term is 30 to 120 days upon delivery.

Under the Group's standard contract terms, customers have a right to exchange defective products for similar products within 7 days.

*Sales of business equipment and provision of related ancillary services*

For sales of business equipment, revenue is recognised at a point in time when control of the goods has transferred, being when the goods have been delivered to the customers' specific location (delivery). The normal credit term is 7 to 30 days upon delivery.

Under the Group's standard contract terms, customers have a right to exchange defective products for similar products within 7 to 30 days. A contract liability is recognised for sales in which revenue has yet been recognised.

Sales-related warranties associated with business equipment cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with its previous accounting treatment.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Revenue (Continued)

#### (ii) Performance obligations for contracts with customers (Continued)

##### *Sales of business equipment and provision of related ancillary services (Continued)*

For provision of related ancillary services, the Group provides repair and maintenance services over the contract period, in which the revenue is recognised when the customer simultaneously received the services and consumed the benefits using output method, i.e. to recognise revenue using a time-based method over the period of service resulting in straight-line revenue recognition. The Group normally bills monthly to the customers and the customers are required to settle the bills before commencement of the contract period.

Certain sales of business equipment is under finance lease arrangements in which the contracts contain three performance obligations including sales of business equipment, replacement of consumables and repair and maintenance services. Under these arrangements, the Group acts as dealer lessors and corresponding revenue of the sales of business equipment is recognised at a point in time at the commencement date of the finance leases and is measured at the present value of the lease payments discounted using a market rate of interest. During the lease terms, the Group provides ancillary services to customers including replacement of consumables and repair and maintenance services. Under these finance lease arrangements, the Group receives monthly fixed lease payments and allocates the transaction prices to each performance obligation of sales of business equipment, replacement of consumables and repair and maintenance services on a relative stand-alone selling price basis.

##### *Contract works of LED lighting and display products (revenue recognised over time)*

The Group provides construction of LED lighting and display products services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the stage of completion to date by using output method.

The payment of the Group's construction contracts is based on the stage of completion certified by qualified surveyors or estimated by the Group's project managers. In some circumstances, the Group would require for down payments from customers.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from 12 months to 18 months from the date of the practical completion of the construction.

#### (iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All the revenue from contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the relevant transaction price allocated to these unsatisfied contracts is not disclosed.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Segment information

The Group is engaged in the distribution of electronic components and semiconductor products that can be used in mobile phone products, consumer electronic products, computer and networking products, telecommunication products, sales of LED lighting and display products, distribution of business equipment and provision of related ancillary services, contract works of LED lighting and display products and properties investments.

Information reported to chairman and managing director of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses only on revenue analysis by geographical location of customers. As no other discrete financial information is available for the assessment of different business activities, no segment information is presented other than entity-wide disclosures.

### Geographical information

The Group's operations are located in different places of domicile, including the Chinese Mainland, Hong Kong and Taiwan.

The following is an analysis of the Group's revenue by the geographical locations of customers based on billing address of products or services, or location of properties or products for rental income for the year:

	Sales revenue by geographical market	
	2025 HK\$'000	2024 HK\$'000
Hong Kong	20,868,291	19,543,150
Chinese Mainland	7,845,256	7,000,767
Taiwan	933,841	524,229
Singapore	399,100	264,379
Vietnam	206,405	164,598
United States of America	101,028	101,007
Macao Special Administrative Region of the PRC	2,185	4,501
Others	180,338	154,354
	<b>30,536,444</b>	<b>27,756,985</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

**Segment information** (Continued)

**Geographical information** (Continued)

The following is an analysis of the carrying amount of non-current assets excluding financial assets at FVTPL, finance lease receivables and deferred tax assets by geographical area in which the assets are located:

	Carrying amount of non-current assets	
	2025 HK\$'000	2024 HK\$'000
Hong Kong	700,803	743,055
Chinese Mainland	318,623	322,667
Taiwan	13,348	13,397
Others	929	929
	<b>1,033,703</b>	1,080,048

**Information about major customers**

Revenue from a customer of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A	16,385,107	14,111,275

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest expenses on:		
Bank borrowings	61,684	68,363
Lease liabilities	31	60
Other borrowings	–	202
	<b>61,715</b>	68,625

## 7. INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
– current year	121,154	128,538
– overprovision in prior years	(3,467)	(1,474)
PRC EIT		
– current year	2,762	4,882
– (overprovision) underprovision in prior years	(18)	139
Taiwan corporate income tax		
– current year	8,947	13,051
– (overprovision) underprovision in prior years	(100)	512
	<b>129,278</b>	145,648
Deferred tax credit (note 28)	(4,621)	(13,010)
	<b>124,657</b>	132,638

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%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 7. INCOME TAX EXPENSE (Continued)

Under the Law of EIT (the "EIT Law") and Implementation Regulation of the EIT Law in the PRC, the applicable tax rate of the PRC subsidiaries is 25% for both years.

Corporate income tax in Taiwan is charged at 20% for both years.

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account certain adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit before tax	<b>835,854</b>	805,129
Tax at Hong Kong Profits Tax rate of 16.5%	<b>137,916</b>	132,846
Tax effect of expenses not deductible for tax purpose	<b>5,988</b>	17,600
Tax effect of income not taxable for tax purpose	<b>(11,720)</b>	(5,025)
Overprovision in prior years	<b>(3,585)</b>	(823)
Tax effect of share of results of an associate	<b>–</b>	(61)
Tax effect of share of results of a joint venture	<b>(156)</b>	21
Tax effect of tax losses/deductible temporary differences not recognised	<b>(834)</b>	(4,853)
Utilisation of tax losses/deductible temporary differences previously not recognised	<b>(3,478)</b>	(4,398)
Others	<b>526</b>	(2,669)
Tax charge for the year	<b>124,657</b>	132,638

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 8. PROFIT FOR THE YEAR/OTHER INCOME/OTHER GAINS AND LOSSES

### (a) Profit for the year

	2025 HK\$'000	2024 HK\$'000
Profit for the year has been arrived at after charging:		
Staff costs, including directors' and chief executives' remuneration ( <i>note 9</i> )		
– salaries and other benefits	113,235	108,684
– performance related incentive payments ( <i>note</i> )	50,372	48,196
– retirement benefits scheme contributions	13,903	13,255
	<b>177,510</b>	170,135
Auditor's remuneration		
– Audit services	2,766	2,398
– Non-audit services	227	305
Amortisation of intangible assets	276	279
Depreciation of property, plant and equipment	27,607	28,892
Depreciation of right-of-use assets	7,222	7,215
Cost of inventories recognised as an expense (including reversal of allowance for inventories of HK\$79,317,000 (2024: reversal of allowance for inventories of HK\$36,632,000))	<b>29,186,127</b>	26,306,345

*Note:* Performance related incentive payments were determined with reference to the Group's operating results and individual performance.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 8. PROFIT FOR THE YEAR/OTHER INCOME/OTHER GAINS AND LOSSES (Continued)

### (b) Other income

	2025 HK\$'000	2024 HK\$'000
Interest income on bank deposits	53,548	18,032
Dividend income from equity investments	2,805	6,761
Interest income on finance leases	215	423
Others	992	6,276
	<b>57,560</b>	<b>31,492</b>

### (c) Other gains and losses, net

	2025 HK\$'000	2024 HK\$'000
Net foreign exchange (losses) gains	(16,462)	2,811
Change in fair value of financial assets at FVTPL	14,624	1,811
Gains on disposal of property, plant and equipment, net	169	281
Others	(51)	2,317
	<b>(1,720)</b>	<b>7,220</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

### 2025

	Executive Directors				Independent Non-Executive Directors			Non-Executive Directors		Total HK\$'000
	Dr. Yim Yuk Lun, Stanley SBS BBS JP HK\$'000	Yim Tsz Kit, Jacky HK\$'000	Wong Wai Tai HK\$'000	Tsui Chi Wing, Eric HK\$'000	Wong Tak Yuen, Adrian HK\$'000	Cheung Chi Kwan HK\$'000	Wong Wai Kin HK\$'000	Wong Sui Chuen HK\$'000	Yim Kei Man, Carmen HK\$'000	
Fees	-	-	-	-	150	150	150	240	240	930
Other emoluments										
Salaries and other benefits	4,560	1,500	1,824	1,044	-	-	-	-	-	8,928
Retirement benefits scheme contributions	228	18	18	26	-	-	-	-	-	290
Performance related incentive payments (note)	28,000	250	760	-	-	-	-	-	-	29,010
<b>Total emoluments</b>	<b>32,788</b>	<b>1,768</b>	<b>2,602</b>	<b>1,070</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>240</b>	<b>240</b>	<b>39,158</b>

### 2024

	Executive Directors				Independent Non-Executive Directors			Non-Executive Director		Total HK\$'000
	Dr. Yim Yuk Lun, Stanley SBS BBS JP HK\$'000	Yim Tsz Kit, Jacky HK\$'000	Wong Sui Chuen HK\$'000	Tsui Wong Chi Wing, Wai Tai Eric HK\$'000	Wong Tak Yuen, Adrian HK\$'000	Cheung Chi Kwan HK\$'000	Wong Wai Kin HK\$'000	Yim Kei Man, Carmen HK\$'000		
Fees	-	-	-	-	-	150	150	150	240	690
Other emoluments										
Salaries and other benefits	4,560	1,500	1,092	1,824	888	-	-	-	-	9,864
Retirement benefits scheme contributions	228	18	-	18	22	-	-	-	-	286
Performance related incentive payments (note)	25,000	250	455	760	-	-	-	-	-	26,465
<b>Total emoluments</b>	<b>29,788</b>	<b>1,768</b>	<b>1,547</b>	<b>2,602</b>	<b>910</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>240</b>	<b>37,305</b>

Note: Performance related incentive payments were determined with reference to the Group's operating results and individual performance.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's and the independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Dr. Yim Yuk Lun, Stanley SBS BBS JP is also the Chief Executive Officer of the Company and his emoluments disclosed above included those for services rendered by him as Chief Executive Officer.

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. During the years ended 31 December 2025 and 2024, no other directors waived or agreed to waive any emoluments.

## 10. EMPLOYEES' REMUNERATIONS

Of the five highest paid individuals in the Group, four (2024: three) were directors of the Company whose remunerations are set out in note 9 above. The remuneration of one (2024: two) individual is as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other benefits	1,680	2,792
Performance related incentive payments (note)	10,000	10,455
Retirement benefits scheme contributions	158	112
	<b>11,838</b>	<b>13,359</b>

Note: Performance related incentive payments were determined with reference to the Group's operating results and individual performance.

Their remunerations were within the following band:

	2025 No. of employees	2024 No. of employees
HK\$11,500,001 to HK\$12,000,000	1	1
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$1,000,001 to HK\$1,500,000	–	–

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to these individuals as an inducement to join or upon joining the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 11. DIVIDENDS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2025 interim dividend of HK15 cents (2024: 2024 interim dividend of HK15 cents) per share	<b>93,876</b>	93,876
2024 final dividend of HK25 cents (2023: 2023 final dividend of HK25 cents) per share	<b>156,459</b>	156,459
	<b>250,335</b>	250,335

Subsequent to the end of the reporting period, a final dividend of HK25 cents per share in respect of the year ended 31 December 2025 (2024: final dividend of HK25 cents per share in respect of the year ended 31 December 2024), in an aggregated amount of HK\$156,459,000 (2024: HK\$156,459,000) has been proposed by the directors and are subject to approval by the shareholders in the forthcoming annual general meeting.

## 12. BASIC EARNINGS PER SHARE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Earnings:		
Profit for the year attributable to owners of the Company, for the purpose of basic earnings per share	<b>556,715</b>	501,237

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. BASIC EARNINGS PER SHARE (Continued)

	2025 '000	2024 '000
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	625,837	625,837

No diluted earnings per share for both 2025 and 2024 were presented as there were no potential ordinary shares in issue for both 2025 and 2024.

## 13. INVESTMENT PROPERTIES

	<b>Completed investment properties</b> HK\$'000
<b>FAIR VALUE</b>	
At 1 January 2024	662,660
Transfers to property, plant and equipment	(66,900)
Decrease in fair value recognised in profit or loss	(76,936)
Exchange realignment	(11,224)
At 31 December 2024	507,600
Decrease in fair value recognised in profit or loss	(26,400)
Exchange realignment	7,200
At 31 December 2025	488,400

The Group leases out various offices and warehouses in Hong Kong and Chinese Mainland under operating leases with rentals payable monthly. The leases typically run for an initial period of 2 to 3 years.

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

All of the Group's property interests held to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties as at 31 December 2025 and 2024 have been arrived at on the basis of a valuation carried out by B.I. Appraisals Limited ("B.I."), an independent qualified professional valuer not connected to the Group. B.I. is a member of the Institute of Valuers. In respect of the completed investment properties as at 31 December 2025 and 2024, the valuation assessed by B.I. was arrived at using the results calculated by the income capitalisation method by adopting appropriate capitalisation rates after the current rental and the market rents potential of tenancies.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 13. INVESTMENT PROPERTIES (Continued)

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

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2025 and 2024 are as follows:

Categories	Fair value hierarchy	Fair value		Unrealised loss on property revaluation included in profit or loss for the year ended		Valuation techniques	Key unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
		31.12.2025	31.12.2024	31.12.2025	31.12.2024				
		HK\$'000	HK\$'000	HK\$'000	HK\$'000				
<b>Completed investment properties</b>									
Commercial properties in Hong Kong	Level 3	237,700	253,200	(15,500)	(23,800)	Income capitalisation method	Reversionary rate	2.2% – 8.3% (2024: 2.40% – 4.60%)	The higher the reversionary yield, the lower the fair value
							Market rent	HK\$13 – HK\$25 (2024: HK\$14 – HK\$25) per square feet per month	The higher the market rent, the higher the fair value
Commercial properties in the PRC	Level 3	87,200	90,100	(5,450)	(18,020)	Income capitalisation method	Reversionary rate	1.8% – 5.6% (2024: 1.9% – 4.1%)	The higher the reversionary yield, the lower the fair value
							Market rent	RMB68 – RMB128 (2024: RMB75 – RMB114) per square meter per month	The higher the market rent, the higher the fair value
Industrial properties in the PRC	Level 3	163,500	164,300	(5,450)	(25,016)	Income capitalisation method	Reversionary rate	4% – 7.3% (2024: 3.3% – 10.9%)	The higher the reversionary yield, the lower the fair value
							Market rent	RMB18 – RMB24 (2024: RMB15 – RMB23) per square meter per month	The higher the market rent, the higher the fair value
		488,400	507,600	(26,400)	(76,936)				

There were no transfers into or out of Level 3 during the years ended 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Machinery HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles and vessels HK\$'000	Total HK\$'000
<b>COST OR VALUATION</b>							
At 1 January 2024	365,383	55,008	4,885	59,849	69,621	93,999	648,745
Exchange realignment	(1,472)	(261)	-	(55)	(106)	(113)	(2,007)
Additions	-	-	-	760	49	2,668	3,477
Transfers from investment property	66,900	-	-	-	-	-	66,900
Acquired on acquisition of a subsidiary	-	502	-	556	4,544	514	6,116
Disposal	-	-	-	-	(250)	(1,153)	(1,403)
At 31 December 2024	430,811	55,249	4,885	61,110	73,858	95,915	721,828
Exchange realignment	1,254	217	-	(9)	38	108	1,608
Reclassification	-	-	-	(203)	-	203	-
Additions	-	-	-	36	768	5,081	5,885
Disposal	-	-	-	-	-	(2,219)	(2,219)
At 31 December 2025	432,065	55,466	4,885	60,934	74,664	99,088	727,102
Comprising:							
At cost	386,715	55,466	4,885	60,934	74,664	99,088	681,752
At valuation – 1994	45,350	-	-	-	-	-	45,350
At valuation – 2025	-	-	-	-	-	-	-
	432,065	55,466	4,885	60,934	74,664	99,088	727,102
<b>DEPRECIATION</b>							
At 1 January 2024	95,315	52,054	4,589	53,532	39,663	56,530	301,683
Exchange realignment	(274)	(226)	-	(39)	(89)	(67)	(695)
Provided for the year	11,428	2,064	196	1,827	4,148	9,229	28,892
Acquired on acquisition of a subsidiary	-	160	-	547	4,233	340	5,280
Eliminated on disposals	-	-	-	-	-	(979)	(979)
At 31 December 2024	106,469	54,052	4,785	55,867	47,955	65,053	334,181
Exchange realignment	220	155	-	(15)	26	77	463
Provided for the year	11,422	913	36	1,694	4,166	9,376	27,607
Reclassification	-	-	-	(24)	-	24	-
Eliminated on disposals	-	-	-	-	-	(1,918)	(1,918)
At 31 December 2025	118,111	55,120	4,821	57,522	52,147	72,612	360,333
<b>CARRYING VALUES</b>							
At 31 December 2025	313,954	346	64	3,412	22,517	26,476	366,769
At 31 December 2024	324,342	1,197	100	5,243	25,903	30,862	387,647

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Leasehold land and buildings	2% or over the term of the relevant lease, whichever is shorter
Leasehold improvements	Over the term of the relevant lease
Motor vehicles and vessels	10% – 20%
Others	4% – 20%

Certain owner-occupied leasehold land is included in property, plant and equipment, as in the opinion of the directors, allocations between the land and buildings elements could not be made reliably for some of the properties. For the properties which allocation between the land and buildings elements could be made reliably, the leasehold land element is presented as right-of-use assets.

## 15. INTANGIBLE ASSETS

	Club memberships HK\$'000 (Note)	Customer relationship HK\$'000	Total HK\$'000
<b>COST</b>			
At 1 January 2024	17,293	5,628	22,921
Acquired on acquisition of a subsidiary	266	–	266
Exchange realignment	(102)	–	(102)
At 31 December 2024	17,457	5,628	23,085
Exchange realignment	77	–	77
At 31 December 2025	17,534	5,628	23,162
<b>AMORTISATION</b>			
At 1 January 2024	188	5,628	5,816
Provided for the year	279	–	279
Exchange realignment	(14)	–	(14)
At 31 December 2024	453	5,628	6,081
Provided for the year	276	–	276
Exchange realignment	16	–	16
At 31 December 2025	745	5,628	6,373
<b>CARRYING VALUES</b>			
At 31 December 2025	16,789	–	16,789
At 31 December 2024	17,004	–	17,004

The customer relationship is amortised over its estimated useful lives, using the straight-line method, at the rate of 20% per annum.

Note: As at 31 December 2025 and 2024, the club memberships have indefinite useful lives were tested for impairment by comparing their carrying amounts with their recoverable amounts. The directors of the Company determined that no impairment loss was necessary and were of the opinion that the club memberships are worth at least their carrying amounts.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. RIGHT-OF-USE ASSETS

	Leasehold land <i>HK\$'000</i>	Leased properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 December 2025</b>			
Carrying amount	149,693	432	150,125
<b>As at 31 December 2024</b>			
Carrying amount	156,656	625	157,281
<b>For the year ended 31 December 2025</b>			
Depreciation charge	6,963	259	7,222
<b>For the year ended 31 December 2024</b>			
Depreciation charge	6,963	252	7,215
		<b>31.12.2025</b> <i>HK\$'000</i>	31.12.2024 <i>HK\$'000</i>
Expense relating to short-term leases		<b>1,313</b>	1,909
Total cash outflow for leases		<b>1,538</b>	2,517

For the years ended 31 December 2025 and 2024, the Group leases various offices, warehouses and office equipment. Lease contracts are entered into for fixed term of 1 year to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns an office building. The Group is the registered owner of the property interest, including the underlying leasehold land. Lump sum payments were made upfront to acquire the property interest. The leasehold land components of the owned property is presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for office equipment. As at 31 December 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 17. INTEREST IN A JOINT VENTURE

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Cost of unlisted investment in a joint venture	17,300	17,300
Share of post-acquisition losses and other comprehensive expenses	(5,680)	(6,784)
	<b>11,620</b>	10,516

As at 31 December 2025 and 2024, the Group had interest in the following joint venture:

Name of joint venture	Form of business structure	Place of incorporation/ operations	Class of shares held	Proportion of issued share capital held by the Group		Proportion of voting rights held by the Group		Principal activity
				31.12.2025	31.12.2024	31.12.2025	31.12.2024	
				%	%	%	%	
Kitronix Limited ("Kitronix")	Incorporated	Hong Kong	Ordinary	50 (note)	50 (note)	40 (note)	40 (note)	Manufacturing of liquid crystal display modules

*note:* The Group is able to exercise joint control over the financing and operating decision of Kitronix as major decision regarding the relevant activities of Kitronix requires unanimous consent of all the directors of Kitronix according to the shareholders' agreement.

## 18. INVENTORIES

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Trading goods	<b>1,567,638</b>	3,061,620

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. TRADE AND OTHER RECEIVABLES/TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### (a) Trade and other receivables

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Trade receivables at amortised cost	911,100	1,267,244
Less: allowance for credit losses	(7,896)	(10,383)
	<b>903,204</b>	1,256,861
Other receivables	131,124	83,488
Prepayment and deposits paid	43,064	27,559
	<b>1,077,392</b>	1,367,908

As at 1 January 2024, trade receivables from contracts with customers measured at amortised cost amounted to HK\$839,379,000.

The Group allows a credit period ranging from 30 days to 120 days to its trade customers.

The following is an aging analysis of trade receivables measured at amortised cost net of allowance for credit losses presented based on the due date at the end of the reporting year:

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Not past due	711,271	943,715
Overdue by:		
1 – 30 days	73,579	64,652
31 – 60 days	55,445	95,431
61 – 90 days	23,551	78,337
Over 90 days	39,358	74,726
	<b>903,204</b>	1,256,861

Before accepting a new customer, the Group assesses the potential customer's credit quality by investigating their historical credit record and then sets a credit limit for that customer. Limits attributed to customers are reviewed periodically. The majority of the trade receivables that are neither past due nor impaired have no history of defaults on payments.

As at 31 December 2025, included in the Group's trade receivables at amortised cost are debtors with aggregate carrying amount of HK\$191,933,000 (2024: HK\$313,146,000) which are past due as at the reporting date. Out of the past due balances, HK\$39,358,000 (2024: HK\$74,726,000) has been past due 90 days or more and is not considered as in default as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. TRADE AND OTHER RECEIVABLES/TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

### (a) Trade and other receivables (Continued)

As at 31 December 2025, included in other receivables, a loan receivable due from an independent third party (the "borrower") amounting to HK\$65,000,000 (2024: nil) was secured by four residential properties located in Hong Kong, at interest rate of 12% per annum, for a period of 12 months and guaranteed by its holding and group companies and provide guarantee to the borrower. The director of the Group considers that the fair value of the four residential properties as at 31 December is not less than the aggregate carrying amount of the loan receivable with reference to recent market transactions.

In addition, the borrower further withdrew amount of HK\$55,000,000 in January 2026.

Other than the loan receivable and value added tax recoverable of HK\$15,434,000 (2024: HK\$15,991,000), other receivables are unsecured, interest-free, repayable on demand and expected to be settled within twelve months from the reporting date.

The following is an analysis of other receivables at the end of the reporting year:

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Other receivable	135,186	89,625
Less: allowance for credit losses	(4,062)	(6,137)
	<b>131,124</b>	83,488

The Group's trade and other receivables that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
United States Dollar ("US\$")	597,356	379,909
Renminbi ("RMB")	268,064	142
	<b>865,420</b>	380,051

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. TRADE AND OTHER RECEIVABLES/TRADE RECEIVABLES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(Continued)*

### (b) Trade receivables at FVTOCI

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Trade receivables held for collecting contractual cash flows or factoring to banks	<b>3,284,542</b>	1,603,691

As at 1 January 2024, trade receivables at FVTOCI from contracts with customers amounted to HK\$2,100,479,000.

These trade receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and factoring trade receivables to the banks without recourse and hence these trade receivables are measured at FVTOCI.

In the opinion of the directors, when the trade receivables are factored to banks, the Group transfers substantially all the risks and rewards of ownership to banks, and accordingly the related trade receivables are derecognised. During the year ended 31 December 2025, the loss from derecognition of trade receivables at FVTOCI was HK\$68,304,000 (2024: HK\$125,426,000).

The following is an aging analysis of trade receivables at FVTOCI presented based on the due date at the end of the reporting year:

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Not past due	<b>3,096,653</b>	1,525,027
Overdue by:		
1 – 30 days	<b>132,037</b>	69,982
31 – 60 days	<b>13,025</b>	5,653
61 – 90 days	<b>31,330</b>	407
Over 90 days	<b>11,497</b>	2,622
	<b>3,284,542</b>	1,603,691

As at 31 December 2025, included in the Group's trade receivables at FVTOCI are debtors with aggregate carrying amount of HK\$187,889,000 (2024: HK\$78,664,000) which are past due as at the reporting date. Out of the past due balances, HK\$11,497,000 (2024: HK\$2,622,000) has been past due 90 days or more and is not considered as in default as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade receivables at FVTOCI are set out in note 33.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 20. FINANCE LEASE RECEIVABLES

The Group entered into finance lease arrangements as a lessor for (a) business equipment, and (b) LED display boards. Details of each type of finance lease arrangements are set out below.

The risk arising from unguaranteed residual value on the assets under lease is not significant, because of the existence of a secondary market of these assets.

	Minimum lease payments 31.12.2025 <i>HK\$'000</i>	Present value of minimum lease payments 31.12.2025 <i>HK\$'000</i>	Minimum lease payments 31.12.2024 <i>HK\$'000</i>	Present value of minimum lease payments 31.12.2024 <i>HK\$'000</i>
Finance lease receivables comprise:				
Within one year	3,031	2,790	1,649	1,607
In the second year	2,612	2,407	–	–
Second year to fifth year	4,888	4,698	–	–
	<b>10,531</b>	<b>9,895</b>	1,649	1,607
Less: Unearned finance income	<b>(66)</b>	<b>N/A</b>	(42)	N/A
Present value of minimum lease payment receivables	<b>10,465</b>	<b>9,895</b>	1,607	1,607
Analysed as:				
Current		2,790		1,607
Non-current		7,105		–
		<b>9,895</b>		1,607
LED display boards ( <i>note a</i> )		1,153		1,607
Business equipment ( <i>note b</i> )		8,742		–
		<b>9,895</b>		1,607

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 20. FINANCE LEASE RECEIVABLES (Continued)

Notes:

- (a) During the year ended 31 December 2025, the Group has entered into lease arrangements of LED display boards. The carrying amount of the related finance lease receivables was HK\$1,153,000 (2024: HK\$1,607,000) as at 31 December 2025.

The discount rate used for the finance lease receivable of the LED display boards approximated 4.28% (2024: 4.28%) for the year ended 31 December 2025.

- (b) The Group has entered into sales contracts with its customers pursuant to which legal ownership is transferred to the customers upon full payment of the contract sum (the "Contracts") plus a nominal amount of HK\$500 for each business equipment at the option of customers. The payment of contract sum under the Contracts depends on the utilisation of the business equipment by the customers during the contract period, subject to monthly minimum instalment payments during the terms of the Contracts. As the feature of these contracts is such that substantially all the risks and rewards incidental to the ownership of the business equipment have been transferred to the customers upon the inception of the contract, notwithstanding that the titles to the equipment may only be transferred to the customers upon full payment of the contract sum plus a nominal amount of HK\$500 for each equipment which occur at the end of the contract period, the sales of the business equipment under such Contracts have been accounted for as finance lease under HKFRS 16 and finance lease receivables have been recognised accordingly. Distributor profit was also recognised in the profit or loss resulting from an outright sale of the business equipment being leased, at normal selling prices, under the Contracts.

The discount rate used for the finance lease receivables of the business equipment approximated 9% (2024: 9%) for the year ended 31 December 2025.

Details of impairment assessment of finance lease receivables are set out in note 33.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Investments held-for-trading:		
Unlisted bond fund ( <i>note</i> )	6,272	6,184
Equity securities listed in Hong Kong	62,900	120,754
Other investments	38,968	2,998
	<b>108,140</b>	129,936

Analysed for reporting purpose as:

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Current assets	105,142	126,938
Non-current assets	2,998	2,998
	<b>108,140</b>	129,936

*Note:* The amount represents an unlisted bond fund which is quoted in an active market. The fair value of the investment is determined by reference to the quoted prices as at 31 December 2025 and 2024. The amount is denominated in US\$.

## 22. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

At 31 December 2025, the pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of the relevant bank borrowings.

The bank balances and pledged bank deposits carry fixed interest at rates which range from 0.01% to 3.9% (2024: from 0.01% to 5.0%) per annum and variable interest at rates which range from 0.01% to 4.25% (2024: from 0.01% to 5.2%) per annum, respectively.

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

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
US\$	3,622,735	2,804,531
RMB	147,886	105,189
	<b>3,770,621</b>	2,909,720

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 23. TRADE AND OTHER PAYABLES

	31.12.2025 <i>HK\$'000</i>	31.12.2024 <i>HK\$'000</i>
Trade payables ( <i>note</i> )	3,738,453	3,837,230
Other payables	84,526	106,750
Dividend payable to non-controlling shareholders	541,048	600,097
Accruals and deposits received	111,779	92,009
Total trade and other payables	<b>4,475,806</b>	4,636,086

*Note:* As at 31 December 2025, the balance of trade payables included bills presented by the Group of HK\$26,899,000 (2024: HK\$20,736,000), which the Group issued letter of credit to suppliers but the related facilities were not drawn.

The credit period on purchase of goods ranged from 30 days to 120 days.

Included in the Group's trade and other payables with aggregate amount of approximately HK\$143,120,523 (2024: HK\$218,753,000) are denominated in US\$ which is other than the functional currency of the relevant group entities.

The following is an aging analysis of trade payables presented based on the due date at the end of the reporting period:

	31.12.2025 <i>HK\$'000</i>	31.12.2024 <i>HK\$'000</i>
Current	2,643,158	3,347,912
Within 30 days	851,600	302,691
More than 30 days and within 60 days	95,546	45,028
More than 60 days and within 90 days	38,306	43,062
More than 90 days	109,843	98,537
	<b>3,738,453</b>	3,837,230

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 24. CONTRACT LIABILITIES

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Sales of goods	65,361	74,292

At 1 January 2024, contract liabilities amounted to HK\$90,104,000. The decrease (2024: decrease) in contract liabilities in the current year was mainly due to the amount of advances received from customers utilised during the year ended 31 December 2025, which resulting a decrease in contract liabilities.

The entire contract liabilities balances at the beginning of the year were recognised as revenue in respective years.

## 25. LEASE LIABILITIES

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Lease liabilities payable:		
Within one year	257	661
Within a period of more than one year but not more than two years	210	–
	467	661
Less: Amount due for settlement within 12 months and shown under current liabilities	(257)	(661)
Amount due for settlement after 12 months and shown under non-current liabilities	210	–

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 26. BANK BORROWINGS

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Invoice financing and import loans	2,601,538	2,135,997
Other bank loans	75,000	249,307
<b>Total bank borrowings</b>	<b>2,676,538</b>	<b>2,385,304</b>
Analysed as:		
Current	2,676,538	2,385,304
Secured	233,396	572,178
Unsecured	2,443,142	1,813,126
	<b>2,676,538</b>	<b>2,385,304</b>
	<b>31.12.2025 HK\$'000</b>	<b>31.12.2024 HK\$'000</b>
Carrying amount of bank borrowings contain a repayment on demand clause are repayable as follows:		
– within one year	2,601,538	2,136,024
Carrying amount of bank borrowings not contain a repayment on demand clause are repayable* as follows:		
– within one year	75,000	249,280

\* The amounts due are based on scheduled repayment dates (which does not contain repayment on demand clause) as set out in the agreements.

At 31 December 2025, all of the bank borrowings bear interest at SOFR plus a margin per annum or HIBOR or CNH HIBOR plus a margin per annum with the average effective interest rate of 3.11% (2024: 4.74%).

Included in the Group's bank borrowings with aggregate amount of HK\$391,587,000 (2024: HK\$213,781,000) denominated in US\$ which is other than the functional currency of the relevant group entities.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 27. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 2025	1,454,000,000	145,400
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 2025	625,837,440	62,584
	Number of non-redeemable convertible preference shares	Amount HK\$'000
Non-redeemable convertible preference shares of HK\$0.10 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 2025	46,000,000	4,600
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 2025	–	–

## 28. DEFERRED TAXATION

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

	Revaluation of investment properties HK\$'000	Accelerated tax depreciation HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2024	8,676	8,898	(4,770)	12,804
Credit to profit or loss	(10,759)	(2,251)	–	(13,010)
Exchange realignment	(591)	–	–	(591)
At 31 December 2024	(2,674)	6,647	(4,770)	(797)
Credit to profit or loss	(2,725)	(1,896)	–	(4,621)
Exchange realignment	1,015	–	–	1,015
At 31 December 2025	(4,384)	4,751	(4,770)	(4,403)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. DEFERRED TAXATION (Continued)

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

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Deferred tax assets	9,283	10,096
Deferred tax liabilities	(4,880)	(9,299)
	<b>4,403</b>	797

At the end of the reporting period, the Group has unused tax losses of approximately HK\$7,597,000 (2024: HK\$33,738,000) available for offset against future profits. No deferred tax asset has been recognised in respect of approximately HK\$7,597,000 (2024: HK\$33,738,000) due to the unpredictability of future profit streams. All losses may be carried forward indefinitely.

At 31 December 2025, a deferred tax liability of investment properties has been reversed in respect of the reversal of fair value gain previously recognised of HK\$26,400,000 (2024: HK\$76,936,000).

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements for the profits amounting to approximately RMB156,714,000 (2024: RMB122,255,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Under the Law of the Taiwan Corporate income tax, withholding tax is imposed on dividends declared in respect of profits earned by the Taiwan subsidiaries from 25 January 2012 onwards. Deferred taxation has not been provided for in the consolidated financial statements for the profits amounting to approximately HK\$284,416,206 (2024: HK\$249,957,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## 29. RETIREMENT BENEFITS SCHEME

The Group participates in both a defined contribution retirement benefits scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme, or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 29. RETIREMENT BENEFITS SCHEME (Continued)

Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

Under the MPF Scheme, no forfeited contributions are available to reduce the contributions payable in future years.

The employees employed by the Group's Chinese Mainland subsidiaries are members of the state-managed retirement benefits schemes operated by the Chinese Mainland government. The Group's Chinese Mainland subsidiaries are required to contribute a certain percentage of their basic payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

The total expense recognised in profit or loss of HK\$13,613,000 (2024: HK\$12,968,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

## 30. PLEDGE OF ASSETS

At the end of reporting period, the following assets of the Group were pledged to banks in order to secure general banking facilities granted by these banks to the Group:

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Leasehold land and building	261,623	271,635
Right-of-use assets	149,693	156,656
Trade receivables	29,991	102,941
Bank deposits	37,398	64,666
	<b>478,705</b>	595,898

## 31. OPERATING LEASES ARRANGEMENTS

### The Group as lessor

During the year ended 31 December 2025, property rental income earned during the year was HK\$18,314,000 (2024: HK\$17,247,000). The properties held have committed tenants for the next three (2024: three) years.

Minimum lease payment receivables on leases are as follows:

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Within one year	16,917	16,314
In the second year	11,144	7,567
In the third year	6,867	2,004
	<b>34,928</b>	25,885

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 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 shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net cash, which includes bank borrowings and lease liabilities, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associates 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

### (a) Categories of financial instruments

	31.12.2025 <i>HK\$'000</i>	31.12.2024 <i>HK\$'000</i>
<b>Financial assets</b>		
Financial assets at amortised cost	4,823,976	4,316,095
Trade receivables at FVTOCI	3,284,542	1,603,691
Financial assets at FVTPL	108,140	129,936
<b>Financial liabilities</b>		
Amortised cost	7,044,032	6,933,042

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (Continued)

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

#### Market risk

##### (i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases and foreign currency trade and other receivables, financial assets at FVTPL, pledged bank deposits, bank balances, trade and other payables and bank borrowings, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary liabilities (including intercompany balances within the Group) and monetary assets at the end of reporting period are as follows:

	Liabilities		Assets	
	31.12.2025 HK\$'000	31.12.2024 HK\$'000	31.12.2025 HK\$'000	31.12.2024 HK\$'000
US\$	329,869	431,899	495,665	600,491
RMB	2,041,527	1,237,996	48,632	24,625

Included in above are the Group's foreign currency denominated monetary assets at FVTPL at the reporting date which are as follows:

	Assets	
	31.12.2025 HK\$'000	31.12.2024 HK\$'000
US\$	–	6,184

The Group currently does not have a foreign currency hedging policy. However, management will monitor foreign exchange exposure closely and consider for further usage of hedging instruments when the need arise.

No sensitivity analysis is presented for US\$-denominated financial assets and liabilities in which the functional currency of the respective group entities is HK\$ as HK\$ is currently pegged to US\$. Management considers that the exposure to exchange fluctuation in respect of US\$ is limited.

The Group is mainly exposed to the fluctuation in HK\$ against RMB.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (Continued)

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

#### Market risk (Continued)

##### (i) Currency risk (Continued)

The following table details the Group's sensitivity to a 10% increase and decrease in RMB against HK\$ (excluding financial assets at FVTPL). 10% (2024: 10%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding RMB-denominated monetary items and adjusts their translation at the year end for a 10% (2024: 10%) change in foreign currency rates. The sensitivity analysis includes mainly foreign currency trade and other receivables, bank balances and cash and trade and other payables (including intercompany balances within the Group) 10% (2024: 10%) strengthening of RMB against HK\$ will increase the Group's profit for the year by the following amount. For 10% (2024: 10%) weakening of RMB against HK\$, there would be an equal and opposite impact on the profit and the balance below would be negative.

	RMB impact	
	2025	2024
	HK\$'000	HK\$'000
Decrease in profit	166,406	101,316

##### (ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings (see notes 22 and 26 for details). Management will monitor interest rate risk exposure closely. By management's discretion, the Group keeps its borrowings at floating rates and may enter into interest rate swaps to balance the fair value interest rate risk and cash flow interest rate risk exposure of the Group.

The Group's exposures to interest rates on financial liabilities are 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 SOFR, HIBOR, and CNH HIBOR (2024: SOFR and HIBOR) arising from the Group's variable-rate bank borrowings.

#### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable-rate bank balances and bank borrowings. The analysis is prepared assuming the variable-rate bank balances and bank borrowings at the end of reporting period were outstanding for the whole year. For variable-rate bank balances, 5 basis points increase and 5 basis points decrease (2024: 5 basis points increase and 5 basis points decrease) are used. For variable-rate bank borrowings, 20 basis points (2024: 20 basis points) increase or decrease is used.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (Continued)

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

#### **Market risk** (Continued)

##### (ii) Interest rate risk (Continued)

###### Sensitivity analysis (Continued)

If interest rates had been 5 basis points higher for variable-rate bank balances and 20 basis point higher for variable-rate bank borrowings/5 basis points lower for variable-rate bank balances and 20 basis points lower for variable-rate bank borrowings and all other variables were held constant, the Group's profit for the year ended 31 December 2025 would decrease by approximately HK\$11,517,000 if interest rate is higher; would increase by approximately HK\$11,517,000 if interest rate is lower (2024: decrease by approximately HK\$10,930,000 if interest rate is higher; would increase by approximately HK\$10,930,000 if interest rate is lower).

##### (iii) Other price risk

The Group is exposed to other price risk through its investments in listed equity securities, unlisted bond fund and other investments classified as FVTPL investments. The management manages the other price risk exposure in relation to listed equity securities by maintaining a portfolio of investments with different risks.

###### Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the reporting date.

If the market prices of the respective listed equity instruments and the quoted price of the equity funds had been 5% (2024: 5%) higher/lower and all other variables were held constant: post-tax profit for the year would increase/decrease by approximately HK\$4,515,000 (2024: HK\$5,425,000) as a result of the changes in fair value of financial assets through profit or loss.

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (Continued)

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

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

##### *Trade receivables arising from contracts with customers*

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model under application of HKFRS 9 on trade debtors by assigning each of them to the Group's internal credit rating scale individually. Except for those which had been determined as credit-impaired under HKFRS 9 the ECL of which are assigned individually, trade receivables is grouped by an internal credit ratings and the ECL on these assets with the same internal credit rating are assessed in a collective basis.

The management of the Group considers the amounts of trade receivables at FVTOCI within lifetime ECL as at 31 December 2025 and 2024 was insignificant and accordingly no allowance for credit losses is provided.

The Group has concentration of credit risk as 52% (2024: 40%) and 60% (2024: 42%) of the total trade receivables and trade receivables at FVTOCI was due from the Group's largest customer and the five largest customers, respectively.

##### *Other receivables*

The Group assessed the impairment for its other receivables individually. In the opinion of the directors of the Company, there has been no significant increase in credit risk since initial recognition of these balances. ECL is estimated based on historical observed default rates over the expected life of debtors and is adjusted for forward-looking information that is available without undue cost or effort. As at 31 December 2025, the Group recognised allowance for credit losses for other receivables of HK\$4,062,000 (2024: HK\$6,137,000).

##### *Pledged bank deposits/bank balances*

The credit risks on pledged bank deposits and bank balances are limited because the counterparties are banks with good reputation. Based on the impairment assessment performed by the Group, the management of the Group considers the loss allowance for pledged bank deposits and bank balances within 12-month ECL as at 31 December 2025 and 2024 was insignificant and accordingly no allowance for credit losses is provided.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (Continued)

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

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

##### *Finance lease receivables*

For the finance lease receivables of business equipment, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. The Group performs impairment assessment under ECL model under application of HKFRS 9 by assigning each of them to the Group's internal credit rating scale individually, giving an internal credit rating and the ECL on these assets with the same internal credit rating are assessed in a collective basis.

The management of the Group considers the loss allowance for these finance lease receivables within lifetime ECL as at 31 December 2025 and 2024 was insignificant and accordingly no allowance for credit losses is provided.

For the finance lease receivables of the leased business equipment and LED display boards, the management of the Group considers the credit risk is limited because the counterparty is an industry leader with good financial background.

As finance lease receivables consists of a large number of customers, spread across diverse industries, the Group does not have significant concentration of credit risk on finance lease receivables.

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (Continued)

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

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

The tables below detail the credit risk exposures of the Group's trade and other receivables, pledged bank deposits, bank balances and finance lease receivables which are subject to ECL assessment:

	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	
				31.12.2025 HK\$'000	31.12.2024 HK\$'000
<b>Trade receivables at FVTOCI</b>	19(b)	Performing	Lifetime ECL – not credit-impaired	<b>3,284,542</b>	1,603,691
<b>Financial assets at amortised costs</b>					
Trade receivables at amortised cost	19(a)	Performing	Lifetime ECL – not credit-impaired	<b>866,269</b>	1,186,511
		Watch list	Lifetime ECL – not credit-impaired	<b>39,358</b>	74,726
		Loss	Lifetime ECL – credit-impaired	<b>5,473</b>	6,007
				<b>911,100</b>	1,267,244
Other receivables	19(a)	Performing	12-month ECL	<b>131,124</b>	83,488
		Loss	Lifetime ECL – credit-impaired	<b>4,062</b>	6,137
				<b>135,186</b>	89,625
Pledged bank deposits	22	Performing	12-month ECL	<b>37,398</b>	64,666
Bank balances	22	Performing	12-month ECL	<b>3,767,374</b>	2,927,070
<b>Other items</b>					
Finance lease receivables	20	Performing	Lifetime ECL – not credit-impaired	<b>9,895</b>	1,607

As part of the Group's credit risk management, the Group applies internal credit rating for its customers individually. The following table provides information about the exposure to credit risk for trade receivables at amortised costs as at 31 December 2025 and 2024 within lifetime ECL (not credit-impaired).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (Continued)

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

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

Gross carrying amount

Internal credit rating	Average loss rate		Trade receivables	
	31.12.2025	31.12.2024	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Performing	0.5%	0.5%	866,269	1,186,511
Watch list	3.4%	4.2%	39,358	74,726
			<b>905,627</b>	1,261,237

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

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
<b>As at 1 January 2024</b>	7,804	6,482	14,286
Changes due to financial instruments recognised as at 1 January:			
– Impairment losses reversed	(7,804)	(475)	(8,279)
– Transfer to credit-impaired	–	–	–
– Impairment losses recognised	–	–	–
Acquisition of a subsidiary	354	–	354
New financial assets originated	4,022	–	4,022
<b>As at 31 December 2024</b>	4,376	6,007	10,383
Changes due to financial instruments recognised as at 1 January:			
– Impairment losses reversed	(4,376)	(534)	(4,910)
– Transfer to credit-impaired	–	–	–
– Impairment losses recognised	–	–	–
New financial assets originated	2,423	–	2,423
<b>As at 31 December 2025</b>	2,423	5,473	7,896

The ECL on credit-impaired trade receivables are provided for in full.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (Continued)

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

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

Gross carrying amount (Continued)

Changes in the loss allowance for trade receivables at amortised cost are mainly due to:

	31.12.2025		31.12.2024	
	Increase/(decrease) in lifetime ECL		Increase/(decrease) in lifetime ECL	
	Not credit- impaired	Credit- impaired	Not credit- impaired	Credit- impaired
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-credit-impaired ECL recognised for trade receivables originated during the year ended 31 December 2025 with a gross amount of HK\$905,627,000 (2024: HK\$1,261,237,000)	2,423	–	4,022	–
Non-credit-impaired ECL recognised for trade receivables from the acquisition of a subsidiary	–	–	354	–
Transfer to credit-impaired upon reaching default and increase in allowance of trade receivables with gross amount of HK\$5,466,000 (2024: HK\$6,007,000)	–	–	–	–
Credit-impaired ECL recognised for trade receivables transferred from non-credit-impaired ECL with gross amount of HK\$nil (2024: HK\$nil)	–	–	–	–
Written off in trade receivables with gross amount of HK\$nil (2024: HK\$nil)	–	–	–	–
Settlement in full of trade receivables with a gross carrying amount of HK\$1,267,244,000 (2024: HK\$847,726,000)	(4,376)	(534)	(7,804)	(475)

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (Continued)

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

#### Liquidity risk

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

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

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 curve at the end of the reporting period.

In addition, the liquidity analysis for the Group's financial instruments is prepared based on the expected settlement date as the management considers that such basis is essential for an understanding of the timing of the expected cash flows of the contracts.

#### Liquidity tables

	Weighted average effective interest rate %	On demand or less than 1 month HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2025 HK\$'000
<b>31.12.2025</b>							
Trade and other payables	-	4,364,027	-	-	-	4,364,027	4,364,027
Amount due to a joint venture	-	3,000	-	-	-	3,000	3,000
Bank borrowings	3.11*	659,839	1,947,678	88,184	-	2,695,701	2,676,538
Lease liabilities	5.42	26	52	214	219	511	467
		5,026,892	1,947,730	88,398	219	7,063,239	7,044,032

\* Weighted average effective interest rate determined based on the variable interest rate of outstanding bank borrowings at the end of the reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (Continued)

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

#### Liquidity risk (Continued)

#### Liquidity tables (Continued)

	Weighted average effective interest rate %	On demand or less than 1 month HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2024 HK\$'000
31.12.2024							
Trade and other payables	-	4,544,077	-	-	-	4,544,077	4,544,077
Amount due to a joint venture	-	3,000	-	-	-	3,000	3,000
Bank borrowings	4.74*	2,168,226	64,514	167,117	-	2,399,857	2,385,304
Lease liabilities	5.63	20	40	625	-	685	661
		6,715,323	64,554	167,742	-	6,947,619	6,933,042

\* Weighted average effective interest rate determined based on the variable interest rate of outstanding bank borrowings at the end of the reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (Continued)

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

#### Liquidity risk (Continued)

Bank loans 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 31 December 2025, the aggregate carrying amounts of these bank loans amounted to approximately HK\$2,601,538,000 (2024: HK\$2,159,874,000). 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 borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. However, in accordance with Hong Kong Interpretation 5 *Presentation of Financial Statements Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*, all such bank loans have been classified as current liabilities.

	Weighted average effective interest rate %	Less than 1 month HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<b>31.12.2025</b>						
Bank borrowings						
– variable rate	3.11*	659,839	1,947,678	88,184	2,695,701	2,676,538
<b>31.12.2024</b>						
Bank borrowings						
– variable rate	4.74*	2,168,226	64,514	167,117	2,399,857	2,385,304

\* Weighted average effective interest rate determined based on the variable interest rate of outstanding bank borrowings at the end of the reporting period.

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

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

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Some of the Group’s financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. FINANCIAL INSTRUMENTS (Continued)

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

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key input	Significant unobservable input
	31.12.2025 HK\$'000	31.12.2024 HK\$'000			
<b>Financial assets at fair value through profit or loss</b>					
Listed equity securities	62,900	120,754	Level 1	Quoted bid prices in an active market	N/A
Unlisted bond funds	6,272	6,184	Level 2	By quoted prices in market at the end of the reporting period	N/A
Other investments	38,968	2,998	Level 2	By quoted prices in market at the end of the reporting period from different sources	N/A
<b>Debt instruments at FVTOCI</b>					
Trade receivables held for collecting contractual cash flows or factoring to banks	3,284,542	1,603,691	Level 3	Discounted cash flow – with reference to the discount rate quoted by the bank. The management considers the fluctuation in the discount rate would not result in a significant change in the fair value.	Discount rate and collection or factoring period

There were no transfers between Levels 1, 2 and 3 in both years.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost, using the discounted cash flows analysis with the most significant inputs being the discount rate that reflects the credit risk of counterparties, recognised in the consolidated financial statements approximate their fair values.

## 34. RELATED PARTY TRANSACTIONS AND BALANCES

The significant transactions with related parties during the year, and significant balances with them at the end of the reporting period, are as follows:

### (a) Compensation of key management personnel

The directors are the key management personnel of the Company and their compensation for both years is set out in note 9.

### (b) The amount due to a joint venture is unsecured, non-interest bearing and repayable on demand.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of financial position of the Company at 31 December 2025 and 31 December 2024 are as follows:

	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Non-current assets		
Amounts due from subsidiaries	824,823	1,441,518
Investment in subsidiaries	73,179	73,179
Intangible assets	10,000	10,000
	<b>908,002</b>	1,524,697
Current assets		
Prepayment and other receivables	378	533
Tax recoverable	872	–
Bank balances	243,153	1,210
	<b>244,403</b>	1,743
Current liabilities		
Other payables	1,235	1,091
Amounts due to subsidiaries	604,785	1,040,379
Tax payable	–	2,592
Bank borrowings	75,000	75,000
	<b>681,020</b>	1,119,062
Net current liabilities	<b>(436,617)</b>	(1,117,319)
Net assets	<b>471,385</b>	407,378
Capital and reserves		
Share capital	62,584	62,584
Share premium and reserves (Note)	408,801	344,794
Total equity	<b>471,385</b>	407,378

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2024	6,521	1,109	105,796	158,284	271,710
Profit and total comprehensive income for the year	–	–	–	323,419	323,419
Dividend paid	–	–	–	(250,335)	(250,335)
At 31 December 2024	6,521	1,109	105,796	231,368	344,794
Profit and total comprehensive income for the year	–	–	–	314,342	314,342
Dividend paid	–	–	–	(250,335)	(250,335)
At 31 December 2025	6,521	1,109	105,796	295,375	408,801

## 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2025 and 31 December 2024 are as follows:

Name of subsidiaries	Place of incorporation/ establishment/ operations	Nominal value of issued and paid up share capital/registered capital	Proportion of issued share/ registered capital held by the Company		Principal activities
			31.12.2025 %	31.12.2024 %	
Dragon Trading Limited	British Virgin Islands/ Hong Kong	Ordinary US\$40,000	100	100	Investment holding
S.A.S. Microelectronics Company Limited	Hong Kong	Ordinary HK\$500,000	100	100	Distribution of electronic products
S.A.S. Electric Company Limited	Hong Kong	Ordinary HK\$1,000,000	100	100	Distribution of business equipment and provision of related ancillary services
S.A.S. Electronic Company Limited	Hong Kong	Ordinary HK\$1,000,000	100	100	Distribution of electronic products

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment/ operations	Nominal value of issued and paid up share capital/registered capital	Proportion of issued share/ registered capital held by the Company		Principal activities
			31.12.2025 %	31.12.2024 %	
S.A.S. Enterprises Company Limited	Hong Kong	Ordinary HK\$100	100	100	Distribution of electronic products
		Non-voting deferred* HK\$1,000,000	100	100	
S.A.S. Investment Company Limited	Hong Kong	Ordinary HK\$100	100	100	Property and investment holding
		Non-voting deferred* HK\$1,000,000	100	100	
S.A.S. Lighting Company Limited	Hong Kong	Ordinary HK\$2	100	100	Sales and contract work of LED lighting products
LIM InfraSystems Company Limited	Hong Kong	Ordinary HK\$1	100	100	Sales and contract work of LED display products
SMartech Electronic Company Limited	Hong Kong	Ordinary HK\$1,000,000	70	70	Distribution of electronic products
時捷電子科技(深圳)有限公司**	The PRC	Registered capital HK\$200,000,000	100	100	Distribution of electronic products
時捷照明(深圳)有限公司**	The PRC	Registered capital HK\$5,000,000	100	100	Sales and contract work of LED lighting products
Time Speed Technology Corporation 時暉科技股份有限公司	Taiwan	Registered capital TWD50,000,000	100	100	Distribution of electronic products
V&V Technology Holdings Limited	Cayman	Ordinary HK\$14,536,230	59	59	Investment holding
V&V Technology (BVI) Limited	British Virgin Islands	US\$1	59	59	Investment holding

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment/ operations	Nominal value of issued and paid up share capital/registered capital	Proportion of issued share/ registered capital held by the Company		Principal activities
			31.12.2025 %	31.12.2024 %	
V&V Technology Limited	Hong Kong	HK\$25,000,000	59	59	Sales of electronic products with the provision of independent design house services
V&V Microelectronics Company Limited	Hong Kong	HK\$500,000	59	59	Sales of electronic products with the provision of independent design house services
深圳時騰科技開發有限公司**	The PRC	HK\$80,000,000	59	59	Sales of electronic products with the provision of independent design house services

\* The non-voting deferred shares practically carry no rights to dividends or to receive notice of or to attend or vote at any general meetings of the company or to participate in any distribution on winding up.

\*\* Foreign wholly-owned enterprise.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

With the exception of Dragon Trading Limited and S.A.S. Investment Company Limited, all the subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets and liabilities 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 any debt securities outstanding at the end of the year or at any time during the year.

At the end of the reporting period, the Company had other subsidiaries that were not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		31.12.2025	31.12.2024
Distribution of electronic components/ LED lighting and display products	Hong Kong	13	13
	Chinese Mainland	4	5
	Taiwan	1	1
Investment holding	Hong Kong	2	2
	British Virgin Islands	7	7
	Cayman Islands	2	2
Others	Hong Kong	13	13
	Chinese Mainland	2	2
	Others	3	3

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

### Details of non-wholly-owned subsidiaries that have material non-controlling interests

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

Name of subsidiaries	Place of incorporation/ establishment/ operations	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		31.12.2025	31.12.2024	2025	2024	31.12.2025	31.12.2024
		%	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000
SMartech Electronic Company Limited	Hong Kong	30	30	146,405	171,953	335,776	189,370
Individually immaterial subsidiaries with non-controlling interests				8,077	(699)	39,585	31,371
				154,482	171,254	375,361	220,741

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	SMartech Electronic Company Limited	
	31.12.2025 HK\$'000	31.12.2024 HK\$'000
Current assets	6,411,992	7,014,690
Non-current assets	5,255	5,807
Current liabilities	5,297,995	6,389,263
Non-current liabilities	–	–
Equity attributable to owners of the Company	783,476	441,864
Non-controlling interests	335,776	189,370

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

### Details of non-wholly-owned subsidiaries that have material non-controlling interests (Continued)

	2025 HK\$'000	2024 HK\$'000
Revenue	21,839,095	19,773,160
Profit for the year	488,018	573,176
Profit attributable to owners of the Company	341,613	401,223
Profit attributable to the non-controlling interests	146,405	171,953
Profit for the year	488,018	573,176
Other comprehensive expense attributable to owners of the Company	(12,157)	(8,855)
Other comprehensive expense attributable to the non-controlling interests	(5,210)	(3,795)
Other comprehensive expense for the year	(17,367)	(12,650)
Total comprehensive income attributable to owners of the Company	329,456	392,368
Total comprehensive income attributable to the non-controlling interests	141,195	168,158
Total comprehensive income for the year	470,651	560,526
Dividends declared to non-controlling interests	–	180,000
Net cash outflow from operating activities	(534,625)	(382,789)
Net cash inflow from investing activities	39,859	12,296
Net cash inflow from financing activities	186,887	1,036,109
Net cash (outflow) inflow	(307,879)	665,616

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 37. 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.

	<b>Lease liabilities</b> <i>HK\$'000</i>	<b>Dividend payable</b> <i>HK\$'000</i>	<b>Bank borrowings</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 January 2024	947	480,097	1,056,710	1,537,754
Financing cash flows ( <i>note</i> )	(346)	(310,335)	1,105,872	795,191
Addition from acquisition of a subsidiary	–	–	154,157	154,157
Dividend declared	–	430,335	–	430,335
Interest expenses	60	–	68,565	68,625
At 31 December 2024	661	600,097	2,385,304	2,986,062
Financing cash flows ( <i>note</i> )	(225)	(309,384)	229,550	(80,059)
Dividend declared	–	250,335	–	250,335
Interest expenses	31	–	61,684	61,715
At 31 December 2025	467	541,048	2,676,538	3,218,053

*Note:* The cash flows represent the proceeds from and repayment of bank borrowings, dividend paid, lease payment and the interests paid in the consolidated statement of cash flows.

# Financial Summary

(Extracted from Respective Annual Report)

## RESULTS

	For the year ended 31 December				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
Revenue	35,297,778	24,968,652	22,370,616	27,756,985	<b>30,536,444</b>
Profit before tax	1,109,018	678,865	716,210	805,129	<b>835,854</b>
Income tax expense	(183,884)	(114,958)	(130,537)	(132,638)	<b>(124,657)</b>
Profit for the year	925,134	563,907	585,673	672,491	<b>711,197</b>
Profit for the year attributable to:					
Owners of the Company	713,191	400,337	403,801	501,237	<b>556,715</b>
Non-controlling interests	211,943	163,570	181,872	171,254	<b>154,482</b>
	925,134	563,907	585,673	672,491	<b>711,197</b>

## ASSETS AND LIABILITIES

	At 31 December				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
Total Assets	9,333,949	8,138,868	7,825,902	10,247,276	<b>10,897,047</b>
Total Liabilities	(6,490,662)	(5,128,422)	(4,997,016)	(7,163,402)	<b>(7,338,498)</b>
Net Assets	2,843,287	3,010,446	2,828,886	3,083,874	<b>3,558,549</b>
Equity attributable to:					
Owners of the Company	2,390,346	2,457,217	2,637,399	2,863,133	<b>3,183,188</b>
Non-controlling interests	452,941	553,229	191,487	220,741	<b>375,361</b>
Total Equity	2,843,287	3,010,446	2,828,886	3,083,874	<b>3,558,549</b>

Note: The Group has retrospectively applied HKFRS 9 and HKFRS 15 at 1 January 2018 and HKFRS 16 at 1 January 2019 without restatement of comparative figures.

## Particulars of Investment Properties

Location	Lot No.	Use
Units 1 and 2 on Ground Floor and Carparking spaces Nos. B20, B21 and B22 on Basement Floor, Peninsula Square, Sung On Street, Hunghom, Kowloon, Hong Kong	11743/588444 share of Kowloon Inland Lot No. 10985	Commercial
Unit No. 1 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	30/12841 share of the remaining portion of section O of Kowloon Marine Lot No.40	Commercial
Unit No. 2 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	29/12841 share of the remaining portion of section O of Kowloon Marine Lot No.40	Commercial
Unit No. 3 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	29/12841 share of the remaining portion of section O of Kowloon Marine Lot No.40	Commercial
Unit No. 4 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	29/12841 share of the remaining portion of section O of Kowloon Marine Lot No.40	Commercial
Unit No. 5 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	21/12841 share of the remaining portion of section O of Kowloon Marine Lot No. 40	Commercial
Unit No. 6 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	14/12841 share of the remaining portion of section O of Kowloon Marine Lot No. 40	Commercial
Unit No. 7 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	14/12841 share of the remaining portion of section O of Kowloon Marine Lot No. 40	Commercial
Unit No. 12 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	14/12841 share of the remaining portion of section O of Kowloon Marine Lot No. 40	Commercial

## Particulars of Investment Properties

Location	Lot No.	Use
Unit No. 13 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	13/12841 share of the remaining portion of section O of Kowloon Marine Lot No. 40	Commercial
Unit No.14 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	26/12841 share of the remaining position of section O of Kowloon Marine Lot No. 40	Commercial
Unit No.15 on 6th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	20/12841 share of the remaining position of section O of Kowloon Marine Lot No. 40	Commercial
Unit No.9-10 on 11th Floor of Tower B, Hunghom Commercial Centre, No. 37 Ma Tau Wai Road, Kowloon, Hong Kong	36/12841 share of the remaining position of section O of Kowloon Marine Lot No. 40	Commercial
Unit No.8 on 11th Floor of Tower A, Hunghom Commercial Centre, No. 39 Ma Tau Wai Road, Kowloon, Hong Kong	25/12841 share of the remaining portion of section O of Kowloon Marine Lot No. 40	Commercial
Unit 1212 on 12th Floor, Harbour Crystal Centre, No. 100 Granville Road, Kowloon, Hong Kong	12/3100 share of Kowloon Inland Lot No. 10600	Commercial
Yuquan Industrial Estate, Xingye Road, Fenggang Town, Dongguan, the PRC	Dong Fu Guo Yung (2010) De Te No. 361	Industrial
Unit No.1, 2, 3, 5, 6 and 7 on 29th Floor of Tower 1, Phase 2 of KK One North, Binhe Road, Futian Shenzhen, the PRC	Yue (2022) Shenzhen Real Estate Right No. 0132937	Commercial

The Group has 100% interest in the above properties.