

# Annual Report

2025

Pause /  
Resume

Distribution  
Platform

Branding  
Management  
Marketing  
Strategy  
Logistic and  
Warehouse

Business  
Intelligence

Quality Inspection

Smart  
Manufacturing

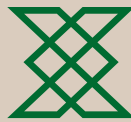
Tooling

Supply Chain  
Management

Design  
Engineering  
Material  
Technology

Patents

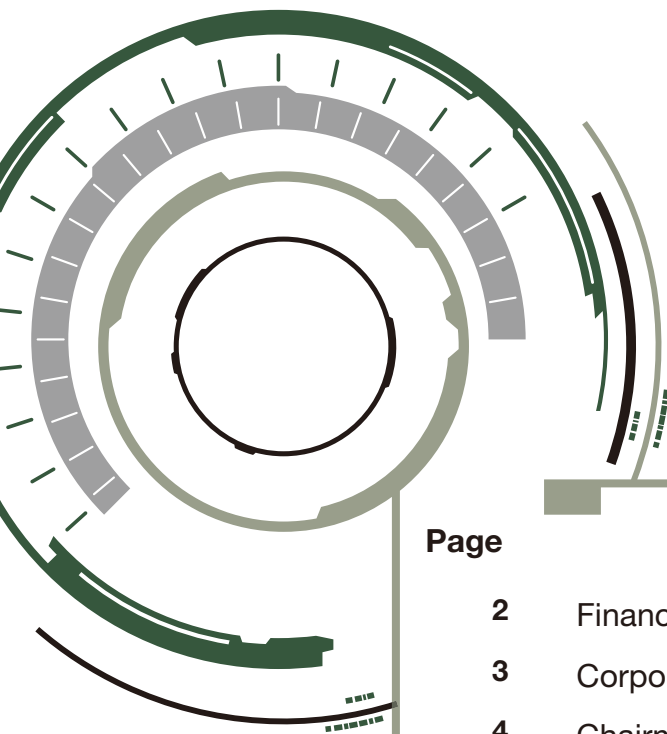
END TO END CONTROL



King's Flair International (Holdings) Limited

科勁國際(控股)有限公司

Incorporated in the Cayman Islands with limited liability Stock Code : 6822



# Table of CONTENTS

<b>Page</b>	
2	Financial Summary
3	Corporate Information
4	Chairman's Statement
6	Biographical Details of Directors
9	Management Discussion and Analysis
12	Corporate Governance Report
23	Directors' Report
35	Independent Auditor's Report
40	Consolidated Statement of Comprehensive Income
41	Consolidated Statement of Financial Position
43	Consolidated Statement of Changes in Equity
44	Consolidated Statement of Cash Flows
46	Notes to the Consolidated Financial Statements
124	Other Information



# FINANCIAL SUMMARY

A summary of the published financial results and of the assets, liabilities and non-controlling interests of the Group for the year ended 31 December 2025 and the last four financial years is set out below. The summary does not form part of the audited consolidated financial statements.

	For the year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Financial results</b>					
Revenue	<b>464,602</b>	833,909	691,143	925,663	1,301,652
(Loss)/profit before income tax	<b>(105,111)</b>	31,111	(9,210)	35,783	127,450
Income tax expense	<b>(3,195)</b>	(10,922)	(4,371)	(6,820)	(21,703)
(Loss)/profit for the year	<b>(108,306)</b>	20,189	(13,581)	28,963	105,747
(Loss)/profit attributable to:					
Owners of the Company	<b>(108,913)</b>	21,835	(14,829)	23,248	94,907
Non-controlling interest	<b>607</b>	(1,646)	1,248	5,715	10,840
	<b>(108,306)</b>	20,189	(13,581)	28,963	105,747
	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>Assets and liabilities</b>					
Non-current assets	<b>233,281</b>	282,670	290,291	315,083	240,723
Current assets	<b>385,679</b>	497,619	514,021	557,131	604,450
Current liabilities	<b>149,782</b>	172,078	174,180	181,794	145,655
Net current assets	<b>235,897</b>	325,541	339,841	375,337	458,795
Non-current liabilities	<b>17,062</b>	23,185	25,536	36,690	8,992
Net assets	<b>452,116</b>	585,026	604,596	653,730	690,526

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Dr. Wong Siu Wah (*Chairman and Chief Executive Officer*)  
Ms. Wong Fook Chi

### Independent Non-Executive Directors

Professor Lau Kin Tak  
Mr. Anthony Graeme Michaels  
Ms. Leung Wai Ling, Wylie  
Professor Wei Shyy JP

## BOARD COMMITTEES

### Audit Committee

Ms. Leung Wai Ling, Wylie (*Chairman*)  
Professor Lau Kin Tak  
Mr. Anthony Graeme Michaels

### Remuneration Committee

Professor Lau Kin Tak (*Chairman*)  
Mr. Anthony Graeme Michaels  
Ms. Leung Wai Ling, Wylie  
Dr. Wong Siu Wah  
Ms. Wong Fook Chi

### Nomination Committee

Dr. Wong Siu Wah (*Chairman*)  
Professor Lau Kin Tak  
Mr. Anthony Graeme Michaels  
Ms. Leung Wai Ling, Wylie

### Risk Management Committee

Ms. Wong Fook Chi (*Chairman*)  
Professor Lau Kin Tak  
Ms. Leung Wai Ling, Wylie

## COMPANY SECRETARY

Mr. Wan Hok Yin, *HKICPA and CPA Australia*

## AUDITOR

BDO Limited  
*Certified Public Accountants*

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

## PRINCIPAL BANKERS

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

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

12/F., Yardley Commercial Building  
3 Connaught Road West  
Hong Kong

## STOCK CODE

Hong Kong Stock Exchange: 6822

## WEBSITE

[www.kingsflair.com.hk](http://www.kingsflair.com.hk)



# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of King's Flair International (Holdings) Limited (the "Company"), I present the annual report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2025.

## BUSINESS AND FINANCIAL REVIEW

The fiscal year 2025 proved to be one of considerable complexity for the Group, as we navigated a global operating environment marked by profound uncertainty and persistent macroeconomic headwinds. Tightened monetary policies and protracted geopolitical tensions continued to reshape trade dynamics, with uncertainties surrounding US tariff policies further disrupting established trade flows and compressing profit margins.

This volatile backdrop profoundly impacted consumer confidence, leading to a discernible pullback in discretionary spending on houseware and drinkware across our key North American market. In response to this weakened sentiment and an overhang of inventory, our customers adopted a markedly cautious approach, curtailing purchase orders throughout the year.

Consequently, the Group's total revenue for FY2025 decreased by 44.3% to approximately HK\$464.6 million, compared to HK\$833.9 million in 2024. Gross profit decreased by approximately 59.9% to approximately HK\$82.9 million, with gross profit margin decreasing to approximately 17.9%. The decline in gross profit was primarily driven by lower Group revenue and further impacted by the inclusion of one-off product costs of approximately HK\$11.3 million related to the expansion of our in-house product capabilities. Factoring out this one-off product cost, gross profit and gross profit margin would have been approximately HK\$94.2 million and 20.3%, respectively. The reduced gross profit margin was largely due to compressed customer consumption during the year.

Our financial results were further impacted by a substantial fair value loss on the Group's investment property portfolio, a direct consequence of the downturn in the local real estate market. In addition, administrative expenses rose due to depreciation and other operating costs associated with our nanofiber manufacturing operations at the Advanced Manufacturing Centre in Tseung Kwan O Industrial Estate, alongside a prudent provision for long-standing trade receivables. In view of these factors, the Group recorded a loss attributable to owners for the year ended 31 December 2025. After careful consideration, the Board has resolved not to recommend the payment of a final dividend for the year.

## OUTLOOK

As we look to the future, we acknowledge that the global landscape remains susceptible to external shocks. The ongoing conflict in the Middle-East, for instance, introduces the potential for significant volatility in energy markets, which could translate into persistently high oil prices and exert upward pressure on our manufacturing and logistics costs. Such dynamics reinforce the importance of our strategic evolution.

In response to these enduring challenges, our Group is executing a decisive pivot to reinforce our proprietary product lines. By harnessing innovative design and cutting-edge technological advancements, we are expanding our in-house offerings to capture new market segments. This initiative is designed to mitigate softer demand from brand owners amidst ongoing geopolitical frictions, with a strategic emphasis on cultivating growth opportunities within the Asia-Pacific region. The one-off product costs incurred during the year reflect our commitment to this strategic transformation, laying the foundation for future growth and margin enhancement.

We remain unwavering in our commitment to driving sustained growth in the household goods industry through the application of advanced technology, eco-conscious materials, and operational excellence. By continuously refining our product portfolio, bolstering supply chain resilience, and optimizing our cost structures, we are confident in our ability to navigate prevailing market challenges and deliver superior, high-margin products.

Building on the successful launch of our nano production line in the third quarter of 2024, we are now preparing for the inaugural commercial release of our nano-enhanced product line. These groundbreaking innovations are poised to significantly elevate our drinkware business, offering unparalleled functionality, durability, and consumer appeal. Our state-of-the-art facility, equipped with advanced automation and intelligent logistics, enables the efficient production of precision-engineered goods, while our proprietary nano-material breakthroughs ensure distinct market differentiation.

As we fortify our in-house product development capabilities, we will continue to nurture long-term partnerships, explore emerging markets, and steadfastly uphold our commitment to sustainability through material recycling and thoughtful design. We anticipate these strategic initiatives will begin to positively influence our financial performance in 2026. Our paramount focus remains on delivering exceptional value to our shareholders by harmonizing superior product quality with forward-thinking technology and targeted market expansion.

### **ACKNOWLEDGMENT**

On behalf of the Board, I wish to extend our sincere gratitude to the Group's global customers for their continued partnership and the opportunities for growth. We also thank our dedicated vendors for their unwavering commitment to excellence and for upholding the Group's professional standards. Lastly, and most importantly, I extend my deepest appreciation to our exceptional staff, whose embodiment of our core values and relentless dedication are instrumental in realizing the Group's strategic milestones.

**Dr. Wong Siu Wah**

*Chairman and Chief Executive Officer*

23 March 2026



# BIOGRAPHICAL DETAILS OF DIRECTORS

## EXECUTIVE DIRECTORS

### **Dr. Wong Siu Wah**

Aged 69, founded our Group's business in 1984 and held various positions within our Group. Dr. Wong has been a Director of King's Flair Development Limited, a major operating subsidiary of our Company which is engaged in design, engineering development and supply of kitchenware and household products since 1989, involving in business planning and development and product engineering. Dr. Wong has over 40 years of business building, operations and management experience within our Group. He was appointed as the Chairman, Chief Executive Officer and Executive Director on 25 June 2012. He is currently responsible for the overall corporate vision setting and strategic planning within our Group. Dr. Wong is an Honorary Life Chairman of The Hong Kong Polytechnic University Foundation and a member of the advisory committee for the Department of Mechanical Engineering of the Hong Kong Polytechnic University. In January 2017, he received the title, University Fellowship, from the Hong Kong Polytechnic University. In December 2018, Dr. Wong was awarded an Honorary Doctor of Business from Swinburne University of Technology in Australia. In November 2019, Dr. Wong was awarded a Doctor of Business Administration by the Hong Kong Polytechnic University. Dr. Wong is the spouse of Ms. Rebecca Cheng, a controlling shareholder of the Company, and the father of Ms. Wong Fook Chi, Chief Operating Officer and an Executive Director of the Company.

### **Ms. Wong Fook Chi**

Aged 42, joined our Group since 2006. Ms. Wong underwent various job rotations within the Group, ranging from business to human resources, administration and finance roles. She was appointed as an Executive Director on 25 June 2012. With over 17 years of experience in the kitchenware industry gained from the daily operation of our Group, Ms. Wong currently oversees the Company's operation and corporate strategy implementations. Ms. Wong obtained her Bachelor of Science degree from the University of Toronto in Canada in 2006 and her Master of Business Administration degree from the University of Chicago in 2016. Ms. Wong served as an industrial advisor to The Hong Kong Polytechnic University from 2009 to 2012. She was awarded Young Industrialist Award of Hong Kong by the Federation of Hong Kong Industries (FHKI) in 2016. Ms. Wong is the daughter of Dr. Wong Siu Wah, the Chairman, Chief Executive Officer and Executive Director of the Company.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

### **Professor Lau Kin Tak**

Aged 57, was appointed as an independent non-executive Director on 22 December 2014. Professor Lau is currently the President of the Technological and Higher Education Institute of Hong Kong for providing strategic leadership and operational management to enhance the quality of academic programmes and research outputs in support of industry growth of Hong Kong. Professor Lau was a Pro-Vice-Chancellor International and Digital Research at Swinburne University of Technology, Australia for approximately 6 years. Professor Lau has over 25 years of experience in the mechanical engineering academic field gained from the Hong Kong Polytechnic University and has 3 years of experience as a craft apprentice in the Hong Kong Aircraft Engineering Company Limited which engages in aircraft engineering and maintenance business. Professor Lau was an International Vice President and a Trustee Board member of the Institution of Mechanical Engineers; Professor Lau is a fellow of Engineers Australia; a fellow of the Institution of Materials, Minerals and Mining; a fellow of the Institution of Engineering Designers; a fellow of the Hong Kong Institution of Engineers; a fellow of the Royal Aeronautical Society; a member of European Academy of Sciences and a member of European Academy of Sciences and Arts. Professor Lau is also Chairman of the Professional Accreditation Panel for APEC/IPEA for Korea. In 2001, Professor Lau was awarded a Doctor of Philosophy (PhD) by the Hong Kong Polytechnic University. In 1997 and 1996, Professor Lau obtained a master degree and a bachelor degree, respectively, of engineering in aerospace engineering in the Royal Melbourne Institute of Technology in Australia.

### **Mr. Anthony Graeme Michaels**

Aged 82, was appointed as an independent non-executive Director on 22 December 2014. Mr. Michaels has 36 years of combined industry experience gained from DKSH Australia Pty Ltd. (“DKSH Australia”) and its former entities Zyliss Australia Pty Ltd. and United Housewares Pty Ltd. During his service in DKSH Australia, it was a subsidiary of DKSH Holding AG (Ltd) (“DKSH”) which was a company listed on the SIX Swiss Exchange, and which primarily engaged in the provision of market expansion services with a focus on Asia. During Mr. Michaels’ service, DKSH Australia carried a variety of international brands in lifestyle and luxury categories, including but not limited to Zwilling JA Henckels, Zyliss, Staub, Cole & Mason, Culinare, Microplane, Marcato, Contigo, Tala, Cuisena, Progressive, Jamie Oliver and Metaltex. Mr. Michaels was Managing Director of the Consumer Goods Business Units of DKSH Australia and New Zealand. Mr. Michaels retired from DKSH Australia in July 2012.



## Biographical Details of Directors

### **Ms. Leung Wai Ling, Wylie**

Aged 58, was appointed as an independent non-executive Director on 22 December 2014. Ms. Leung possesses over 20 years of experience in the finance and accounting. Ms. Leung worked as an independent non-executive director of Capital Finance Holdings Ltd. (formerly named MP Logistics International Holdings Limited) (Stock Exchange stock code: 8239) for approximately 5 years; served as the associate director at Grandtop International Capital Limited for approximately 4 years; the company secretary of Hong Wei (Asia) Holdings Company Limited (Stock Exchange stock code: 8191) for approximately 3 years; the financial controller of subsidiaries of Casablanca Group Limited (Stock Exchange stock code: 2223) for over 1 year; the financial controller of Guangzhou TWS Electronics Limited for over 4 years; and an auditor at Ernst & Young for over 3 years; served as one of the joint secretaries of Mediwelcome Healthcare Management & Technology Inc. (Stock Exchange stock code: 2159) for 2 years. Currently, Ms. Leung serves as the financial controller at United Energy Products Limited, a company mainly engaged in investment business. Ms. Leung is currently a member of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Institute of Directors. In 1992, Ms. Leung obtained a bachelor degree in business administration from the City University of New York in the U.S.

### **Professor Shyy Wei**

Aged 70, was appointed as an independent non-executive Director on 31 May 2024. Professor Shyy is currently Professor Emeritus, Department of Mechanical and Aerospace Engineering at The Hong Kong University of Science and Technology ("HKUST"). Professor Shyy was President of HKUST and Chair Professor of Mechanical and Aerospace Engineering at HKUST from September 2018 to October 2022. Prior to joining HKUST as Provost in August 2010, Professor Shyy was Clarence L. "Kelly" Johnson Collegiate Professor and Department Chair of Aerospace Engineering at the University of Michigan, Ann Arbor from January 2005 to August 2010. Professor Shyy received his Bachelor of Science (BS) degree in Power Mechanical Engineering in 1977 from Tsing Hua University in Hsinchu, Taiwan, and Master of Science in Engineering (MSE) and Doctor of Philosophy (PhD) degrees both in Aerospace Engineering in 1981 and 1982, respectively, from the University of Michigan, Ann Arbor. Professor Shyy is a Fellow of the American Institute of Aeronautics and Astronautics (AIAA) and the American Society of Mechanical Engineers (ASME). Professor Shyy has served as a board member and professional expert in numerous public and private organizations, and was a member of University Grants Committee (Hong Kong) from January 2014 to January 2018 and Board of Directors of Hong Kong Science and Technology Parks Corporation from July 2012 to June 2018.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the year 2025, the global market condition and operation environment remained unstable and unpredictable due to the tightened monetary policies and the continued geopolitical tensions worldwide. Uncertainties in US tariff policies and their prolonged extension during the year further disrupted trade flows and pressured margins. Customer spending habits on houseware and drinkware retail market for mid-priced to premium products in North America was also compressed during the year.

## FINANCIAL REVIEW

### Revenue

During the year ended 31 December 2025, the Group recorded a significant decrease in revenue from approximately HK\$833.9 million in 2024 to approximately HK\$464.6 million, representing a decrease of approximately 44.3%. This decrease in revenue was mainly due to the uncertainties in the US tariffs and extended policies, coupled with ongoing international trade tensions during the year. These external factors have led our key customers to adopt a more cautious approach, resulting a reduction of purchase orders.

### Gross profit and gross profit margin

Gross profit decreased by approximately 59.9% to approximately HK\$82.9 million for the year ended 31 December 2025 (2024: HK\$206.9 million), with gross profit margin decreased by approximately 6.9 percentage points to approximately 17.9% (2024: 24.8%). The decline in gross profit was primarily driven by lower Group revenue, while the reduced gross profit margin was largely due to compressed customers consumption during the year. The decrease in gross profit was also due to the inclusion of one-off product costs of approximately HK\$11.3 million. Factoring out this one-off product cost, gross profit and gross profit margin would have been approximately HK\$94.2 million and 20.3%, respectively.

### Other income and gains and losses, net

During the year ended 31 December 2025, other income and gains and losses turned negative at HK\$10.0 million (2024: other gains of HK\$2.1 million), primarily due to the significant increase in the fair value loss on investment properties during the year.

### Distribution expenses

During the year ended 31 December 2025, distribution expenses decreased by approximately 4.5% to approximately HK\$39.3 million (2024: HK\$41.2 million). The decrease was mainly attributable to the decrease in marketing expenses and transportation cost with the amount of Group's revenue.

### Administrative expenses

During the year ended 31 December 2025, administrative expenses increased by approximately 4.2% to approximately HK\$133.4 million (2024: HK\$128.1 million). The increase was mainly due to depreciation and other operating costs incurred in the Group's nanofiber manufacturing operation at the Advanced Manufacturing Centre in Tseung Kwan O Industrial Estate and provision of expected credit loss on trade receivable.

### Finance costs

During the year ended 31 December 2025, finance costs decreased by approximately 25.3% to approximately HK\$6.0 million (2024: HK\$8.1 million), primarily due to the decrease in bank borrowing and interest rate during the year.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **(Loss)/profit attributable to owners of the Company**

For the year ended 31 December 2025, the Group incurred a loss attributable to owners of the Company with amount approximately HK\$108.9 million (2024: profit attributable to owners of the Company HK\$21.8 million). The turnabout from profit to loss was mainly due to the combined effect of the significant increase in other losses and administrative expenses during the year. There has been a significant fair value loss on the Group's investment properties, which was affected by the unfavorable market conditions during the year. In addition, there has been an increase in depreciation and operation expenses due to the launch of the Group's nanofiber manufacturing operations at the Advanced Manufacturing Centre in Tseung Kwan O Industrial Estate and provision on expected credit loss on trade receivables.

### **FUTURE STRATEGY**

As we look to the future, we acknowledge that the global landscape remains susceptible to external shocks. The ongoing conflict in the Middle-East, for instance, introduces the potential for significant volatility in energy markets, which could translate into persistently high oil prices and exert upward pressure on our manufacturing and logistics costs. Such dynamics reinforce the importance of our strategic evolution.

In response to these enduring challenges, our Group is executing a decisive pivot to reinforce our proprietary product lines. By harnessing innovative design and cutting-edge technological advancements, we are expanding our in-house offerings to capture new market segments. This initiative is designed to mitigate softer demand from brand owners amidst ongoing geopolitical frictions, with a strategic emphasis on cultivating growth opportunities within the Asia-Pacific region. The one-off product costs incurred during the year reflect our commitment to this strategic transformation, laying the foundation for future growth and margin enhancement.

We remain unwavering in our commitment to driving sustained growth in the household goods industry through the application of advanced technology, eco-conscious materials, and operational excellence. By continuously refining our product portfolio, bolstering supply chain resilience, and optimizing our cost structures, we are confident in our ability to navigate prevailing market challenges and deliver superior, high-margin products.

Building on the successful launch of our nano production line in the third quarter of 2024, we are now preparing for the inaugural commercial release of our nano-enhanced product line. These groundbreaking innovations are poised to significantly elevate our drinkware business, offering unparalleled functionality, durability, and consumer appeal. Our state-of-the-art facility, equipped with advanced automation and intelligent logistics, enables the efficient production of precision-engineered goods, while our proprietary nano-material breakthroughs ensure distinct market differentiation.

As we fortify our in-house product development capabilities, we will continue to nurture long-term partnerships, explore emerging markets, and steadfastly uphold our commitment to sustainability through material recycling and thoughtful design. We anticipate these strategic initiatives will begin to positively influence our financial performance in 2026. Our paramount focus remains on delivering exceptional value to our shareholders by harmonizing superior product quality with forward-thinking technology and targeted market expansion.

### **SIGNIFICANT INVESTMENT HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS ON CAPITAL ASSETS**

Other than the investment properties as disclosed in the consolidated statements of financial position, there was no significant investment held as at 31 December 2025.

### MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 December 2025, the Group had not made any material acquisition or disposal of subsidiaries and associated companies.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group manages its capital structure with an aim to ensure the Group will be able to continue as a going concern, maximize the return to the shareholders of the Company and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management reviews the capital structure regularly by considering the risk and benefit associated with each class of capital and adjusts the capital structure as it sees fit and appropriate.

#### Cash and bank balances and borrowing

As at 31 December 2025, the Group had cash and bank balances amounted to approximately HK\$122.1 million (2024: HK\$116.7 million) which were mainly denominated in United States dollars (“USD”), Renminbi (“RMB”) and Hong Kong dollars (“HKD”). The Group had bank borrowings of approximately HK\$58.2 million (2024: approximately HK\$68.1 million) and bank overdrafts of approximately HK\$17.8 million (2024: approximately HK\$28.6 million) as at 31 December 2025. The annual interest rate of the bank overdrafts and bank borrowings during the year ended 31 December 2025 ranged from 1.5% to 6.5% (2024: ranged from 4.3% to 6.9%) and ranged from 1.2% to 5.2% (2024: ranged from 5.7% to 7.5%) respectively.

#### Gearing ratio

The Group’s gearing ratio is calculated as total borrowings, which is the summation of bank overdrafts, bank borrowings, lease liabilities and loans from non-controlling interests, divided by total equity. The gearing ratio of the Group as at 31 December 2025 and 2024 were approximately 23.0% and 22.5%, respectively. Excluding the lease liabilities, the gearing ratio of the Group as at 31 December 2025 and 2024 were approximately 17.7% and 17.2%, respectively.

### FOREIGN EXCHANGE EXPOSURE

The Group’s revenue is mainly denominated in USD while its cost of sales is mainly denominated in HKD and RMB. The Group is exposed to foreign exchange risk with respect mainly to USD and RMB which may affect the Group’s financial performance. The Group’s treasury policies are designed to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group’s operations. The Group principally uses forward foreign exchange contracts to hedge the foreign exchange risks in the ordinary course of business.

### PLEDGE OF ASSETS

As at 31 December 2025, the Group’s leasehold land and buildings with an aggregate carrying amount of approximately HK\$14.1 million (2024: HK\$14.5 million), investment properties with an aggregate carrying amount of approximately HK\$85.9 million (2024: HK\$109.8 million) and pledged bank deposits of approximately HK\$16.7 million (2024: HK\$20.5 million) were pledged to secure general banking facilities granted to the Group.

### CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no significant contingent liabilities (2024: Nil).

### CAPITAL COMMITMENTS

As at 31 December 2025, the Group has capital commitment of approximately HK\$1.4 million (2024: approximately HK\$2.0 million) for the purchase of and addition to property, plant and equipment.



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance and has steered its development and protection of the interests of the shareholders of the Company (“Shareholders”) in an enlightened and open manner. The Board comprises two executive Directors and four independent non-executive Directors. The Board has adopted the code provisions set out in Part 2 of the Corporate Governance Code (“CG Code”) under Appendix C1 to the Listing Rules. During the year under review and up to the date of this report, the Company has complied with the code provisions under Part 2 of the CG Code, except for code provision C.2.1, which provides that, among other things, the role of chairman of the board and the chief executive officer of a listed issuer shall be separate and shall not be performed by the same individual.

Dr. Wong Siu Wah is both the chief executive officer and the chairman of the Board of the Company which deviates from code provision C.2.1. The Board considers that vesting the role of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board composition and structure taking into account the background and experience of the Directors and the number of independent non-executive Directors on the Board.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Directors have adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as the code of conduct for Directors in dealing in the Company’s securities. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the year and up to the date of this report.

## BOARD OF DIRECTORS

The Board is committed to providing effective and responsible leadership for the Company. The Directors, individually and collectively, must act in good faith in the best interests of the Company and its Shareholders. The Board has established four Board committees, being the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee (each a “Board Committee” and collectively the “Board Committees”), to oversee different areas of the Company’s affairs.

The Board currently comprises two executive Directors, namely Dr. Wong Siu Wah and Ms. Wong Fook Chi and four independent non-executive Directors, namely, Professor Lau Kin Tak, Mr. Anthony Graeme Michaels, Ms. Leung Wai Ling, Wylie and Professor Shyy Wei.

Their biographical details and (where applicable) their family relationships are set out in the section headed “Biographical Details of Directors” on pages 6 to 8 in this annual report. A list of the Directors identifying their role and function and whether they are independent non-executive Directors are available on the Stock Exchange’s and the Company’s website.

The Board sets the Group’s overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Group. It also decides on matters such as annual and interim results, major transactions, director appointments or re-appointments, investment policy, dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group’s businesses to the executive Directors and members of senior management. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate.

The Board is also responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliance of the Group, and the training and continuous professional development of Directors and senior management. The Board also reviews the disclosures in the Corporate Governance Report to ensure compliance. All Board members have separate and independent access to the Group's senior management to fulfill their duties. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at the Group's expense upon their request.

All Directors are required to declare to the Board upon their first appointment, the directorships or other positions they are concurrently holding at other companies or organizations. These interests are updated on an annual basis and when necessary.

The attendance of Directors at the Board Meetings, the Board Committees Meetings and Annual General Meeting during the year is set out in the table below:

Director	Meetings Attended/Held					
	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee	Annual General Meeting
<b>Executive Directors</b>						
Dr. Wong Siu Wah	4/4	N/A	2/2	2/2	N/A	1/1
Ms. Wong Fook Chi	4/4	N/A	2/2	N/A	2/2	1/1
<b>Independent Non-Executive Directors</b>						
Professor Lau Kin Tak	4/4	3/3	2/2	2/2	2/2	1/1
Mr. Anthony Graeme Michaels	4/4	3/3	2/2	2/2	N/A	1/1
Ms. Leung Wai Ling, Wylie	4/4	3/3	2/2	2/2	2/2	1/1
Professor Shyy Wei	4/4	N/A	N/A	N/A	N/A	1/1

## DIRECTORS' AND OFFICERS' INSURANCE

Appropriate insurance coverage has been arranged in respect of potential legal actions against the Directors and officers of the Company.

### DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of the Group. Every newly appointed Director receives an induction to ensure that he has a proper understanding of the business and operations of the Group and that he is fully aware of his duties and responsibilities as a director under applicable rules and requirements.

All Directors are provided with regularly updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge their duties. In addition, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements are provided to each of the Directors to ensure compliance and enhance their awareness of good corporate governance practices.

The Directors understand the importance of continuous professional development and are committed to participate in suitable training to develop their knowledge and skills.

Based on the information provided by the Directors, a summary of training received by the Directors during the year ended 31 December 2025:

Name of Directors	Nature of trainings received (Notes)
<b>Executive Directors</b>	
Dr. Wong Siu Wah	(1)(2)
Ms. Wong Fook Chi	(1)(2)
<b>Independent Non-Executive Directors</b>	
Professor Lau Kin Tak	(1)(2)
Mr. Anthony Graeme Michaels	(1)(2)
Ms. Leung Wai Ling, Wylie	(1)(2)
Professor Shyy Wei	(1)(2)

Notes:

- (1) Participation in seminars and/or meetings and/or forums and/or briefings
- (2) Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other rules and regulations

### INDEPENDENT NON-EXECUTIVE DIRECTORS

The role of the independent non-executive Directors is to provide independent and objective opinions to the Board, giving adequate control and balances for the Group to protect the overall interests of the Shareholders and the Group. They serve actively on the Board and its committees to provide their independent and objective views.

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed four independent non-executive Directors, representing more than one-third of the Board. One of the independent non-executive Directors namely, Ms. Leung Wai Ling, Wylie, has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

Each independent non-executive Director has submitted confirmation of his independence to the Company pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the Company considers that all of the independent non-executive Directors are independent.

## **BOARD COMMITTEES**

The Board is supported by four committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and the Risk Management Committee. Each Board Committee has its defined and written terms of reference approved by the Board covering its duties, powers and functions. Their terms of reference are available on the respective websites of the Stock Exchange and the Company.

All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

### **(i) Audit Committee**

The Audit Committee was established on 22 December 2014 in compliance with Rule 3.21 of the Listing Rules. The Audit Committee comprises three independent non-executive Directors, namely Ms. Leung Wai Ling, Wylie, Professor Lau Kin Tak and Mr. Anthony Graeme Michaels. Ms. Leung Wai Ling, Wylie, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee.

The principal duties of the Audit Committee are to assist the Board in reviewing, supervising and providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties as assigned by the Board.

The Audit Committee held three meetings in 2025. At the meetings, the Audit Committee has reviewed the interim results for the six months ended 30 June 2025 and the consolidated financial statements of the Group for the year ended 31 December 2024, including the accounting principles and practices adopted by the Group and report prepared by the external auditor covering major findings in the course of the audit. The final results for the year ended 31 December 2025 were reviewed by the Audit Committee in March 2026.

### **(ii) Remuneration Committee**

The Remuneration Committee was established on 22 December 2014. The Remuneration Committee comprises three independent non-executive Directors and two executive Directors, namely Professor Lau Kin Tak, Mr. Anthony Graeme Michaels, Ms. Leung Wai Ling, Wylie, Dr. Wong Siu Wah and Ms. Wong Fook Chi. Professor Lau Kin Tak is the chairman of the Remuneration Committee. The Remuneration Committee makes recommendations to the Board on, among other matters, our Company's policy and structure for the remuneration of all Directors and senior management and has been delegated the responsibility to determine on behalf of the Board the specific remuneration packages for all Executive Directors and senior management.

The Remuneration Committee held two meetings during the year to review the Group's remuneration policy for the Directors and senior management for the year ended 31 December 2025.

Particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in note 11 to the consolidated financial statements.

### (iii) Nomination Committee

The Nomination Committee was established on 22 December 2014. It comprises three independent non-executive Directors and one executive Director, namely Professor Lau Kin Tak, Mr. Anthony Graeme Michaels, Ms. Leung Wai Ling, Wylie and Dr. Wong Siu Wah. Dr. Wong Siu Wah is the Chairman of the Nomination Committee.

The director nomination policy aims to set out the relevant selection criteria and nomination procedures. In assessing the suitability of a proposed candidate, the following criteria would be considered as reference by the Nomination Committee, including but not limited to:

- (a) Character and integrity.
- (b) Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy.
- (c) Any measurable objectives adopted for achieving diversity on the Board.
- (d) Requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- (e) Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.
- (f) Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.

For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. A circular setting out information as required pursuant to the applicable laws, rules and regulations of the proposed candidates will be sent to the shareholders. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Nomination Committee held two meetings during the year ended 31 December 2025. The principal responsibilities of the Nomination Committee include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also evaluates the Board's performance and makes recommendations for the appointment and re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

### **(iv) Risk Management Committee**

The Company established a Risk Management Committee pursuant to a resolution of the Directors passed on 22 December 2014. The primary duties of the Risk Management Committee are to review the Company's risk management policies and standards and supervise and monitor the Company's exposure to sanction law risks. The Risk Management Committee currently consisted of Ms. Wong Fook Chi, Professor Lau Kin Tak and Ms. Leung Wai Ling, Wylie and is currently chaired by Ms. Wong Fook Chi.

The Risk Management Committee held two meetings during the year to identify, evaluate, minimize, manage and monitor business and control risks encountered by the Group for the year ended 31 December 2025.

### **CORPORATE GOVERNANCE FUNCTION**

The Company's corporate governance function is carried out by the Board pursuant to a set of written terms of reference in compliance with code provision A.2.1 under Part 2 of the CG Code, which include (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 the Directors and senior management of the Group; (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 of the Group and the Directors; and (e) to review the Company's compliance with the CG Code and relevant disclosure in the corporate governance report of the annual report of the Company.

### **BOARD PROCEEDINGS**

Regular board meetings are held at quarterly intervals with additional meetings convened as and when necessary to discuss the overall strategic directions, the Group's operations, financial performance, and to approve interim and annual results and other significant matters. For regular meetings, Board members are given at least 14 days prior notice and agenda with supporting papers are sent to Directors not less than 3 days before the relevant meeting is held. Directors may propose to the Chairman or the Company Secretary to include matters in the agenda for regular board meetings.

Directors are requested to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at board meetings and abstain from voting in favour of the related board resolutions as appropriate.

Minutes of meetings of the Board and Board Committees are kept by the Company Secretary in sufficient details of the matters considered and decisions reached, including dissenting views expressed, and are open for inspection on reasonable notice by any Director. Draft and final versions of minutes are sent to all Directors for their comments and records respectively within a reasonable time after the board meeting is held.

All Directors have access to the advice and services of the Company Secretary with a view to ensuring the Board procedures are followed.

### APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors and non-executive Directors has entered into a service contract with the Company for specific terms not more than three years. Each of the Directors will be subject to retirement and re-election at annual general meeting of the Company (“AGM”) in accordance with the Company’s articles of association.

In accordance with the Company’s articles of association, a person may be appointed as a Director either by the Shareholders in general meeting or by the Board. Any Directors appointed by the Board as additional Directors or to fill casual vacancies shall hold office until the next following general meeting, and are eligible for re-election by the Shareholders. In addition, all Directors are required to retire by rotation at least once every three years at the AGM, and are eligible for re-election by the Shareholders.

### DIVERSITY POLICY

The Company has adopted a Board diversity policy setting out the approach to diversity of members of the Board. The Company recognizes the benefits of having a diverse Board, and sees diversity at the Board level is essential in achieving a sustainable and balanced development. In designing the Board’s composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, educational background, ethnicity, professional experience, skills, knowledge, industry experience and expertise. All Board appointments are based on meritocracy and considered against a variety of criteria, having due regard for the benefits of diversity on the Board.

Measurable objectives include (i) at least one Director is female; (ii) at least one third of the Board shall be independent non-executive Directors; and (iii) the Board possesses a balance skills appropriate for the requirements of the business of the Company. Such objectives will be reviewed from time to time to ensure their appropriateness. The Board is mindful of the objectives for the factors as set out above for assessing the candidacy of the Board members, and will ensure that any successors to the Board shall follow the gender diversity policy. For the year ended 31 December 2025, all items (i) to (iii) have been fulfilled.

The Board comprises six Directors, among which, two of them are female. The Board is also characterized by significant diversity, whether considered in terms of gender, nationality, length of service, professional background and skills.

At the work place level, as at 31 December 2025, the Group had 151 employees in total comprising 63 male and 88 female (i.e. a female-to-male ratio of approximately 1.4:1), reflecting a gender equality principle generally adhere by the Group. The Group is determined to continue maintain gender diversity and equality in terms of the whole workforce. The Company expects this is achievable with suitable effort in promoting the gender diversity culture, which the Group has been advocating for so.

In terms of the Board’s composition, currently, four of the Directors are Independent Non-Executive Directors, thereby promoting critical review and control of the management process. The Company’s independent non-executive Directors are of sufficient caliber and stature for their views to carry weight. The Board has a mix of background and experience in various fields including accounting and finance, management and engineering. These diverse backgrounds, when taken together, could provide the Group with considerable experience in a range of activities.

The Nomination Committee will monitor the implementation of the Board Diversity Policy and review the Board composition under diversified perspectives annually to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the businesses of the Company.

## COMPANY SECRETARY

Mr. Wan Hok Yin (“Mr. Wan”), the company secretary of the Company (“Company Secretary”), is a full time employee of the Group and has day-to-day knowledge of the Company’s affairs. He also serves as the secretary of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee. Mr. Wan is responsible for advising the Board through the Chairman and/or the Chief Executive Officer on governance matters.

The Company Secretary had duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

## FINANCIAL REPORTING, RISK MANAGEMENT AND INTERNAL CONTROL

### Financial reporting

The Board acknowledges its responsibility to prepare the Group’s financial statements which give a true and fair view of the Group’s financial position, financial performance and cash flows for the year and in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance. The Group has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgements and estimates. The Board considers that the Group has adequate resources to continue in business for the foreseeable future and not aware of any material uncertainties relating to events or conditions that may affect the business of the Group or cast doubts on its ability to continue as going concern.

The responsibilities of BDO Limited, the Company’s external auditor, with respect to financial reporting are set out in the section headed “Independent Auditor’s Report” in this annual report.

### Risk management and internal controls

The Board is responsible for overseeing the internal control system and risk management of the Group and for reviewing its effectiveness and adequacy on an ongoing basis.

In order to safeguard the Group’s assets, effectiveness of business operation, ensure the reliability of financial report that the Company employs in its business or releases to the public and ensure compliance with relevant laws and regulations, the Company has established the risk management and internal control system and conducts regular reviews of the effectiveness of the such system through the Audit Committee, executive management, functional departments, external advisers and external auditor. The internal control system and risk management are designed to manage rather than eliminate the risk of to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

In order to comply with the CG Code, the Board has retained an external professional consultant to carry out the internal audit functions of the Company during the year, with a view to facilitating adequacy of resources and quality of review to satisfy the Group’s internal audit function as required by the Stock Exchange and to assist the Board in performing annual reviews on the effectiveness of the Group’s internal control systems for the year ended 31 December 2025. The reviews cover material controls including financial, operational and compliance controls at entity and operational levels. The Audit Committee and the Board have discussed and reviewed the relevant results of the review. The Board had conducted review of the effectiveness of the risk management. The Group will continuously enhance its internal control systems according to findings therein and recommendations made to the Group and risk management.

The Group has established procedures in handling and dissemination of inside information in an accurate and secure manner and to avoid possible mishandling of inside information within the Group.

Based on the risk management and internal control systems established and maintained by the Group, the review of the effectiveness of risk management and internal control systems performed by the management, respective Board Committees and the Board, the Board is of the view that the Group has maintained sound and effective risk management and internal control system during the year ended 31 December 2025.

### EXTERNAL AUDITOR

BDO Limited has been appointed as the external auditor of the Company for the year ended 31 December 2025. The Audit Committee has been notified of the nature and the service charges of non-audit services performed by BDO Limited and considered that such services have no adverse effect on the independence of the external auditor.

During the year ended 31 December 2025, the remuneration paid and payable to BDO Limited is set out as below:

	2025 HK\$'000
Audit service	978
Non-audit services:	
Professional service fees in relation to agreed upon procedures on interim financial information	10
Tax compliance services	192
	<b>1,180</b>

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year ended 31 December 2025.

### COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Company aims to, via its corporate governance structure, enable all its Shareholders an equal opportunity to exercise their rights in an informed manner and allow all Shareholders to engage actively with the Company. Under the Company's articles of association, the Shareholders communication policy and other relevant internal procedures of the Company, the Shareholders of the Company enjoy, among others, the following rights:

#### (i) Participation at general meetings

The general meetings of the Company provide an opportunity for direct communication between the Board and the Shareholders. The Company encourages the participation of the Shareholders through AGMs and other general meetings where the Shareholders meet and exchange views with the Board, and to exercise their right to vote at meetings. The Company shall arrange notices of meetings and circulars containing details on proposed resolutions to be sent to the Shareholders not less than 21 days before the AGMs and not less than 14 days for all other general meetings. At the general meetings, separate resolutions will be proposed on each substantial issue, including the election of individual Directors.

**(ii) Enquiries and proposals to the Board**

The Company encourages Shareholders to attend Shareholders' meetings and make proposals by either directly raising questions on both operational and governance matters to the Board and Board Committees at the general meetings or providing written notice of such proposals for the attention of the Company Secretary at the principal place of business of the Company in Hong Kong currently situated at 12/F, Yardley Commercial Building, 3 Connaught Road West, Hong Kong or via email to [ir@kingsflair.com.hk](mailto:ir@kingsflair.com.hk).

**(iii) Convening extraordinary general meetings**

The Directors may, whenever they think fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Company Secretary and deposited at the principal place of business of the Company in Hong Kong currently situated at 12/F, Yardley Commercial Building, 3 Connaught Road West, Hong Kong for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions under the Company's articles of association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

The notice of extraordinary general meeting together with the accompanying circular setting out the relevant information as required under the Listing Rules shall be sent to Shareholders at least 14 days prior to the extraordinary general meeting. Poll voting has been adopted for decision-making at Shareholders' meetings to ensure that each share is entitled to one vote. Details of the poll voting procedures will be set out in the circular sent to Shareholders prior to the meeting and explained at the commencement of the meeting. Voting results will be posted on the Company's website on the day of the extraordinary general meeting.

### (iv) Procedures for proposing a person for election as a Director

Pursuant to Article 85 of the articles of associations of the Company, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a written notice (“Notice”) signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such Notice is given of his intention to propose such person for election. If a Shareholder wishes to propose a person other than a Director for election as a Director at a general meeting, the Shareholder shall lodge a Notice signed by himself and the person to be proposed of his willingness to be elected at the principal place of business of the Company in Hong Kong or at the Hong Kong share registrar and transfer office of the Company provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

During the year ended 31 December 2025, the Company has reviewed the implementation and effectiveness of the Shareholders communication policy. The Company is of the view that the Shareholders communication policy of the Company has facilitated sufficient Shareholders’ communication given the above various channels for communication with Shareholders and considered the Shareholders communication policy is effective and adequate.

### CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, there was no change in the memorandum and articles of association of the Company.



# DIRECTORS' REPORT

The Directors of the Company present their annual report together with the audited financial statements of the Group for the year ended 31 December 2025.

## **CORPORATE INFORMATION**

The Company was incorporated in the Cayman Islands on 25 June 2012 with limited liability and the issued shares of the Company became listed on the Main Board of the Stock Exchange on 16 January 2015 ("Listing Date").

## **PRINCIPAL ACTIVITIES**

The principal activity of the Company is investment holding. Details of the principal activities and other particulars of its principal subsidiaries are set out in note 43 to the consolidated financial statements of this annual report.

## **BUSINESS REVIEW**

### **Review of the business**

A review of the business of the Group and an analysis of the Group's performance during the year are provided in "Chairman's Statement" on pages 4 to 5 and "Management Discussion and Analysis" on pages 9 to 11 of this annual report.

### **Principal risks and uncertainties**

The Directors of the Group monitor the risks and uncertainties exposed to the Group continuously. Risks and uncertainties including foreign currency risk, credit risk, interest rate risk, price risk, liquidity risk and fair value risk exposed to the Group were described in note 46 to the consolidated financial statements of this annual report.

The Group's profitability and growth is also affected by the uncertainties of the global market environment such as the global growth of gross domestic product, cost of the commodities, fluctuation of foreign currency exchange rate and change in consumer preference and behavior as well. These risks and uncertainties have a potential negative impact on the Group's profitability. The Directors of the Group monitor closely on those factors and will adjust the Group's strategy accordingly.

### **Future development**

The Group's future business development is set out in "Chairman's Statement" on pages 4 to 5 and "Management Discussion and Analysis" on pages 9 to 11 this annual report.

### Key performance indicators

The key performance indicators for the Group comprise total revenue, gross profit, profit for the year and gearing ratio.

The revenue of the Group decreased by approximately 44.3% to approximately HK\$464.6 million in 2025 as compared to that of approximately HK\$833.9 million for the year 2024.

The gross profit decreased by approximately 59.9% to approximately HK\$82.9 million for the year ended 31 December 2025 from approximately HK\$206.9 million in year 2024.

The gearing ratio increased from approximately 22.5% in year 2024 to approximately 23.0% in year 2025 representing an increase of 0.5 percentage points. Excluding the lease liabilities, the gearing ratio of the Group as at 31 December 2025 and 2024 were approximately 17.7% and 17.2% respectively, representing an increase of 0.5 percentage points.

Details of the changes of the Group's performance indicators are shown in "Management Discussion and Analysis" section on pages 9 to 11 of this annual report.

### Environmental policies

The Group has an environmental policy in place and the Group commits to contribute to the protection of the environment. The Group has the policy of efficient use of energy in the offices that the staff is required to switch off the light during lunch hour and before leaving office. This helps to minimize the consumption of electrical energy that reduces carbon emission.

Moreover, the Group encourages the use of recycled paper and the recycling of material namely paper, plastic and metal through the collection cabinets located in the offices which minimize the impact on the natural environment. At the same time, this policy also helps to reduce wastage.

The environment, social and governance report of the Company as required by the Listing Rules will be issued separately on the Stock Exchange's website and the Company's website.

### Compliance with laws and regulations

The Group recognizes the importance of the compliance with laws and regulations. Hence, the Group has been allocating resources to ensure the compliance with the law and regulation requirement in the location such as the US, the European Region (the "EU") and the Mainland China in which the Group has business activities or operation.

The safety of the products is always one of the major emphasis of the Group. The Group has been dedicating resources to ensure its products fulfilling the laws and regulations on product safety enforced in different markets. Laws and regulations like Federal Food, Drug and Cosmetic Act in US, the General Product Safety Directive and the Registration, Evaluation, Authorization of Chemicals in EU and the Product Quality Law of the People's Republic of China (the "PRC") affecting the Group's products were fully observed and complied with by the Group.

The Group sells its products worldwide and the transactions were subject to various tax and surcharges such as customs duties and valued added tax. The Group complied with those regulations and settled all the liabilities in accordance to those regulations.

The Group is also subject to various laws and regulations in Hong Kong where its head office and principal place of business is located. The Directors regularly monitor the Group's operation to ensure compliance with the laws and regulations such as Companies Ordinance, the Employment Ordinance, Mandatory Provident Fund Schemes Ordinance and the Listing Rules.

### **Company's key relationships with its employees/customers/suppliers**

The Group is committed to maintain a good relationship with its stakeholders comprising employees, customers and suppliers in order to sustain the growth of the Group as well as the creation of interest of the stakeholders.

#### **Employees**

The Group recognizes the importance of human resources which is one of the critical components to the success of the Group. The Group offers competitive remuneration package with high performance incentive to retain elite employees including salaries, medical insurance, discretionary bonuses and other long service rewards to commensurate with the individual's contribution to the Group. The Group values loyalty and employees personal growth. While technical training and supports programs are provided regularly to keep our employees competitive with the market, education sponsorship are also available to selected ones who are, amongst other things, highly self-motivated and support the Group's growth for career enhancement.

#### **Customers**

The Group is able to provide a one stop service for the customer need from raw material selection, design, engineer, supply chain management, and retail services. Instead of finding multiple partners to handle each service separately, the Group enables customer to maintain their product quality and brand consistency from beginning to retail using the Group's one stop service. Through these close ties and long-term business relationship, the Group can understand the requirement of the customers and react quickly and effectively to the need of the customers. This helps to create cohesiveness with the customer and the Group is able to maintain solid and long-term partnership with the existing customers which form a foundation for the growth of the Group.

#### **Suppliers**

The Group outsources the entire manufacturing function to production factories in the Mainland China and those factories are the suppliers of the Group. The Group maintains a supportive and long-term relationship with the suppliers with supports such as careful production planning, technology upgrades and production operations monitoring. In addition, the Group also maintains steady relationship with suppliers of raw materials, both in relation to those procured on behalf of the production factories and those in the Group's raw material trading business.

## **RESULTS AND APPROPRIATION**

The consolidated results of the Group for the year ended 31 December 2025 and the financial position of the Group at that date are set out in the consolidated financial statements on pages 40 to 123 of this annual report.

### **DIVIDEND POLICY**

The Board has approved and adopted the dividend policy (the “Dividend Policy”). The Dividend Policy aims to provide stable and sustainable returns to the shareholders of the Company. In deciding whether to propose a dividend and in determining the dividend amount, the Board would take into account, among others, the following factors:

- (i) the financial performance, liquidity position, business condition and strategies of the Group;
- (ii) the actual and future operation and demands for liquidity of the Group;
- (iii) the expected future expansion plan and working capital requirements of the Group;
- (iv) gearing ratio, credit facilities and indebtedness level of the Group;
- (v) after-tax profit, retained profits and distributable reserves of the Group;
- (vi) the expectation of the Shareholders and investors and industrial practices;
- (vii) general market condition;
- (viii) the restrictions against declaration of dividends (if any); and
- (ix) any other relevant factors which the Board may deem appropriate.

In proposing or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements, future growth and its shareholding value. Any declaration and payment of dividends by the Company will also be subject to any restrictions under the Companies Laws of the Cayman Islands, the memorandum and articles of association of the Company and any applicable laws, rules and regulations.

### **FINAL DIVIDEND**

To preserve the Company's financial resources, the Board has resolved not to recommend any payment of a final dividend for the year ended 31 December 2025 (2024: HK\$4.0 cents per share).

## ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company ("AGM") is proposed to be held on Wednesday, 27 May 2026. In order to establish entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 21 May 2026 to Wednesday, 27 May 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the AGM, all transfers of shares of the Company accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 20 May 2026.

## SUMMARY OF FINANCIAL INFORMATION

A summary of the Group's results, assets and liabilities for the last five financial years is set out on page 2 of this annual report. The summary does not form part of the audited financial statements.

## SHARE CAPITAL

There were no movements in the Company's share capital during the year.

## PRE-EMPTIVE RIGHTS

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

## RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 43 and in note 38 to the consolidated financial statements, respectively of this annual report.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

### DISTRIBUTABLE RESERVES

At 31 December 2025, distributable reserves of the Company calculated under the laws of Cayman Islands amounted to HK\$470,195,000 (2024: HK\$470,583,000).

### MATERIAL ACQUISITION, DISPOSALS AND SIGNIFICANT INVESTMENTS

During the year, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies.

### CHARITABLE DONATIONS

Total donations made by the Group for charitable and other purposes during the year amounted to HK\$1,852,000 (2024: HK\$4,110,000).

### PROPERTY, PLANT AND EQUIPMENT

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

### MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively for the year is as follows:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	20.8%	
Five largest customers in aggregate	64.4%	
The largest supplier		13.3%
Five largest suppliers in aggregate		42.2%

At no time during the year have the Directors, their close associates or any Shareholders of the Company (which to the best knowledge of the Directors owned more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

## DIRECTORS

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

### Executive Directors

Dr. Wong Siu Wah (*Chairman and Chief Executive Officer*)

Ms. Wong Fook Chi

### Independent Non-Executive Directors

Professor Lau Kin Tak

Mr. Anthony Graeme Michaels

Ms. Leung Wai Ling, Wylie

Professor Shyy Wei

In accordance with the Company's articles of association, Professor Lau Kin Tak and Mr. Anthony Graeme Michaels shall retire at the AGM and being eligible, offer themselves for re-election at the forthcoming AGM.

Biographical details of the Directors are set out on pages 6 to 8 of this annual report.

## DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of two years commencing from 22 December 2025, which shall continue thereafter unless terminated by not less than three month's written notice served by either party.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of two years commencing from 22 December 2025, except Professor Shyy Wei who was appointed on 31 May 2024, has entered into a letter of appointment with the Company for a term of two years commencing from the date of his appointment.

In accordance with the Company's articles of association, at every AGM of the Company at least one-third of the Directors for the time being shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. None of the Directors proposed for re-election at the AGM has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as those disclosed in the sub-section headed "Directors' Service Contracts" above and "Connected Transactions and Continuing Connected Transactions" below, none of the Directors, the controlling shareholders of the Company and/or their respective close associates has a significant interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party at any time during the year under review.

### CONTRACT OF SIGNIFICANCE

During the year under review, save as disclosed in the sub-section headed “Connected Transactions and Continuing Connected Transactions” below, no contract of significance in relation to the Group’s business in which the Company, any of its subsidiaries or its holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

### DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES

As at 31 December 2025, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Long positions in the shares of the Company				Total	Percentage (%)
	Personal interests	Family interests	Corporate interests	Other interests		
Dr. Wong Siu Wah ("Dr. Wong")	–	–	525,000,000 (Note)	–	525,000,000	75%

Note:

The 525,000,000 shares comprise 105,000,000 shares held by First Concord Limited, which is held as to 60% by Dr. Wong and as to 40% by Ms. Cheng Rebecca Hew Hong (“Ms. Cheng”) and 420,000,000 shares held by City Concord Limited, which is 100% held by Dr. Wong. Accordingly, Dr. Wong is deemed to be interested in the shares held by First Concord Limited and City Concord Limited.

Save as disclosed above, as at 31 December 2025, none of the Directors and the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the year ended 31 December 2025 was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

### MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the Group’s business subsisted during the financial year under review.

## INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the following persons (not being the directors or chief executive of the Company) who had interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

### Interests in Shares

Name of substantial shareholder	Capacity/nature of interests	Number of shares held (Note 1)	Approximate percentage of issued share capital (%)
First Concord Limited (Note 2)	Beneficial owner	105,000,000 <sup>(L)</sup>	15%
City Concord Limited (Note 3)	Beneficial owner	420,000,000 <sup>(L)</sup>	60%
Ms. Cheng Rebecca Hew Hong	Interest of controlled corporation and interest of spouse	525,000,000 <sup>(L)</sup>	75%

Notes:

- The letter "L" denotes a long position in the Shareholder's interest in the share capital of the Company.
- First Concord Limited is held as to 60% by Dr. Wong and 40% by Ms. Cheng. Dr. Wong and Ms. Cheng are both deemed to be interested in the 105,000,000 shares held by First Concord Limited.
- City Concord Limited is wholly and beneficially owned by Dr. Wong. Dr. Wong is therefore deemed to be interested in the 420,000,000 shares held by City Concord Limited. Ms. Cheng is deemed to be interested in the 420,000,000 shares held by City Concord Limited by reason of her being the spouse of Dr. Wong.

### Interests in other member(s) of the Group

Name of non-wholly owned subsidiary of the Company	Name of registered substantial shareholders (other than members of the Group)	Percentage of issued share capital (%)
Manweal Development Limited 寧波家之良品國際貿易有限公司 (Ningbo Homesbrands International Trading Company Limited)	Primehill Holdings Limited Mr. Lin Zhao	32.00% 25.00%
Kor Water, Inc.	Mr. J. Eric Barnes	7.85%
Kor Water, Inc.	Mr. Paul Shustak	3.73%

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any other person having an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### **DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES**

Save as disclosed in the section headed “Biographical Details of Directors” in this report, there is no change in the Director’s information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the last published interim report of the Company.

### **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **LOANS TO OFFICERS**

No loans were made to or outstanding from the Company’s officers at any time during the year ended, or as at, 31 December 2025.

### **CORPORATE GOVERNANCE**

Details of the Company’s corporate governance practices are set out in the Corporate Governance Report on pages 12 to 22 of this annual report.

### **CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS**

There is no connected transactions or continuing connected transactions undertaken by the Group during the financial year ended 31 December 2025 which is required to be disclosed pursuant to Chapter 14A of the Listing Rules.

Disclosures in section headed “Related Party Transactions” in note 40 to the consolidated financial statements contain certain continuing connected transactions which are fully exempt from annual review, Shareholders’ approval and all disclosure requirements.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2025, the Group had approximately 151 employees (2024: 152 employees). Total staff costs (including Directors’ emoluments) were approximately HK\$59.5 million for the year ended 31 December 2025, as compared to approximately HK\$60.8 million for the year ended 31 December 2024.

The Group remunerates its employees based on their qualifications, performance, experience and prevailing industry practice. Competitive remuneration package is offered to retain elite employees including salaries, medical insurance, discretionary bonuses as well as mandatory provident fund schemes for employees in Hong Kong and state-run retirement benefit schemes for employees in the Mainland China.

The emoluments of the Directors are decided by the Remuneration Committee, taking into account of the Group’s operating results, individual performance and comparable market statistics.

## DIRECTORS' REMUNERATION AND TOP FIVE HIGHEST PAID PERSONS

Details of Directors' remuneration and the top five highest paid persons are set out respectively in note 11 to the consolidated financial statements of this annual report.

## PERMITTED INDEMNITY PROVISION

During the year ended 31 December 2025, the Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

## INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors or any of their respective close associates has engaged in any business that competes or is likely to compete, directly or indirectly, with the business of the Group or, save as disclosed in the sub-section headed "Connected Transactions and Continuing Connected Transactions" above, have any other conflict of interests with the Group.

## DEED OF NON-COMPETITION BY CONTROLLING SHAREHOLDERS

As disclosed in the Prospectus, the controlling shareholders of the Company (the "Controlling Shareholders"), namely Dr. Wong, Ms. Cheng Hew Hong, Rebecca, City Concord Limited and First Concord Limited, as covenantors entered into a deed of non-competition (the "Deed of Non-competition"), pursuant to which each of the Controlling Shareholders has undertaken to the Company (for the Company and for the benefit of its subsidiaries) that effective upon the completion of initial public offering process of listing (the "Listing"), it/he/she will not, and will procure that its/his/her close associates (as defined under the Listing Rules) will not (a) either on its/his/her own account or in conjunction with or on behalf of any person, firm or company, directly or indirectly be interested or involved or engaged in or acquire or hold an interest (in each case whether as a shareholder, partner, agent, consultant, employee or otherwise and whether for profit, reward or otherwise) in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the Company's business in Hong Kong and any other country or jurisdiction to which the Company provides services and/or in which any member of the Group carries on business from time to time (the "Restricted Activity") or (b) either on its/his/her own account or in conjunction with or on behalf of any person, firm or company, or as a principal, shareholder, partner, agent, consultant, employee or otherwise and whether for profit, reward or otherwise, directly or indirectly, solicit, interfere with or endeavour to entice away from any member in the Group any person, firm, company or organization who to its/his/her knowledge is now or has been a client, supplier or employee of any member in the Group.

Each of the Controlling Shareholders has also undertaken that (a) it/he/she will promptly provide the Company, in writing with any relevant information in respect of any new business opportunity which competes or may compete with the existing and future business of the Group which it/he/she or its/his/her close associates may have knowledge for the Company to assess such new business opportunity, (b) it/he/she will, and will procure its/his/her close associates with material interests to, abstain from voting at all meetings of Directors and holders of Shares on resolutions involving the exercise or non-exercise of the right of the Group to participate in the relevant Restricted Activity, (c) it/he/she will provide all information reasonably required or necessary to the Company for the enforcement of the Deed of Non-competition and (d) it/he/she will make an annual declaration in favour of the Company on whether it/he/she has fully complied with its/his/her obligations under the Deed of Non-competition.



## Directors' Report

During the year ended 31 December 2025, (i) the Company had not received any information in writing from any of the Controlling Shareholders in respect of any new business opportunity which competed or might compete with the existing and future business of the Group which it/he/she or its/his/her close associates might have knowledge and (ii) each of the Controlling Shareholders had made an annual declaration in favour of the Company that it/he/she had fully complied with its/his/her obligations under the Deed of Non-competition.

In view of the above, no annual review was required to be performed by the independent non-executive Directors with regard to the information provided by the Controlling Shareholders under the Deed of Non-competition and no decision was required to be made by the independent non-executive Directors on whether or not to exercise the Company's rights in respect of the compliance and enforcement of the Deed of Non-competition.

### **SUFFICIENCY OF PUBLIC FLOAT**

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors, at least 25% of the Company's issued share capital were held by members of the public (as defined in the Listing Rules) as at the date of this annual report.

### **EVENTS AFTER THE REPORTING DATE**

No significant event has taken place subsequent to 31 December 2025 and up to the date of this report.

### **AUDITOR**

The financial statements of the Group for the year ended 31 December 2025 have been audited by BDO Limited. A resolution will be proposed at the forthcoming AGM to re-appoint BDO Limited as the auditor of the Company.

On behalf of the Board

#### **Dr. Wong Siu Wah**

*Chairman and Chief Executive Officer*

Hong Kong, 23 March 2026

# INDEPENDENT AUDITOR'S REPORT



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## TO THE SHAREHOLDERS OF KING'S FLAIR INTERNATIONAL (HOLDINGS) LIMITED (INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

### OPINION

We have audited the consolidated financial statements of King's Flair International (Holdings) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 40 to 123, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with 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"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

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

## Independent Auditor's Report

### KEY AUDIT MATTERS *(Continued)*

#### Impairment assessment of trade receivables

(Refer to notes 22 and 46.1(b), the accounting policy as set out in note 4.12 (ii) and the significant accounting judgement and estimates in note 5 (iii) to the consolidated financial statements)

As at 31 December 2025, the Group had gross trade receivables amounting to HK\$141,417,000, and the allowance for impairment loss was HK\$11,574,000.

The impairment assessment of trade receivables is estimated based on an expected credit loss (“ECL”) model under the collective assessment using a provisional matrix and individual basis as required under HKFRS 9 Financial Instruments.

For the collective assessment using a provision matrix, the provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the historical observed default rates. The management calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

At as 31 December 2025, the historical observed default rates were reassessed and changes in the forward-looking estimates are analysed. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions.

We have identified impairment assessment of trade receivables as a key audit matter due to considerable amount of judgement being required in conducting impairment assessment prepared by management as mentioned in the foregoing paragraph.

#### Our responses

Our audit procedures in relation to management's impairment assessment on trade receivables included:

- Obtaining an understanding of how impairment is estimated by the management.
- Assessing the measurement of ECL of trade receivables by obtaining the understanding of approach being adopted by the Group.
- Testing the ageing analysis of the trade receivables, on a sample basis, to the source documents.
- Reviewing the reasonableness of the use of ageing profile, historical settlement pattern, historical default rates, forecast economic conditions and other forward-looking information in the ECL model.
- Checking the accuracy and the relevance of the input data being used in the ECL model.

### **KEY AUDIT MATTERS** *(Continued)*

#### **Valuation of investment properties**

(Refer to note 16, the accounting policy as set out in note 4.8 and the significant accounting judgement and estimates in note 5 (vii) to the consolidated financial statements)

As at 31 December 2025, the Group had investment properties of HK\$85,900,000. Investment properties are measured at cost on initial recognition, and thereafter are carried at fair value, with any changes therein recognised in profit or loss. During the year ended 31 December 2025, the Group recognised a fair value loss on its investment properties of HK\$23,900,000. The valuation of investment properties involves significant judgement and estimates and is underpinned by a number of key assumptions. The Group carries out a valuation of its investment properties by using the direct comparison method. To assist management in this area which involves significant judgements and estimates, the Group engaged an independent valuation firm to perform the property valuation.

We identified the valuation of investment properties as a key audit matter because of its significance to the consolidated financial statements and because the valuation of investment properties can be inherently subjective and requires significant judgement.

#### **Our responses:**

Our procedures in relation to the valuation of investment properties included:

- Evaluating the independent valuation firm's competence, expertise and objectivity;
- Assessing the appropriateness of the valuation methodology used by management and the independent valuation firm;
- Reviewing and challenging the reasonableness of key assumptions and critical judgement areas which underpin the fair value estimation; and
- Checking on a sample basis, the accuracy and the relevance of the input data used and the resultant calculations.

### **OTHER INFORMATION IN THE ANNUAL REPORT**

The directors are responsible for the other information. The other information comprises the information included in the Company's 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.

### **DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors are responsible for the preparation of 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.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

### **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. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement 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.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **BDO Limited**

*Certified Public Accountants*

### **Wong Kwok Wai**

Practising Certificate Number P06047

Hong Kong, 23 March 2026

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Revenue</b>	7	<b>464,602</b>	833,909
Cost of sales		<b>(381,670)</b>	(626,974)
<b>Gross profit</b>		<b>82,932</b>	206,935
Other income and gains and losses, net	8	<b>(9,991)</b>	2,096
Distribution expenses		<b>(39,322)</b>	(41,192)
Administrative expenses		<b>(133,421)</b>	(128,061)
Share of result of associates		<b>719</b>	(592)
Finance costs	9	<b>(6,028)</b>	(8,075)
<b>(Loss)/profit before income tax</b>	10	<b>(105,111)</b>	31,111
Income tax expenses	12	<b>(3,195)</b>	(10,922)
<b>(Loss)/profit for the year</b>		<b>(108,306)</b>	20,189
<b>Other comprehensive income</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		<b>3,392</b>	(3,106)
<b>Other comprehensive income for the year</b>		<b>3,392</b>	(3,106)
<b>Total comprehensive income for the year</b>		<b>(104,914)</b>	17,083
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		<b>(108,913)</b>	21,835
Non-controlling interests		<b>607</b>	(1,646)
		<b>(108,306)</b>	20,189
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>(106,910)</b>	20,309
Non-controlling interests		<b>1,996</b>	(3,226)
		<b>(104,914)</b>	17,083
<b>(Loss)/earnings per share:</b>	13	<b>HK cents</b>	HK cents
– Basic		<b>(15.6)</b>	3.1
– Diluted		<b>(15.6)</b>	3.1

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	111,892	133,057
Investment properties	16	85,900	109,800
Goodwill	17	–	76
Other asset	18	172	172
Interests in associates	19	18,293	21,000
Intangible assets	20	10,279	10,603
Deposits paid for property, plant and equipment	23	3,424	4,034
Financial assets at fair value through other comprehensive income	25	10	10
Deferred tax assets	36	3,311	3,918
		<b>233,281</b>	282,670
<b>Current assets</b>			
Inventories	21	80,002	90,708
Trade receivables	22	129,843	198,169
Prepayments, deposits and other receivables	23	30,170	41,212
Financial assets at fair value through profit or loss	24	234	29,469
Amounts due from associates	19	1,312	849
Tax recoverable		5,283	–
Pledged bank deposits	26	16,712	20,492
Cash and bank balances	27	122,123	116,720
		<b>385,679</b>	497,619
<b>Current liabilities</b>			
Trade payables	28	43,249	39,918
Other payables and accruals	29	14,263	12,207
Financial liabilities at fair value through profit or loss	24	–	2,519
Contract liabilities	30	1,552	2,391
Bank overdrafts	31	17,783	28,612
Bank borrowings	32	58,150	68,100
Lease liabilities	33	9,351	8,876
Loans from non-controlling interests	34	3,885	3,885
Amount due to an associate	35	–	691
Provision for tax		1,549	4,879
		<b>149,782</b>	172,078
<b>Net current assets</b>		<b>235,897</b>	325,541
<b>Total assets less current liabilities</b>		<b>469,178</b>	608,211

## Consolidated Statement of Financial Position

As at 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
<b>Non-current liabilities</b>			
Lease liabilities	33	<b>14,916</b>	22,234
Deferred tax liabilities	36	<b>2,146</b>	951
		<b>17,062</b>	23,185
<b>Net assets</b>			
		<b>452,116</b>	585,026
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	37	<b>7,000</b>	7,000
Reserves	38	<b>417,576</b>	566,722
		<b>424,576</b>	573,722
<b>Non-controlling interests</b>			
		<b>27,540</b>	11,304
<b>Total equity</b>			
		<b>452,116</b>	585,026

The consolidated financial statements on pages 40 to 123 were approved and authorised for issue by the board of directors on 23 March 2026 and are signed on its behalf by:

**Dr. Wong Siu Wah**  
*Director*

**Wong Fook Chi**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Equity attributable to owners of the Company										
	Share capital HK\$'000	Share premium* HK\$'000	Merger reserve* HK\$'000	Financial assets at fair value through other comprehensive income reserve* HK\$'000	Exchange reserve* HK\$'000	Statutory reserve* HK\$'000	Other reserve* HK\$'000	Retained profits* HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>At 1 January 2024</b>	7,000	215,385	(4,231)	(3,450)	(2,338)	6,241	2,072	346,734	567,413	37,183	604,596
2023 final dividend (note 14)	-	-	-	-	-	-	-	(14,000)	(14,000)	-	(14,000)
Dividend to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	(22,653)	(22,653)
<b>Transaction with owners</b>	-	-	-	-	-	-	-	(14,000)	(14,000)	(22,653)	(36,653)
Profit/(loss) for the year	-	-	-	-	-	-	-	21,835	21,835	(1,646)	20,189
<b>Other comprehensive income</b>											
- Exchange differences arising on translation of foreign operations	-	-	-	-	(1,526)	-	-	-	(1,526)	(1,580)	(3,106)
<b>Total comprehensive income for the year</b>	-	-	-	-	(1,526)	-	-	21,835	20,309	(3,226)	17,083
<b>At 31 December 2024 and 1 January 2025</b>	<b>7,000</b>	<b>215,385</b>	<b>(4,231)</b>	<b>(3,450)</b>	<b>(3,864)</b>	<b>6,241</b>	<b>2,072</b>	<b>354,569</b>	<b>573,722</b>	<b>11,304</b>	<b>585,026</b>
2024 final dividend (note 14)	-	-	-	-	-	-	-	(28,000)	(28,000)	-	(28,000)
Capital Contribution from non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	4	4
Deemed acquisition of additional interests in a subsidiary (note 45)	-	-	-	-	-	-	(14,236)	-	(14,236)	14,236	-
<b>Transaction with owners</b>	-	-	-	-	-	-	(14,236)	(28,000)	(42,236)	14,240	(27,996)
(Loss)/profit for the year	-	-	-	-	-	-	-	(108,913)	(108,913)	607	(108,306)
<b>Other comprehensive income</b>											
- Exchange differences arising on translation of foreign operations	-	-	-	-	2,003	-	-	-	2,003	1,389	3,392
<b>Total comprehensive income for the year</b>	-	-	-	-	2,003	-	-	(108,913)	(106,910)	1,996	(104,914)
<b>At 31 December 2025</b>	<b>7,000</b>	<b>215,385</b>	<b>(4,231)</b>	<b>(3,450)</b>	<b>(1,861)</b>	<b>6,241</b>	<b>(12,164)</b>	<b>217,656</b>	<b>424,576</b>	<b>27,540</b>	<b>452,116</b>

\* The aggregate balances of these reserve accounts of HK\$417,576,000 (2024: HK\$566,722,000) are included as reserves as at 31 December 2025 in the consolidation statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	<b>2024</b> <b>HK\$'000</b>
<b>Cash flows from operating activities</b>			
(Loss)/profit before income tax		<b>(105,111)</b>	31,111
Adjustments for:			
Depreciation of property, plant and equipment	10	<b>25,366</b>	21,302
Dividend income from listed equity securities	8	<b>(1,778)</b>	(1,794)
Fair value gain on financial assets at fair value through profit or loss, net	8	<b>(6,043)</b>	(3,821)
Loss on written-off of property, plant and equipment	10	<b>2</b>	7
Gain on lease modification		<b>(1)</b>	–
Gain on deemed disposal of subsidiary	8	<b>–</b>	(43)
Provision for impairment loss of trade receivables	10	<b>7,890</b>	1,539
Fair value loss on investment properties	8	<b>23,900</b>	9,600
Impairment loss on goodwill and intangible assets	8	<b>400</b>	4,049
Share of result of associates		<b>(719)</b>	592
Bank interest income	8	<b>(1,245)</b>	(2,718)
Interest expenses	9	<b>6,028</b>	8,075
Operating cash flows before working capital changes		<b>(51,311)</b>	67,899
Decrease in inventories		<b>10,706</b>	19,105
Decrease/(Increase) in trade receivables		<b>60,436</b>	(64,067)
Decrease/(Increase) in prepayments, deposits and other receivables		<b>11,042</b>	(4,794)
Changes in balances with associates		<b>(1,154)</b>	(1,360)
Increase/(Decrease) in trade payables		<b>3,331</b>	(10,093)
Increase/(Decrease) in other payables and accruals		<b>2,056</b>	(479)
Decrease in contract liabilities		<b>(839)</b>	(2,322)
Cash generated from operations		<b>34,267</b>	3,889
Income taxes paid		<b>(9,940)</b>	(848)
<i>Net cash generated from operating activities</i>		<b>24,327</b>	3,041

## Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>Cash flows from investing activities</b>			
Deposit paid for purchase of property, plant and equipment		610	(587)
Dividend received from listed equity securities		1,778	1,794
Dividend received from an associate		4,000	–
Purchase of property, plant and equipment		(1,019)	(20,430)
Proceeds from disposal of property, plant and equipment		1	–
Proceed from disposal of financial assets through profit or loss		32,759	–
Withdrawal of time deposit with original maturity over three months		–	19,368
Cash outflow arising from deemed disposal of a subsidiary		–	(210)
Received government grant related to assets		–	6,147
Bank interest received		1,245	2,718
Withdrawal of pledged bank deposits		3,780	–
Placement of pledged bank deposits		–	(572)
<i>Net cash generated from investing activities</i>		<b>43,154</b>	8,228
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings	50	86,128	60,337
Repayment of bank borrowings	50	(96,078)	(82,037)
Capital contribution from non-controlling interest of a subsidiary		4	–
Dividend paid to shareholders of the Company	50	(28,000)	(14,000)
Dividend paid to non-controlling interests of a subsidiary	50	–	(22,653)
Repayment of principal and interest portion of the lease liabilities	50	(11,875)	(12,031)
Interest paid for bank borrowings	50	(2,943)	(4,424)
Interest paid for bank overdrafts		(1,158)	(1,277)
<i>Net cash used in financing activities</i>		<b>(53,922)</b>	(76,085)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13,559</b>	(64,816)
<b>Cash and cash equivalents at the beginning of year</b>		<b>88,108</b>	155,791
<b>Effect on foreign exchange rate changes</b>		<b>2,673</b>	(2,867)
<b>Cash and cash equivalents at the end of year</b>		<b>104,340</b>	88,108
<b>Analysis of cash and cash equivalents</b>			
Cash and bank balances	27	122,123	116,720
Bank overdrafts	31	(17,783)	(28,612)
Cash and cash equivalents at the end of year		<b>104,340</b>	88,108

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

King's Flair International (Holdings) Limited ("the Company") is a limited liability company incorporated in the Cayman Islands and domiciled in Hong Kong. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is 12/F, Yardley Commercial Building, 3 Connaught Road West, Hong Kong. The Company's shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities and other particulars of the principal subsidiaries are set out in note 43 to the consolidated financial statements. The Company and its subsidiaries' (collectively referred to as the "Group") principal places of business are Hong Kong, United States ("US") and the Mainland China. There were no significant changes in the Group's operations during the year.

As at 31 December 2025 and up to the date of authorisation of these consolidated financial statements, in the opinion of the directors, the Company's ultimate holding company is City Concord Limited, a company incorporated in the British Virgin Islands ("BVI"). The Company's controlling party is Dr. Wong Siu Wah, who is also the Chairman and Chief Executive Officer of the Company.

## 2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

### (a) Adoption of revised HKFRS Accounting Standards – first effective on 1 January 2025

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

Amendments to HKAS 21	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8 and HKAS 37	Disclosure about Uncertainties in the Financial Statements

None of these amendments has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRS Accounting Standards that is not yet effective for the current accounting period.

## 2. ADOPTION OF HKFRS ACCOUNTING STANDARDS *(Continued)*

### (b) New and revised HKFRS Accounting Standards that have been issued but are not yet effective

The following new and revised HKFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

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

Notes:

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined by available for adoption

#### ***Amendments to HKFRS 9 and HKFRS 7, Amendments to the Classification and Measurement of Financial Instruments***

The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with Environmental, Social and Governance linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments.

#### ***Amendments to HKFRS 9 and HKFRS 7, Contracts Referencing Nature-dependent Electricity***

The amendments include guidance on the 'own-use' exemption for purchasers of electricity under such power purchase agreements; and hedge accounting requirements for companies that hedge their purchases or sales of electricity using power purchase agreements.

#### ***HKFRS 18, Presentation and Disclosure in Financial Statements***

HKFRS 18 sets out significant new requirements for how financial statements are presented, with particular focus on the statement of profit or loss, including requirements for mandatory sub-totals to be presented, aggregation and disaggregation of information, as well as disclosures related to management-defined performance measures. The aim of HKFRS 18 is to improve comparability and transparency of companies' performance reporting.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 2. ADOPTION OF HKFRS ACCOUNTING STANDARDS *(Continued)*

#### (b) **New and revised HKFRS Accounting Standards that have been issued but are not yet effective** *(Continued)*

##### ***Amendments to HKFRS Accounting Standards, Annual Improvements to HKFRS Accounting Standards – Volume 11***

The amendments include clarifications, simplifications, corrections, and changes intended to improve consistency in (i) HKFRS 1, First-time Adoption of International Financial Reporting Standards; (ii) HKFRS 7, Financial Instruments: Disclosures and Guidance on implementing HKFRS 7; (iii) HKFRS 9, Financial Instruments; (iv) HKFRS 10, Consolidated Financial Statements; and (v) HKAS 7, Statement of Cash Flows.

##### ***Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company have performed an assessment of the above amendments to standards and interpretations and have concluded on a preliminary basis that other than HKFRS 18, these pronouncements do not to have a material impact on the Group's financial statements.

HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, but it is expected to have a material effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation or disaggregation and labelling of information, and disclosure of management-defined performance measures.

### 3. BASIS OF PREPARATION

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (collectively “HKFRS Accounting Standards”) issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

#### (b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for investment properties and those financial instruments stated at fair values, which are measured at fair value as explained in the accounting policies set out in note 4.

It should be noted that accounting estimates and assumptions are used in the preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

#### (c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

### 4. ACCOUNTING POLICIES

#### 4.1 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.1 Business combination and basis of consolidation *(Continued)*

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRS Accounting Standards. Acquisition related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests 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 the owners of the Company.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

#### 4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

#### 4.3 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

### 4. ACCOUNTING POLICIES (Continued)

#### 4.3 Associates (Continued)

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

#### 4.4 Goodwill

Goodwill represents the excess of the costs of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see note 4.9), and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

#### 4.5 Intangible asset

##### Intangible assets acquired in a business combination

(i) *Brand name*

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their costs). Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.5 Intangible asset *(Continued)*

##### **Intangible assets acquired in a business combination** *(Continued)*

##### *(ii) Customer relationships*

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their costs). Subsequent to initial recognition, intangible assets with definite useful lives are stated at cost less accumulated amortisation and any accumulated impairment losses. Customer relationships is amortised on a straight-line basis from the date of acquisition over their estimated useful lives of 5 years. The amortisation is charged to profit or loss. Both the estimated useful lives and method of amortisation are reviewed and adjusted if appropriate, annually.

#### 4.6 Research and development activities

Cost associated with research activities are expensed in profit or loss as they occur. Costs that are directly attributable to development activities are capitalised provided they meet all of the following recognition requirement:

- (i) demonstration of technical feasibility of the prospective product for internal use or sale;
- (ii) there is intention to complete the product and use or sell it;
- (iii) the Group's ability to use or sell the product is demonstrated;
- (iv) the product will generate probable economic benefits through internal use or sale;
- (v) sufficient technical, financial and other resources are available for completion; and
- (vi) the expenditure attributable to the product can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated products or knowhow that meet all of the above recognition criteria are capitalised. Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. Amortisation expense is recognised in profit or loss and included in cost of sales.

All other development costs are expensed as incurred.

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment includes its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life, at the following rates per annum:

Buildings	4% or over the lease term, whichever is shorter
Leasehold improvement	20% or over the terms of the leases of properties, whichever is shorter
Leasehold lands/leased properties	Over the lease term
Plant and machinery	10-20%
Furniture, fixtures and equipment	20%
Motor vehicles and yacht	10-20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

#### 4.8 Investment properties

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.9 Impairment of non-financial assets (except for goodwill and intangible assets with indefinite useful lives)

The Group's property, plant and equipment, intangible assets with definite useful lives, other asset, deposits paid for property, plant and equipment, interests in subsidiaries and interests in associates are subject to impairment testing.

When an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

#### 4.10 Leasing

##### The Group as lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.10 Leasing *(Continued)*

##### **Right-of-use asset**

The right-of-use asset is initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of investment property (see note 4.8), they are carried at fair value.

The Group presents right-of-use asset in “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

The Group accounts for leasehold land and buildings which is held for own use under HKAS 16 and are carried at cost less accumulated depreciation and any accumulated impairment losses. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

##### **Lease liability**

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group’s incremental borrowing rate.

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.10 Leasing *(Continued)*

##### **Lease liability** *(Continued)*

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

##### **The Group as lessor**

The Group has leased out its investment properties to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.11 Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised under “Other income and gains, net” in the consolidated statement of comprehensive income, rather than reducing the related expense.

Government grants that compensate the Group for the cost of an assets are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

#### 4.12 Financial Instruments

##### (i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 4. ACCOUNTING POLICIES (Continued)

#### 4.12 Financial Instruments (Continued)

##### (i) Financial assets (Continued)

###### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

**Financial assets at amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

**Financial assets at fair value through profit or loss:** Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

###### *Equity instruments*

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as fair value through profit or loss, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.12 Financial Instruments *(Continued)*

##### (ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss (“ECL”) on trade receivables and financial assets measured at amortised cost. The ECL are measured on either of the following bases: (1) 12 months ECL: this is ECL that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECL: this is ECL that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group measured loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECL based on lifetime ECL. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECL is based on the 12-month ECL. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action. 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

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.12 Financial Instruments *(Continued)*

##### (ii) Impairment loss on financial assets *(Continued)*

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due event unless the Group has reasonable and supportable information demonstrate otherwise;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

##### (iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

###### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost including trade payables, other payables and accruals, bank overdrafts, bank borrowings, loans from non-controlling interests and amount due to an associate are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.12 Financial Instruments *(Continued)*

##### (iv) **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

##### (v) **Derecognition**

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

##### (vi) **Derivative financial instruments**

Derivative financial instruments, in individual contracts or separated from hybrid financial instruments, are initially recognised at fair value on the date the derivative contract is entered into and subsequently remeasured at fair value. Derivatives that are not designated as hedging instruments are accounted for as financial assets or financial liabilities at fair value through profit or loss. Gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

#### 4.13 Foreign currency

Transactions entered into by the Group entities in currencies other than the functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the average exchange rates for the year. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the exchange reserve.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.14 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of merchandises is calculated using the weighted average method while cost of raw materials is calculated using the first-in-first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

#### 4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of consolidated statement of cash flows, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

#### 4.16 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added taxes or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

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

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.16 Revenue recognition *(Continued)*

##### (i) Sales of kitchenware and household products

Customers obtain control of the kitchenware and household products when the goods are delivered to and have been accepted by the customers. Revenue is thus recognised upon when the customers accepted the kitchenware and household products. There is generally only one performance obligation.

Some of the Group's contracts with customers from the sales of kitchenware and household products provide customers a right of return (a right to exchange for another product). These rights of return do not allow the returned goods to be refunded in cash. A refund liability and a right to recover returned goods assets are recognised. Some of the Group's contracts with customers from the sales of kitchenware and household products provide customers a right of return (a right to exchange for the same product due to faulty products). The Group's obligation to replace faulty products is recognised as a provision (details in note 4.19).

Some of the Group's contracts with customers from the sales of kitchenware and household products provide customers a volume rebate if the customer purchases more than certain volume of kitchenware and household products in a calendar year. The volume rebates give rise to variable consideration. The Group apply the expected value method to estimate the variable consideration. A volume rebate would be recognised based on the estimate of the expected value to be paid for the customer's volume based rebate. Any expected volume rebate provision is recognised as refund liabilities.

##### *Gross versus net consideration*

The Group evaluates sales orders with the customers in order to determine whether the Group acts as the principal or as an agent in the order with each party, respectively. The Group identified the specified products to be delivered to the customers and assessed whether it controls each specified products before that is transferred to the customers. The indicators that the Group controls the specified products include, but are not limited to, whether the Group (i) is primarily responsible for fulfilling the promise to deliver the specified products; (ii) has inventory risk before the specified products has been transferred to a customer; (iii) has discretion in establishing prices for the specified products. The assessment is performed for all of the Group's trading of kitchenware and household products revenue.

With respect to most of the Group's sales orders entered into during the reporting period, the Group views the brand owners as its customers and the Group delivers specified products to them. The Group is responsible for delivering these products by identifying and contracting with the manufacturer, and accordingly, the Group records the gross amount of product sales and purchase cost paid to the manufacturer are included in cost of sales.

##### (ii) Sales of raw materials

Customers obtain control of the raw materials when the goods are delivered to and have been accepted by the customers. Revenue is thus recognised upon when the customers accepted the raw materials. There is generally only one performance obligation.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.17 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising on investments in subsidiaries and associates 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 liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

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 tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.18 Employee benefits

Retirement benefits to employees are provided through a defined contribution plan.

##### **Defined contribution plans**

The Group contributes to a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for all employees in Hong Kong. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

According to the relevant regulations in the Mainland China, the subsidiaries of the Group operating in the Mainland China are required to participate in central pension schemes operated by the respective local municipal governments, whereby the subsidiaries in the Mainland China are required to contribute a certain percentage of the basic salaries of their employees to the scheme to fund their retirement benefits. Contributions under the scheme are charged to profit or loss as they become payable in accordance with the rules and regulations in the Mainland China.

##### **Short-term employee benefits**

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liability for unused annual leave as a result of services rendered by employees up to the reporting date. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

##### **Termination benefits**

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

##### **Long service payments**

The Group’s net obligation under the Hong Kong Employment Ordinance in respect of long service payments on cessation of employment under certain circumstances is the estimated discounted amount of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated annually using the projected unit credit method, taking into account offsettable accrued benefits related to the Group’s MPF Scheme contributions.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 4. ACCOUNTING POLICIES *(Continued)*

#### 4.19 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group's management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### (i) Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and residual values for its property, plant and equipment. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives. It will write-off or write-down technically obsolete or nonstrategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

#### (ii) Net realisable value of inventory

Inventory is stated at the lower of cost and net realisable value. The 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 reassesses the estimations at each reporting date to ensure inventory is shown at the lower of cost and net realisable value.

### 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

#### (iii) Impairment assessment of trade receivables

The Group uses an individual basis and a collective basis using provision matrix to calculate ECL for trade receivables. For the collective assessment using a provision matrix, the provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

At each reporting date, the historical observed default rates would be reassessed and changes in the forward-looking estimates are analysed. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Group's trade receivables is disclosed in note 46.1(b) to the consolidated financial statements.

#### (iv) Impairment assessment of goodwill and intangible assets with indefinite life

Determining whether goodwill and intangible assets with indefinite life are impaired requires an estimation of the recoverable amounts of the cash-generating units to which goodwill and intangible assets with indefinite life and other non-financial assets have been allocated which involves the use of value in use calculation. The value in use calculation requires the directors to estimate the future cash flows expected to arise from cash-generating unit and a suitable discount rate in order to calculate the present value. Details of the impairment assessment of goodwill and intangible assets are set out in notes 17 and 20 to the consolidated financial statements.

#### (v) Impairment assessment of non-financial assets (except for goodwill and intangible assets with indefinite life)

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value-in-use of the cash-generating unit to which the asset is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

#### (vi) Provision for tax

Determining income tax provisions requires the Group to make judgements on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

#### (vii) Fair value measurement

Certain of the assets included in the Group's consolidated financial statements require measurement at, or disclosure of, fair value.

The fair value measurements of the Group's assets are based on market observable inputs or unobservable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs; or
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the investment properties (note 16), financial assets through profit or loss (note 24) and financial assets through other comprehensive income (note 25) at fair value.

For more detailed information in relation to the fair value measurement of the items above, please refer to note 16 and note 46.1(f) to notes to the consolidated financial statements.

#### (viii) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific.

#### (ix) Revenue recognition

Determining whether the Group is acting as a principal or as an agent when a third-party is in the provision of certain services to its customers requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers factors to determine whether the Group controls the specified goods or services before they transferred to the customer include, but are not limited to the following: (a) who is primarily responsible for fulfilling the contract, (b) who is subject to inventory risk, and (c) who has discretion in establishing prices. The Group is the principal in the sales of kitchenware and household products and sales of raw materials.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 6. SEGMENT INFORMATION

#### (i) Operating segment information

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Company's executive directors for their decisions about resources allocation to the Group's business components and review of the components' performance. The Group is organised around differences in products. There are two (2024: two) business components in the internal reporting to the executive directors, which are (i) trading of kitchenware and household products, including drinkware, tools and gadgets, bakeware and accessories and food preparation products and (ii) trading of raw materials, including plastic and silicone.

There were no inter-segment sales between different business segments for the years ended 31 December 2025 and 2024.

	Trading of kitchenware and household products		Trading of raw materials		Total	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue</b>						
Revenue from external customers	428,198	786,580	36,404	47,329	464,602	833,909
<b>Segment results</b>	(105,615)	33,139	3,244	4,487	(102,371)	37,626
Share of result of associates					719	(592)
Unallocated income					8	7
Unallocated expenses					(3,467)	(5,930)
(Loss)/profit before income tax					(105,111)	31,111

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 6. SEGMENT INFORMATION (Continued)

#### (i) Operating segment information (Continued)

	Trading of kitchenware and household products		Trading of raw materials		Total	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	511,337	675,039	78,771	74,428	590,108	749,467
Tax recoverable					5,283	-
Deferred tax assets					3,311	3,918
Interests in associates					18,293	21,000
Unallocated corporate assets <sup>#</sup>					1,965	5,904
Consolidated total assets					618,960	780,289
Segment liabilities	162,807	188,825	243	432	163,050	189,257
Provision for tax					1,549	4,879
Deferred tax liabilities					2,146	951
Unallocated corporate liabilities					99	176
Consolidated total liabilities					166,844	195,263

<sup>#</sup> Unallocated corporate assets comprised prepayment and cash and bank balance held by headquarter which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

	Trading of kitchenware and household products		Trading of raw materials		Total	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Amounts included in the measure of segment profit or loss or assets:</b>						
Interest income	1,242	2,715	3	3	1,245	2,718
Interest expenses	(6,028)	(8,075)	-	-	(6,028)	(8,075)
Fair value loss on investment properties	(23,900)	(9,600)	-	-	(23,900)	(9,600)
Depreciation of property, plant and equipment	(25,366)	(21,302)	-	-	(25,366)	(21,302)
Research expenses	(1,457)	(1,048)	-	-	(1,457)	(1,048)
Impairment of trade receivables	(7,797)	(1,101)	(93)	(438)	(7,890)	(1,539)
Impairment of goodwill and intangible assets	(400)	(4,049)	-	-	(400)	(4,049)
Fair value gain of financial assets at fair value through profit or loss, net	6,043	3,821	-	-	6,043	3,821
Additions to non-current assets*	1,019	14,870	-	-	1,019	14,870

\* These consist of additions to property, plant and equipment, deposit paid for property, plant and equipment.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 6. SEGMENT INFORMATION *(Continued)*

#### (ii) Disaggregated revenue and geographical segment information

The management determines that the Group is domiciled in Hong Kong, which is the location of the Group's principal place of operations. The Group's revenue from external customers, recognised on point in time basis, is divided into the following geographical areas:

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
United States		<b>181,406</b>	503,926
Asia	(a)	<b>184,483</b>	183,829
Europe	(b)	<b>88,950</b>	115,789
Canada		<b>5,134</b>	25,453
Other locations	(c)	<b>4,629</b>	4,912
		<b>464,602</b>	833,909

*Notes:*

(a) Principally included the Mainland China\*, Hong Kong\* and Japan

(b) Principally included United Kingdom, Switzerland, Belgium and Germany

(c) Principally included Australia

\* Including revenue from the Mainland China and Hong Kong of HK\$160,406,000 (2024: HK\$158,097,000).

The geographical analysis of the Group's revenue from external customers is based on the location of customers. As at 31 December 2025, over 84% (2024: 85%) of the Group's non-current assets (other than financial instruments and deferred tax assets) are physically located in Hong Kong.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 6. SEGMENT INFORMATION *(Continued)*

#### (iii) Information about major customers

An analysis of revenue from customers with whom transactions have exceeded 10% of the Group's revenue for the year was as follows:

	2025 HK\$'000	2024 HK\$'000
Company A <i>(notes a, b)</i>	61,780	119,827
Company B <i>(notes a, b)</i>	78,315	111,080
Company C <i>(notes a, c)</i>	96,615	N/A
Company D <i>(notes b, c)</i>	N/A	248,932

The revenue from these three customers were all derived by the segment engaging in trading of kitchenware and household products.

*Notes:*

- (a) As at 31 December 2025, 50.9% of the Group's trade receivables were due from the abovementioned three major customers.
- (b) As at 31 December 2024, 69.8% of the Group's trade receivables were due from the abovementioned three major customers.
- (c) Revenue from transactions with Company D (2024: Company C) did not exceed 10% of the Group's revenue for the year ended 31 December 2025 and the respective amount was not disclosed accordingly.

### 7. REVENUE

The Group is principally engaged in sales of kitchenware and household products and raw materials including plastic for certain of these products. Revenue from sales of kitchenware and household products and raw materials are recognised at a point in time when there is evidence that the control of goods has been transferred to the customer, the customer has adequate control over the goods and the Group has no unfulfilled obligations that affect customer accepting the goods. Revenue recognised during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers		
– Sales of kitchenware and household products	428,198	786,580
– Sales of raw materials	36,404	47,329
	464,602	833,909

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 8. OTHER INCOME AND GAINS AND LOSSES, NET

	2025 HK\$'000	2024 HK\$'000
Bank interest income	1,245	2,718
Dividend income from listed equity securities	1,778	1,794
Recharge to customers	219	1,540
Rental income	2,360	3,122
Government grants ( <i>note</i> )	1,826	2,143
Fair value gain on financial assets at fair value through profit or loss, net	6,043	3,821
Fair value loss on investment properties	(23,900)	(9,600)
Impairment loss on goodwill and intangible assets	(400)	(4,049)
Gain on deemed disposal of a subsidiary	–	43
Others	838	564
	<b>(9,991)</b>	2,096

Note:

During the year ended 31 December 2025, the Group received government grants of approximately HK\$1,091,000 (2024: approximately HK\$2,143,000), which was from several government bodies in the Mainland China for the support of the Group's business in the Mainland China. The remaining funding support of HK\$735,000 for the year ended 31 December 2025 represented government subsidy received by the Group from the Research Talent Hub for ITF projects (RTH-ITF) scheme under the Innovation and Technology Fund provided by the Government of the Hong Kong Special Administrative Region. There are no unfulfilled conditions or contingencies related to all the grants as at 31 December 2025 and 2024.

### 9. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest charges on financial liabilities at amortised cost:		
Bank borrowings	2,943	4,424
Bank overdrafts	1,158	1,277
Lease liabilities	1,927	2,374
	<b>6,028</b>	8,075

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 10. (LOSS)/PROFIT BEFORE INCOME TAX

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration	978	978
Cost of inventories sold recognised as expense	351,915	599,550
Provision for impairment of trade receivables	7,890	1,539
Depreciation of property, plant and equipment ( <i>note a</i> )	25,366	21,302
Loss on write-off of property, plant and equipment	2	7
Research expenses ( <i>note c</i> )	1,457	1,048
Short-term lease expenses	2,357	2,145
Low-value lease expenses	155	166
Marketing expenses ( <i>note b</i> )	7,977	10,139
Licensing fee ( <i>note b</i> )	1,208	2,150
Transportation cost ( <i>note b</i> )	7,980	8,229
Quality inspection expenses ( <i>note c</i> )	12,474	13,425
Employee benefit expenses (including directors' remuneration as disclosed in note 11.1) ( <i>note d</i> )		
Wages, salaries and other benefits	52,403	53,930
Discretionary bonuses	2,662	2,153
Contributions to defined contribution schemes ( <i>note e</i> )	4,407	4,759
	<b>59,472</b>	60,842
Exchange loss/(gain), net	1,733	(280)

Notes:

- (a) Depreciation charges are recognised in the consolidated statement of comprehensive income as distribution expenses of approximately HK\$95,000 (2024: approximately HK\$94,000) and administrative expenses of approximately HK\$25,271,000 (2024: approximately HK\$21,208,000) for the year ended 31 December 2025.
- (b) These items are included in distribution expenses in the consolidated statement of comprehensive income.
- (c) These items are included in administrative expenses in the consolidated statement of comprehensive income.
- (d) Employee benefit expenses are recognised in the consolidated statement of comprehensive income as distribution expenses of approximately HK\$7,880,000 (2024: approximately HK\$8,689,000) and administrative expenses of approximately HK\$51,592,000 (2024: approximately HK\$52,153,000) for the year ended 31 December 2025.
- (e) The Group's contributions to defined contribution scheme vest fully and immediately with the employees. Accordingly, there are no forfeited contributions under the defined contribution scheme which may be used by the Group to reduce its existing level of contributions or contributions payable in future years as at and during each of the years ended 31 December 2025 and 2024.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

#### 11.1 Directors' emoluments

Directors' emoluments are disclosed as follows:

	Directors' fee HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Contributions to defined contribution scheme HK\$'000	Total HK\$'000
<b>Year ended 31 December 2025</b>					
<i>Executive directors</i>					
Dr. Wong Siu Wah ("Dr. Wong") <sup>#</sup>	-	5,040	-	-	5,040
Ms. Wong Fook Chi <sup>#</sup>	-	780	44	18	842
<i>Independent non-executive directors</i>					
Dr. Lau Kin Tak	180	-	-	-	180
Mr. Anthony Graeme Michaels	180	-	-	-	180
Ms. Leung Wai Ling, Wylie	180	-	-	-	180
Professor Shyy Wei ( <i>note iv</i> )	180	-	-	-	180
	<b>720</b>	<b>5,820</b>	<b>44</b>	<b>18</b>	<b>6,602</b>
<b>Year ended 31 December 2024</b>					
<i>Executive directors</i>					
Dr. Wong Siu Wah ("Dr. Wong") <sup>#</sup>	-	5,040	-	-	5,040
Ms. Wong Fook Chi <sup>#</sup>	-	735	26	18	779
<i>Independent non-executive directors</i>					
Dr. Lau Kin Tak	180	-	-	-	180
Mr. Anthony Graeme Michaels	180	-	-	-	180
Ms. Leung Wai Ling, Wylie	180	-	-	-	180
Professor Shyy Wei ( <i>note iv</i> )	105	-	-	-	105
	<b>645</b>	<b>5,775</b>	<b>26</b>	<b>18</b>	<b>6,464</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

#### 11.1 Directors' emoluments (Continued)

Notes:

- i. No directors waived any emoluments during the year ended 31 December 2025 (2024: Nil).
  - ii. The bonuses are determined based on the individual performance of the directors.
  - iii. No emoluments were paid by the Group to the directors or any of the five highest paid individuals (note 11.2) 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.
  - iv. Professor Shyy Wei was appointed as an executive director with effect on 31 May 2024.
- # Save as disclosed in the above table, the Group also provided a quarter to the executive directors, Dr. Wong and Ms. Wong Fook Chi. The carrying amount of the Group's leasehold property which was used by the executive directors as a quarter as at 31 December 2025 was HK\$7,562,000 (2024: HK\$7,648,000).

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

#### 11.2 Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2025 included two (2024: two) directors, whose emoluments were reflected in the tables presented in note 11.1 above. The emoluments payable to the remaining three (2024: three) individuals for the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowance	2,484	2,363
Discretionary bonuses	84	83
Contributions to defined contribution scheme	48	54
	<b>2,616</b>	2,500

The remuneration paid to each of the above non-director individuals for the year fell within the following band:

	Number of individuals	
	2025	2024
Emolument band: Nil to HK\$1,000,000	3	3

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

#### 11.3 Senior management emolument band

The remuneration paid to each of the senior management (other than the directors as disclosed in note 11.1 above) for the years ended 31 December 2025 and 2024 fell within the following band:

	Number of individuals	
	2025	2024
Emolument band: Nil to HK\$1,000,000	5	5

### 12. INCOME TAX EXPENSES

	2025 HK\$'000	2024 HK\$'000
The taxation attributable to the Group's operations comprises:		
Current tax		
– Hong Kong profits tax	646	6,904
– PRC withholding tax	–	1,823
– PRC Enterprise Income Tax	495	1,333
	<b>1,141</b>	10,060
Under provision in prior years		
– Hong Kong profits tax	159	775
	<b>1,300</b>	10,835
Deferred tax <i>(note 36)</i>		
– Charge for the year	1,895	87
Income tax expenses	<b>3,195</b>	10,922

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 12. INCOME TAX EXPENSES *(Continued)*

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

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.3% and the remaining assessable profits are taxed at 16.5%. The provision of profits tax for this subsidiary was calculated at the same basis in 2024.

Enterprise income tax ("EIT") for the year was calculated at 25.0% (2024: 25.0%) of the estimated assessable profits arising from the Mainland China. The income tax for other jurisdictions is calculated at the rates applicable in the respective jurisdictions.

PRC withholding tax represents tax charged by the PRC tax authority on dividends distributed by one of the Group's PRC subsidiaries in 2024.

US income tax has not been provided as there is no assessable profit arising in US during the year ended 31 December 2025 and 2024.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

The Group operates in certain jurisdictions where the Pillar Two Rules are enacted but not effective. However, as the Group's consolidated annual revenue is expected to be less than EUR750 million, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

A reconciliation of the income tax expenses and accounting (loss)/profit at applicable tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit before income tax	<b>(105,111)</b>	31,111
Tax at applicable tax rate of 16.5% (2024: 16.5%)	<b>(17,343)</b>	5,133
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	<b>515</b>	(285)
Tax effect of application of two-tiered profit tax regime	<b>(165)</b>	(165)
Tax effect of non-taxable income	<b>(1,210)</b>	(1,798)
Tax effect of non-deductible expenses	<b>9,212</b>	5,669
Tax effect of tax losses not recognised	<b>12,266</b>	607
Utilisation of tax losses previously not recognised	<b>(120)</b>	(935)
Tax effect of withholding tax at 5.0% on distributed profits of the Group's PRC subsidiary	<b>–</b>	1,823
Under provision in respect of prior years	<b>159</b>	775
Tax effect of share of result of associates	<b>(119)</b>	98
Income tax expenses	<b>3,195</b>	10,922

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 13. (LOSS)/EARNINGS PER SHARE

#### Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company for the year of HK\$108,913,000 (2024: profit of HK\$21,835,000) and the weighted average of 700,000,000 (2024: 700,000,000) ordinary shares in issue during the year.

#### Diluted (loss)/earnings per share

There were no potential ordinary shares outstanding during the years ended 31 December 2025 and 2024, and hence the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

### 14. DIVIDENDS

Dividends to equity shareholders attributable to the year:

	2025 HK\$'000	2024 HK\$'000
Final dividend declared and paid in respect of the prior year of HK4.0 cents (2024: HK2.0 cents) per share	28,000	14,000

At the board meeting held on 23 March 2026, the Board resolved not to recommend any final dividend for the year ended 31 December 2025 (2024: HK4.0 cents per ordinary share).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000 (note (a))	Right-of-use assets HK\$'000 (notes (a), (b))	Leasehold improvement HK\$'000	Plant and machinery HK\$'000 (note (c))	Furniture, fixtures and equipment HK\$'000	Motor vehicles and yacht HK\$'000	Total HK\$'000
<b>At 1 January 2024</b>							
Cost	16,944	69,340	10,638	14,361	24,546	26,153	161,982
Accumulated depreciation	(9,789)	(35,028)	(9,000)	(11,679)	(21,253)	(20,534)	(107,283)
Net carrying amount	7,155	34,312	1,638	2,682	3,293	5,619	54,699
<b>Year ended 31 December 2024</b>							
Opening net carrying amount	7,155	34,312	1,638	2,682	3,293	5,619	54,699
Additions	18	2,862	24,752	62,072	2,409	401	92,514
Lease modification	-	7,282	-	-	-	-	7,282
Depreciation	(282)	(9,235)	(2,725)	(4,668)	(1,730)	(2,662)	(21,302)
Written-off	-	-	-	-	(7)	-	(7)
Exchange realignment	-	(74)	-	-	(55)	-	(129)
Closing net carrying amount	6,891	35,147	23,665	60,086	3,910	3,358	133,057
<b>At 31 December 2024 and 1 January 2025</b>							
Cost	16,962	79,043	28,738	76,421	14,254	24,598	240,016
Accumulated depreciation	(10,071)	(43,896)	(5,073)	(16,335)	(10,344)	(21,240)	(106,959)
Net carrying amount	6,891	35,147	23,665	60,086	3,910	3,358	133,057
<b>Year ended 31 December 2025</b>							
Opening net carrying amount	6,891	35,147	23,665	60,086	3,910	3,358	133,057
Additions	-	3,030	79	-	178	762	4,049
Lease modification	-	(22)	-	-	-	-	(22)
Depreciation	(35)	(8,499)	(6,314)	(6,937)	(1,322)	(2,259)	(25,366)
Written-off	-	-	-	-	(3)	-	(3)
Exchange realignment	-	121	-	-	54	2	177
Closing net carrying amount	6,856	29,777	17,430	53,149	2,817	1,863	111,892
<b>At 31 December 2025</b>							
Cost	16,962	82,518	28,917	76,391	14,671	25,383	244,842
Accumulated depreciation	(10,106)	(52,741)	(11,487)	(23,242)	(11,854)	(23,520)	(132,950)
Net carrying amount	6,856	29,777	17,430	53,149	2,817	1,863	111,892

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

Notes:

- (a) At 31 December 2025, the Group's leasehold land and buildings with an aggregate carrying amount of approximately HK\$14,106,000 (2024: HK\$14,494,000) were pledged to secure general banking facilities granted to the Group (notes 31, 32 and 49).
- (b) For both years, the Group held leasehold land and leases various offices and warehouses for its operations. Leasehold land has remaining leased terms over 25 years. Lease contracts of offices and warehouses are entered into for fixed term of 1 year to 6 years, with no extension and termination options. 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.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in note 33.

The analysis of the net carrying amount of right-of-use assets by class of underlying assets is as follow:

	Leasehold land HK\$'000	Leased properties HK\$'000	Total HK\$'000
<b>At 1 January 2024</b>	7,727	26,585	34,312
Lease modification	–	7,282	7,282
Addition	2,862	–	2,862
Depreciation	(106)	(9,129)	(9,235)
Exchange realignment	–	(74)	(74)
<b>At 31 December 2024 and 1 January 2025</b>	10,483	24,664	35,147
Lease modification	–	(22)	(22)
Addition	–	3,030	3,030
Depreciation	(360)	(8,139)	(8,499)
Exchange realignment	–	121	121
<b>At 31 December 2025</b>	<b>10,123</b>	<b>19,654</b>	<b>29,777</b>

- (c) During the year ended 31 December 2024, the Group received government grant of approximately HK\$6,147,000, which is from The Re-industrialisation Funding Scheme under Innovation and Technology Fund, set up by the Hong Kong Special Administrative Region with the aim to subsidise to set up new smart production lines in Hong Kong and is accounted for in accordance with the accounting policies as set forth in note 4.11 to the consolidated financial statements. This government grant was deducted from the carrying value of the related property, plant and equipment as they are asset-related. There are no unfulfilled conditions or contingencies related to all the grants as at 31 December 2024.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 16. INVESTMENT PROPERTIES

All of the Group's property interests held to earn rentals and for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties. The Group leases out investment properties under operating leases with rentals receipts in a monthly basis.

Movements of the carrying amounts presented in consolidated statement of financial position can be summarised as follows:

	2025 HK\$'000	2024 HK\$'000
Carrying amount at beginning of the year	109,800	119,400
Loss from fair value adjustment	(23,900)	(9,600)
Carrying amount at end of the year	85,900	109,800

Investment properties were valued at 31 December 2025 by Royson Valuation Advisory Limited at HK\$85,900,000 (2024: HK\$109,800,000) by adopting the direct comparison approach. The direct comparison considers the sales, listing or offerings of similar or substitute properties and related market data establishes a value estimate by processes involving comparison.

The fair value measurement of the Group's investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below:

	2025 HK\$'000	2024 HK\$'000
Opening balance	109,800	119,400
Loss from fair value adjustment	(23,900)	(9,600)
Closing balance (level 3 recurring fair value)	85,900	109,800
Change in unrealised loss for the year included in profit or loss for assets held at the end of the year	(23,900)	(9,600)

The fair value measurement is based on the above investment properties' highest and best use, which does not differ from their actual use.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 16. INVESTMENT PROPERTIES (Continued)

The following table gives information about how the fair values of the investment properties are determined.

Description	Valuation technique		Significant unobservable inputs	Range of significant unobservable inputs		Relationship of significant unobservable inputs to fair value
	2025	2024		2025	2024	
Investment properties and car parks in HK	<b>Direct comparison approach</b>	Direct comparison approach	Adjustments for attributes of properties such as location, size and level of the properties	<b>-23.9% to +20%</b>	-16.5% to +20%	The higher the attributes in % of properties with reference to comparables, the higher the fair value.
			Adjusted selling prices based on comparable properties - commercial units	<b>HK\$4,942 to HK\$8,123 per square foot</b>	HK\$7,780 to HK\$9,625 per square foot	The higher the price per square foot and price per unit, the higher the fair value.
			- carpark	<b>HK\$1,200,000 to HK\$1,500,000 per unit</b>	HK\$1,800,000 to HK\$2,380,000 per unit	

As at 31 December 2025, the Group's investment properties with carrying amounts of HK\$85,900,000 (2024: HK\$109,800,000) were pledged to secure certain bank borrowings granted to the Group (notes 32 and 49).

### 17. GOODWILL

	2025 HK\$'000	2024 HK\$'000
Opening net carrying amount	76	4,125
Impairment for the year	(76)	(4,049)
Closing net carrying amount	-	76
Gross carrying amount	12,050	12,050
Accumulated provision for impairment	(12,050)	(11,974)
Closing net carrying amount	-	76

Goodwill acquired in a business combination is allocated, at acquisition, to Kor Water Inc. under cash-generating unit in the trading of kitchenware and household products segment in the US and PRC ("Trading CGU").

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 17. GOODWILL (Continued)

For the purpose of impairment testing, the carrying amounts of goodwill of HK\$76,000 (2024: HK\$4,125,000), intangible asset with indefinite useful lives of HK\$10,603,000 (2024: HK\$10,603,000) and certain property, plant and equipment of HK\$46,000 (2024: HK\$54,000) set out in notes 20 and 15 respectively have been allocated to the Trading CGU. These calculations use cash flow projections based on financial budgets approved by the directors. The recoverable amount of the Trading CGU is determined from value-in-use calculations covering a five-year period. The key assumptions for the value-in-use calculation are those regarding the discount rates, growth rates, budgeted gross margin and revenue during the period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2.0% (2024: 2.0%), which does not exceed the long-term growth rate for the trading of kitchenware and household products in the US and PRC. The Group estimates discount rates using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the cash-generating unit. The growth rates, budgeted gross margin and revenue are determined based on the past performance and management's expectation of market development. The rate used to discount the forecast cash flows from Trading CGU is 19.7% (2024: 22.2%) per annum.

In the opinion of the directors, based on the aforesaid impairment testing, impairment loss of HK\$400,000 (2024: HK\$4,049,000) has been recognised to reduce the carrying amount of the goodwill allocated to the Trading CGU for the year ended 31 December 2025.

### 18. OTHER ASSET

	2025 HK\$'000	2024 HK\$'000
Club membership, at cost	172	172

### 19. INTERESTS IN ASSOCIATES

The carrying amounts of the interests in associates are analysed as follow:

	2025 HK\$'000	2024 HK\$'000
Share of net assets	12,898	15,605
Goodwill	5,395	5,395
	18,293	21,000

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 19. INTERESTS IN ASSOCIATES *(Continued)*

The amounts due from associates are analysed as follows:

	2025 HK\$'000	2024 HK\$'000
Amounts due from associates	1,782	1,319
Less: provision for impairment loss	(470)	(470)
	<b>1,312</b>	849

There is no movement of the impairment loss for amounts due from associates for both years.

Amounts due from associates are unsecured, interest-free and repayable on demand (note 40.2). The associates have financial year-end date of 31 December.

Details of the material associates as at 31 December 2025 and 2024 are as follow:

Company name	Place of incorporation	Percentage of ownership interests		Principal activity
		2025	2024	
Ignite Hong Kong, Limited ("Ignite HK")	Hong Kong	50%	50%	Licensing of trademarks for kitchenware products in Hong Kong
Black and Blum Group Limited ("Black and Blum")	England and Wales	20%	20%	Design, development and production of storage products of food and drink in the United Kingdom

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 19. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates, adjusted for any difference in accounting policies as follows:

#### (a) Ignite HK

	2025 HK\$'000	2024 HK\$'000
<b>As at 31 December</b>		
Non-current assets	–	10
Current assets	<b>2,516</b>	9,038
Net assets	<b>2,516</b>	9,048
<b>Year ended 31 December</b>		
Revenue	<b>1,208</b>	2,149
Profit for the year	<b>1,468</b>	1,249
Total comprehensive income	<b>1,468</b>	1,249
The Group's total comprehensive income of the associate for the year	<b>734</b>	625
Dividends received from the associate during the year	<b>(4,000)</b>	–

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

	2025 HK\$'000	2024 HK\$'000
Net assets of Ignite HK	<b>2,516</b>	9,048
Proportion of the Group's ownership interest in Ignite HK	<b>50%</b>	50%
The Group's share of net assets of Ignite HK	<b>1,258</b>	4,524
Goodwill	<b>2,733</b>	2,733
Other adjustments	<b>897</b>	897
Carrying amount of the Group's interest in Ignite HK	<b>4,888</b>	8,154

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 19. INTERESTS IN ASSOCIATES (Continued)

#### (b) Black and Blum

	2025 HK\$'000	2024 HK\$'000
<b>As at 31 December</b>		
Non-current assets	9,349	11,049
Current assets	40,846	31,028
Current liabilities	(9,415)	(6,475)
Net assets	40,780	35,602
<b>Year ended 31 December</b>		
Revenue	59,052	44,275
Profit/(loss) for the year	2,309	(980)
Total comprehensive income	5,178	(1,799)
The Group's total comprehensive income of the associate for the year	1,036	(360)

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

	2025 HK\$'000	2024 HK\$'000
Net assets of Black and Blum	40,780	35,602
Proportion of the Group's ownership interest in Black and Blum	20%	20%
The Group's share of net assets of Black and Blum	8,156	7,120
Goodwill	2,662	2,662
Carrying amount of the Group's interest in Black and Blum	10,818	9,782

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 19. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information for individually immaterial associates as follows:

	2025 HK\$'000	2024 HK\$'000
<b>As at 31 December</b>		
Aggregate carrying amount of individually immaterial associates in the financial statements	<b>2,587</b>	3,064
<b>Year ended 31 December</b>		
Aggregate amount of the Group's share of those associates:		
– Loss for the year	<b>(477)</b>	(1,021)
Total comprehensive income	<b>(477)</b>	(1,021)
Aggregate amount of the Group's share of unrecognised loss of those associates:		
– Loss for the year	<b>(47)</b>	(41)
Total comprehensive income	<b>(47)</b>	(41)

The amount of cumulative share of aggregate unrecognised loss from the individually immaterial associates as at 31 December 2025 of HK\$2,050,000 (2024: HK\$2,003,000).

The Group has not incurred any contingent liabilities or other commitments relating to its interests in associates.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 20. INTANGIBLE ASSETS

	Brand name HK\$'000	Customer relationships HK\$'000	Total HK\$'000
<b>At 1 January 2024, 31 December 2024 and 1 January 2025</b>			
Cost	10,603	24,031	34,634
Accumulated amortisation	–	(24,031)	(24,031)
Closing net carrying amount	10,603	–	10,603
<b>Year ended 31 December 2025</b>			
Opening net carrying amount	10,603	–	10,603
Impairment for the year	(324)	–	(324)
Closing net carrying amount	10,279	–	10,279
<b>At 31 December 2025</b>			
Cost	10,603	24,031	34,634
Accumulated provision for impairment	(324)	–	(324)
Accumulated amortisation	–	(24,031)	(24,031)
Closing net carrying amount	10,279	–	10,279

At 31 December 2025, the intangible assets of brand name represents the perpetual right to use of a brand name of "Kor Water" which takes the form of sign, symbol, name, logo design or any combination thereof. The directors considered the brand name has an indefinite useful life since they are registered with a legally perpetually life and expected to generate net cash inflows to the Group indefinitely. Particulars of the impairment testing on intangible assets are disclosed in note 17.

Intangible assets of customer relationships and brand name were derived in connection with the acquisitions of subsidiaries by the Group in 2013 and in 2022 respectively.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 21. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Merchandises held for resale	32,985	34,446
Raw materials	47,017	56,262
	<b>80,002</b>	90,708

### 22. TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	141,417	201,853
Less: impairment loss allowance	(11,574)	(3,684)
	<b>129,843</b>	198,169

The Group's trading terms with customers are mainly on credit. The credit terms are generally 0 to 90 days from the invoice date.

At 31 December 2025 and 2024, the Group assigned part of its trade debts to a bank for financing purpose. In the event of default by the relevant debtors, the Group is obliged to pay the bank for the amount discounted in default. Service fees are charged at 0.23% of the assigned debts and interest is charged at a variable rate per annum on the proceeds received from the bank until the date the debtors settled the discounted invoice in full. The Group is therefore continued to be exposed to the risks of credit losses and late payment in respect of the debts.

At 31 December 2025, the amount of trade debts assigned to the bank was HK\$4,620,000 (2024: HK\$12,850,000), but no the discounted debts were owed to the banks.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 22. TRADE RECEIVABLES (Continued)

The directors of the Company considered the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception. An ageing analysis of the Group's trade receivables (net of impairment allowance) as at the end of the reporting period, based on the invoices date, is as follows:

	2025 HK\$'000	2024 HK\$'000
0-30 days	39,317	51,874
31-60 days	29,376	82,467
61-90 days	6,369	51,614
Over 90 days	54,781	12,214
	<b>129,843</b>	198,169

The Group does not hold any collateral or other credit enhancements over the trade receivables.

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 46.1(b).

### 23. DEPOSITS PAID FOR PROPERTY, PLANT AND EQUIPMENT/PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets:</b>		
Deposits paid for property, plant and equipment	3,424	4,034
<b>Current assets:</b>		
Trade deposits paid to suppliers (note (a))	3,961	10,907
Other deposits	5,795	5,642
Prepayments (note (b))	9,697	17,437
Other receivables (note (c))	10,717	7,226
	<b>30,170</b>	41,212

Notes:

- (a) The Group's trade deposits represented the purchase deposits paid to various independent third parties for supply of trading goods.
- (b) Prepayments mainly represent the prepayment for utilities, insurance premium and research activities.
- (c) Other receivables mainly represent receivables arising from recharge to third parties relating to certain mould costs, freight and transportation charges and packing costs. The receivables are unsecured, interest-free and repayable on demand.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 23. DEPOSITS PAID FOR PROPERTY, PLANT AND EQUIPMENT/PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

The directors of the Company considered that the fair values of other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

Further details on the Group's credit policy and credit risk arising from other deposits and other receivables are set out in note 46.1(b).

### 24. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets at fair value through profit or loss:</b>		
Listed equity securities in Hong Kong, at fair value <i>(note (a))</i>	–	29,469
Derivative financial instruments at fair value <i>(note (b))</i>	234	–
	<b>234</b>	29,469
<b>Financial liabilities at fair value through profit or loss:</b>		
Derivative financial instruments at fair value <i>(note (b))</i>	–	(2,519)

Notes:

- The fair values of the Group's investment in listed equity securities have been determined by reference with their quoted market prices at the end of the reporting period.
- As at 31 December 2025, the Group's derivative financial instruments represented foreign currency forward contracts denominated in USD and the fair values are estimated based on the quoted prices from the relevant financial institutions. The notional amounts of these forward contracts are RMB20,000,000 (2024: RMB59,000,000) and the forward currency rates of all these contracts ranged from USD1:RMB7.007 to USD1:RMB7.063 (2024: USD1:RMB6.9876 to USD1:RMB7.0747) with various maturity dates from January 2026 to May 2026 (2024: January 2025 to August 2025).

### 25. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The unlisted equity securities investments in Hong Kong were irrevocably designated at fair value through other comprehensive income as the Group considered the investment was strategic in nature. Based on the Group's assessment, the directors are of the opinion that the fair values of the equity investments were \$10,000 as at 31 December 2025 (2024: \$10,000).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 26. PLEDGED BANK DEPOSITS

	2025 HK\$'000	2024 HK\$'000
Pledged bank deposits, denominated in – HK\$ and US dollars ("US\$")	16,712	20,492

Pledged bank deposits have been pledged to certain banks as securities for general banking facilities granted to the Group (notes 31, 32 and 49).

Pledged bank deposits are deposited with creditworthy banks and carry fixed interest rates which ranged from 3.16% to 4.16% (2024: ranged from 4.16% to 4.75%) per annum in 2025. The directors of the Company considered that the fair value of the pledged bank deposits is not materially different from their carrying amount because of the short maturity period on their inception.

### 27. CASH AND BANK BALANCES

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	122,123	116,720

As at 31 December 2025, the Group has cash and bank balances denominated in Renminbi ("RMB") amounted to approximately HK\$31,444,000 (2024: HK\$30,111,000), which are deposited with banks in the Mainland China. RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks in the Mainland China that are authorised to conduct foreign exchange business.

Bank balances earn interest at floating rates based on daily bank deposit rates.

The bank balances are deposited with creditworthy banks. The directors of the Company considered that the fair values of the cash and bank balances are not materially different from their carrying amount because of the short maturity period on their inception.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 28. TRADE PAYABLES

Trade payables normally have a credit period of 0 to 90 days from the invoice date.

	2025 HK\$'000	2024 HK\$'000
Trade payables	43,249	39,918

An ageing analysis of the Group's trade payables as at the end of the reporting period, based on the invoices date, is as follows:

	2025 HK\$'000	2024 HK\$'000
0-90 days	40,429	38,590
91-180 days	2,713	1,197
181-365 days	73	64
Over 365 days	34	67
	43,249	39,918

The directors of the Company considered that the carrying amounts of trade payables approximate to their fair values.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 29. OTHER PAYABLES AND ACCRUALS

	2025 HK\$'000	2024 HK\$'000
Accruals ( <i>note (a)</i> )	10,925	8,864
Refund liabilities ( <i>note (b)</i> )	2,549	2,583
Long service payment obligations	682	682
Other payables	107	78
	<b>14,263</b>	12,207

Notes:

- (a) Accruals mainly represented provision for discretionary bonus and transportation charges.
- (b) Refund liabilities represented the provision for sales rebates.

### 30. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
<i>Contract liabilities arising from:</i>		
Sale of kitchenware and household products	1,552	2,391

For sales of kitchenware and household products, the deposits received by the Group on products remains as contract liabilities until such time as the production completed to date outweighs the amount received.

As at 31 December 2025, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$1,988,000 (2024: HK\$4,580,000). This amount represents revenue expected to be recognised in the future. The Group will recognise the expected revenue when the performance obligation is completed, which is expected to occur within one year.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 30. CONTRACT LIABILITIES *(Continued)*

Movement of the contract liabilities is as follows:

	2025 HK\$'000	2024 HK\$'000
Balance as at 1 January	2,391	4,713
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at beginning of the year	<b>(2,391)</b>	(4,713)
Increase in contract liabilities as a result of billing in advance during the year	<b>1,552</b>	2,391
Balance at 31 December	<b>1,552</b>	2,391

### 31. BANK OVERDRAFTS

	2025 HK\$'000	2024 HK\$'000
Bank overdrafts	<b>17,783</b>	28,612

At 31 December 2025, the interest rates of the bank overdrafts ranged mainly from 1.5% to 6.5% (2024: 4.3% to 6.9%) per annum. Bank overdrafts were secured by the pledge of leasehold land and buildings (note 15), pledged bank deposits (note 26) and the corporate guarantee provided by the Company (note 49) and repayable on demand.

### 32. BANK BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Mortgage loans <i>(notes (i) to (iii))</i>	<b>29,900</b>	35,100
Bank loans <i>(notes (i) to (iii))</i>	<b>28,250</b>	33,000
	<b>58,150</b>	68,100

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 32. BANK BORROWINGS (Continued)

Notes:

- (i) As at 31 December 2025, all of the mortgage and bank loans are repayable on demand (with demand clause) or within one year.
- (ii) The mortgage and bank loans as at 31 December 2025 were secured/guaranteed by the following:
- pledge of leasehold land and buildings of HK\$14,106,000 (2024: HK\$14,494,000) (note 15);
  - pledge of investment properties of HK\$85,900,000 (2024: HK\$109,800,000) (note 16);
  - pledge of bank deposits of HK\$16,712,000 (2024: HK\$20,492,000) (note 26);
  - assignment of rental income of investment properties; and
  - unlimited corporate guarantee provided by the Company.
- (iii) The effective interest rates, from date of commencement of interests became chargeable on the bank capex and mortgage loans ranged from 1.2% to 5.2% (2024: 5.7% to 7.5%) per annum as at 31 December 2025.

At 31 December 2025, total bank borrowings were scheduled to repay as follows:

	2025 HK\$'000	2024 HK\$'000
Bank borrowings:		
Repayable within one year	23,450	21,700
Repayable in the second year	15,200	21,700
Repayable in the third to fifth year, inclusive	15,600	15,600
Repayable beyond five years	3,900	9,100
	<b>58,150</b>	68,100

All of the banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial position ratios, as were commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants the drawn down facilities would become repayable on demand. In addition, certain of the Group's loan agreements contained clauses which gave the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group had complied with the covenants and met the scheduled repayment obligations.

Further details of the Group's management of liquidity risk are set out in note 46.1(e). As at 31 December 2025, none of the covenants relating to drawn down facilities had been breached.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 33. LEASE LIABILITIES

The Group leases various offices and warehouses. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The present value of future lease payments of the Group's leases are analysed as:

	2025 HK\$'000	2024 HK\$'000
Current	9,351	8,876
Non-current	14,916	22,234
	<b>24,267</b>	31,110

Movement of the Group's leases liabilities is analysed as follows:

	2025 HK\$'000	2024 HK\$'000
<b>As at 1 January</b>	<b>31,110</b>	33,564
Addition	3,030	–
Interest expenses	1,927	2,374
Lease payments	(11,875)	(12,031)
Lease modification	(23)	7,282
Exchange realignment	98	(79)
	<b>24,267</b>	31,110

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 31 December 2025 was approximately 3.4% (2024: 6.0%) per annum.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 33. LEASE LIABILITIES (Continued)

The future lease payments of the Group's leases (excluding short-term leases) were scheduled to repay as follows:

	Minimum lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
<b>As at 31 December 2025</b>			
Not later than one year	10,815	(1,464)	9,351
Later than one year but not later than two years	9,442	(825)	8,617
Later than two years but not later than five years	6,516	(217)	6,299
	<b>26,773</b>	<b>(2,506)</b>	<b>24,267</b>
<b>As at 31 December 2024</b>			
Not later than one year	10,784	(1,908)	8,876
Later than one year but not later than two years	9,718	(1,350)	8,368
Later than two years but not later than five years	14,857	(991)	13,866
	35,359	(4,249)	31,110

The total cash outflows for lease in the year ended 31 December 2025 was HK\$14,232,000 (2024: HK\$14,342,000).

### 34. LOANS FROM NON-CONTROLLING INTERESTS

As at 31 December 2025, loans from non-controlling interests of approximately HK\$1,920,000 (2024: HK\$1,920,000) is unsecured, interest-free and repayable on 31 May 2026 (2024: 31 May 2025). The remaining balance of approximately HK\$1,965,000 (2024: approximately HK\$1,965,000) are unsecured, interest-free and repayable on demand.

The directors of the Company considered that the carrying amounts of loans from non-controlling interests approximately to their fair values.

### 35. AMOUNT DUE TO AN ASSOCIATE

The amount due was unsecured, interest-free and repayable on demand.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 36. DEFERRED TAX

Details of the deferred tax assets and liabilities recognised and movements are as follows:

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Fair value adjustment upon acquisition of a subsidiary HK\$'000	Total HK\$'000
<b>At 1 January 2024</b>	(456)	3,983	(412)	3,115
(Charged)/credited to profit or loss (note 12)	(3,946)	3,859	–	(87)
Exchange difference	–	(61)	–	(61)
<b>At 31 December 2024 and 1 January 2025</b>	<b>(4,402)</b>	<b>7,781</b>	<b>(412)</b>	<b>2,967</b>
Charged to profit or loss (note 12)	(1,894)	(1)	–	(1,895)
Exchange difference	–	93	–	93
<b>At 31 December 2025</b>	<b>(6,296)</b>	<b>7,873</b>	<b>(412)</b>	<b>1,165</b>

	2025 HK\$'000	2024 HK\$'000
Deferred tax assets	3,311	3,918
Deferred tax liabilities	(2,146)	(951)

At as 31 December 2025, deferred tax assets of HK\$7,873,000 (2024: HK\$7,781,000) was recognised in respect of unused tax losses of HK\$45,832,000 (2024: HK\$45,379,000) as it is considered probable that taxable profits will be available against which the tax losses can be utilised. The other estimated unused tax losses arising from Hong Kong and the United States carried forward not recognised in the consolidated financial statements are as follows:

	2025 HK\$'000	2024 HK\$'000
Estimated unused tax losses carried forward indefinitely	107,998	34,381

Deferred tax assets have not been recognised in respect of these losses as they were arisen in group companies that have been loss-making for some time and it is uncertain whether future taxable profits will be available for utilising the tax losses.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 36. DEFERRED TAX *(Continued)*

Deferred tax liabilities have not been established for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries in the Mainland China made after 1 January 2008 because the Company controls the dividend policy of these subsidiaries and it is not probable that the temporary differences will reverse in the foreseeable future. Such unremitted earnings amounted to approximately HK\$47,090,000 as at 31 December 2025 (2024: approximately HK\$42,124,000).

### 37. SHARE CAPITAL

	2025		2024	
	Number of shares ('000)	HK\$'000	Number of shares ('000)	HK\$'000
Authorised: Shares of HK\$0.01 each At 1 January and 31 December	<b>10,000,000</b>	<b>100,000</b>	10,000,000	100,000
Issued and fully paid: Shares of HK\$0.01 each At 1 January and 31 December	<b>700,000</b>	<b>7,000</b>	700,000	7,000

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 38. RESERVES

#### Group

Details of the movements on the Group's reserves for the years ended 31 December 2025 and 2024 are presented in the consolidated statement of changes in equity on page 43.

#### Merger reserve

The merger reserve of the Group arose as a result of a group reorganisation completed in December 2014 and represented the difference between the consideration under the reorganisation and the nominal value of the share capital of the subsidiaries then acquired.

#### Financial assets at fair value through other comprehensive income reserve

Balance represents fair value reserve comprises the cumulative net change in the fair value of equity investment designated at fair value through other comprehensive income under HKFRS 9 that are held at the end of the reporting period.

#### Exchange reserve

Gains/losses arising on retranslating the net assets of foreign operations into presentation currency.

#### Statutory reserve

The statutory reserve represents amounts appropriated from the profits after tax of subsidiaries of the Company established in the Mainland China to comply with the PRC laws and regulations.

#### Other reserve

Balance represents the capital contribution from shareholders arising from the reorganisation of the Group in 2012 and the difference between the consideration paid for the additional interest in the subsidiaries and the non-controlling interest's share of the assets and liabilities reflected in the consolidated statement of financial position at the dates of the acquisitions of the non-controlling interests.

#### Company

	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>At 1 January 2024</b>	467,891	16	467,907
2023 final dividend (note 14)	–	(14,000)	(14,000)
Transactions with owners	–	(14,000)	(14,000)
Total comprehensive income for the year	–	16,676	16,676
<b>At 31 December 2024 and 1 January 2025</b>	<b>467,891</b>	<b>2,692</b>	<b>470,583</b>
2024 final dividend (note 14)	–	(28,000)	(28,000)
Transactions with owners	–	(28,000)	(28,000)
Total comprehensive income for the year	–	27,612	27,612
<b>At 31 December 2025</b>	<b>467,891</b>	<b>2,304</b>	<b>470,195</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 39. COMMITMENTS

#### Capital commitments

	2025 HK\$'000	2024 HK\$'000
Capital expenditures contracted but not provided for in the consolidated financial statements in respect of:		
– Purchase of and addition to property, plant and equipment	<b>1,371</b>	1,981

### 40. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group also had the following significant transactions with related parties during the year:

#### 40.1 Significant transactions with related parties

Nature of transaction	Name of related company/party	Notes	2025	2024
			HK\$'000	HK\$'000
Licensing fee	Ignite HK	(a)	<b>1,208</b>	2,150
Lease payments	Dr. Wong	(b)	<b>1,020</b>	840

Notes:

- (a) An associate of the Group.
- (b) During the years ended 31 December 2025 and 2024, the Group had paid lease payments relating to premises which are owned by Dr. Wong. No associated lease liabilities has been recognised in the consolidated statement of financial position as at 31 December 2025 and 2024.
- (c) All transactions as shown above were made in the Group's normal course of business and were made with reference to the terms negotiated between the relevant parties.

#### 40.2 Outstanding balances with related parties

Details of the Group's balances with the related parties have been set out in notes 19, 34 and 35 to the consolidated financial statements.

#### 40.3 Compensation of key management personnel

The directors are of the opinion that the key management personnel were all directors of the Company, details of whose emoluments are set out in note 11.1.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 41. CONTINGENT LIABILITIES

At the end of the reporting period, the Group does not have any significant contingent liabilities.

### 42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Interests in subsidiaries		252,506	252,506
Amount due from a subsidiary		110,000	110,000
		<b>362,506</b>	362,506
<b>Current assets</b>			
Prepayments and other receivables		15	113
Dividend receivable		–	5,000
Amounts due from subsidiaries		113,548	109,053
Cash and bank balances		1,206	1,054
		<b>114,769</b>	115,220
<b>Current liabilities</b>			
Other payables and accruals		80	143
<b>Net current assets</b>		<b>114,689</b>	115,077
<b>Net assets</b>		<b>477,195</b>	477,583
<b>EQUITY</b>			
Share capital	37	7,000	7,000
Reserves	38	470,195	470,583
<b>Total equity</b>		<b>477,195</b>	477,583

Approved and authorised for issue by the board of directors on 23 March 2026 and signed on its behalf by:

**Dr. Wong Siu Wah**  
*Director*

**Wong Fook Chi**  
*Director*

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 43. INTERESTS IN SUBSIDIARIES

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

Company name	Place of incorporation/ establishment	Particulars of issued and fully paid up share capital		Effective interest held by the Company				Principal activity and place of operation
		2025	2024	2025 Directly	2025 Indirectly	2024 Directly	2024 Indirectly	
Lions Power Development Limited	Incorporated in the BVI, limited liability company	US\$1,000	US\$1,000	100%	-	100%	-	Investment holding, Hong Kong
Wealth Wise Investments Limited	Incorporated in the BVI, limited liability company	US\$1,000	US\$1,000	100%	-	100%	-	Investment holding, Hong Kong
King's Flair Development Limited	Incorporated in Hong Kong, limited liability company	HK\$1,000,000	HK\$1,000,000	-	100%	-	100%	Trading of kitchenware products, Hong Kong
Aegis Global Resources (HK) Limited	Incorporated in Hong Kong, limited liability company	HK\$10,000	HK\$10,000	-	100%	-	100%	Trading of kitchenware products, Hong Kong
Homespan (HK) Limited	Incorporated in Hong Kong, limited liability company	HK\$10,000	HK\$10,000	-	100%	-	100%	Trading of kitchenware products, Hong Kong
Manweal Development Limited	Incorporated in Hong Kong, limited liability company	HK\$5,500,000	HK\$5,500,000	-	68%	-	68%	Trading of kitchenware products, Hong Kong
Ningbo Homesbrands International Trading Company Limited* (寧波家之良品國際貿易有限公司)	Incorporated in the Mainland China, sino-foreign equity joint venture	RMB10,000,000	RMB10,000,000	-	51%	-	51%	Retail, wholesale and distribution of kitchenware products, the Mainland China
Youxiang (Shanghai) Commercial & Trade Company Limited* (悠享(上海)商貿有限公司)	Incorporated in the Mainland China, wholly-owned foreign enterprise	RMB1,000,000	RMB1,000,000	-	51%	-	51%	Retail, wholesale and distribution of kitchenware products, the Mainland China
Wonder Household Limited	Incorporated in Hong Kong, limited liability company	HK\$10,000	HK\$10,000	-	100%	-	100%	Trading of kitchenware products, Hong Kong
Gloxis Development Limited	Incorporated in Hong Kong, limited liability company	HK\$100,000	HK\$100,000	-	100%	-	100%	Trading of kitchenware products, Hong Kong
King's Flair Resources Limited	Incorporated in Hong Kong, limited liability company	HK\$1	HK\$1	-	100%	-	100%	Trading of raw materials, Hong Kong
Nanoshields Technology Limited	Incorporated in Hong Kong, limited liability company	HK\$1	HK\$1	-	100%	-	100%	Trading and manufacturing of nano-tech related materials and products, Hong Kong
Golden Well Ventures Limited	Incorporated in Hong Kong, limited liability company	HK\$8	HK\$8	-	100%	-	100%	Property investment, Hong Kong
KOR WATER INC.	Incorporated in the United States of America, limited liability company	USD2,091	USD697	-	84%	-	51%	Trading of household products, US

\* The English name of the subsidiaries established in the Mainland China represents management's best effort at translating the Chinese name of such subsidiaries for identification purpose only as no English name has been registered.

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 44. NON-CONTROLLING INTERESTS

Ningbo Homesbrands International Trading Company Limited (“HBI”), Youxiang (Shanghai) Commercial & Trade Company Limited (“Youxiang”) and KOR Water Inc. (“KOR”), non-wholly owned subsidiaries of the Company, have material non-controlling interests (the “NCI”). Except the above mentioned, the NCI of all other subsidiaries of the Group that are not 100% owned by the Group are considered to be immaterial.

Summarised financial information in relation to HBI that has material NCI, before intra-group eliminations, is presented below:

	2025 HK\$'000	2024 HK\$'000
<b>NCI percentage</b>	<b>49%</b>	49%
<b>For the year ended 31 December</b>		
Revenue	<b>113,272</b>	89,836
Profit for the year	<b>1,134</b>	3,963
Total comprehensive income	<b>2,884</b>	317
Profit allocated to NCI of HBI	<b>556</b>	1,942
Dividend declared to NCI of HBI	–	(22,653)
Cash flows generated from operating activities	<b>3,530</b>	17,758
Cash flows used in investing activities	<b>(48)</b>	(65)
Cash flows used in financing activities	–	(46,232)
Net cash inflows/(outflows)	<b>3,482</b>	(28,539)

	2025 HK\$'000	2024 HK\$'000
<b>As at 31 December</b>		
Current assets	<b>75,778</b>	62,070
Non-current assets	<b>3,612</b>	3,518
Current liabilities	<b>(17,371)</b>	(6,453)
Net assets	<b>62,019</b>	59,135
Accumulated non-controlling interests of HBI	<b>30,389</b>	28,976

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 44. NON-CONTROLLING INTERESTS (Continued)

Summarised financial information in relation to Youxiang that has material NCI, before intra-group eliminations, is presented below:

	2025 HK\$'000	2024 HK\$'000
<b>NCI percentage</b>	<b>49%</b>	49%
<b>For the year ended 31 December</b>		
Revenue	<b>83,532</b>	74,205
Profit for the year	<b>2,806</b>	1,942
Total comprehensive income	<b>3,241</b>	1,742
Profit allocated to NCI of Youxiang	<b>1,375</b>	952
Cash flows used in operating activities	<b>(1,511)</b>	(9,620)
Cash flows used in investing activities	–	(412)
Net cash outflows	<b>(1,511)</b>	(10,032)
<b>As at 31 December</b>		
Current assets	<b>16,267</b>	13,905
Non-current assets	<b>405</b>	480
Current liabilities	<b>(6,945)</b>	(7,899)
Net assets	<b>9,727</b>	6,486
Accumulated non-controlling interests of Youxiang	<b>4,766</b>	3,178

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 44. NON-CONTROLLING INTERESTS (Continued)

Summarised financial information in relation to KOR that has material NCI, before intra-group eliminations, is presented below:

	2025 HK\$'000	2024 HK\$'000
<b>NCI percentage</b>	<b>16%</b>	49%
<b>For the year ended 31 December</b>		
Revenue	<b>923</b>	1,847
Loss for the year	<b>(5,804)</b>	(8,184)
Total comprehensive income	<b>(5,804)</b>	(8,184)
Loss allocated to NCI of KOR	<b>(2,182)</b>	(4,010)
Cash flows used in operating activities	<b>(5,109)</b>	(7,769)
Cash flows generated from financing activities	<b>3,741</b>	8,179
Net cash (outflows)/inflows	<b>(1,368)</b>	410
<b>As at 31 December</b>		
Current assets	<b>11,975</b>	13,560
Non-current assets	<b>10,325</b>	10,657
Current liabilities	<b>(43,927)</b>	(55,603)
Non-current liabilities	<b>(412)</b>	(412)
Net liabilities	<b>(22,039)</b>	(31,798)
Accumulated non-controlling interests of KOR	<b>(3,526)</b>	(15,580)

### 45. DEEMED ACQUISITION OF ADDITIONAL INTERESTS IN A SUBSIDIARY

On 1 April 2025, KOR WATER, INC. (“KOR WATER”), a non-wholly owned subsidiary of the Company, entered into a debt restructuring and equity conversion agreement (the “Agreement”) with the major shareholders and subsequently approved by other shareholders. Pursuant to the Agreement, KOR WATER issued 13,940,559 ordinary shares to settle a debt of US\$2,000,000 (equivalent to HK\$15,560,000) owned to a wholly owned subsidiary of the Group. Having satisfied all the terms and conditions of the Agreement, the debt restructuring was completed on 12 August 2025. After the completion of the debt restructuring, the Group’s equity interest in KOR WATER increased to 84%. The diluted non-controlling interest’s share of the net assets of KOR WATER at the date of the transaction, amounting to HK\$14,236,000, was recognised in other reserves within the Group’s equity.

### 46. FINANCIAL RISK MANAGEMENT

#### 46.1 Financial risk factors

The Group is exposed to a variety of financial risks in the normal course of business. The directors meet periodically to analyse and formulate strategies to manage the Group’s exposure to market risks, (specifically to foreign currency risk, interest rate risk, price risk and fair value risk), credit risk and liquidity risk. Generally, the Group utilises conservative strategies on its risk management.

The most significant financial risks to which the Group is exposed are described below. A summary of the Group’s financial assets and liabilities by category is shown in note 46.2.

#### (a) Foreign currency risk

Currency risk refers to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group mainly operates and invests in Hong Kong, US and the Mainland China with most of the transactions denominated and settled in HK\$, US\$ and RMB respectively. For subsidiaries in the Mainland China, no foreign currency risk has been identified for the financial assets and financial liabilities denominated in RMB, being the functional currency of the subsidiaries in the Mainland China to which these transactions relate. As US\$ is pegged to HK\$, the Group does not expect any significant movement in the HK\$/US\$ exchange rate. For the Group’s operations in Hong Kong, no sensitivity analysis in respect of the Group’s sensitivity analysis in respect of the Group’s financial assets and liabilities denominated in US\$ is disclosed as in the opinion of directors, such sensitivity analysis does not give additional value in view of insignificant movement in the US\$/HK\$ exchange rates as at the reporting dates.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 46. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 46.1 Financial risk factors *(Continued)*

##### (a) Foreign currency risk *(Continued)*

Foreign currency risk arises from the Group's financial assets and liabilities denominated in a foreign currency other than the functional currency of the members of the Group. The foreign currency denominated balances which are denominated in RMB at the end of the reporting period are as follows:

	2025 HK\$'000	2024 HK\$'000
Trade receivables	611	445
Other deposits and other receivables	6,518	12,434
Cash and bank balances	6,192	3,946
Trade payables	(23,555)	(15,896)
Other payables and accruals	(262)	(225)
Overall net exposure	<b>(10,496)</b>	704

The following table indicates the approximate effect on the (loss)/profit for the year in response to reasonably possible changes in the foreign exchange rates, with all other variables held constant, to which the Group has significant exposure at the end of the reporting period. The appreciation and depreciation of 5% (2024 5%) in HK\$ exchange rate against RMB represents management's assessment of a reasonably possible change in currency exchange rate over the reporting periods.

	Increase/(decrease) in profit for the year	
	2025 HK\$'000	2024 HK\$'000
<b>RMB to HK\$</b>		
Appreciation by 5% (2024 5%)	<b>(438)</b>	29
Depreciation by 5% (2024 5%)	<b>438</b>	(29)

Other than the above, the Group held several foreign currency forward contracts denominated in USD which were recognised as derivative financial instruments (note 24) as at 31 December 2025 and 2024. Upon the maturity dates, these contracts will be settled in RMB. Accordingly, the fair value and the future cash flow will fluctuate because of the change in the foreign currencies of USD and RMB.

**46. FINANCIAL RISK MANAGEMENT** *(Continued)***46.1 Financial risk factors** *(Continued)***(a) Foreign currency risk** *(Continued)*

The following table indicates the approximate effect on the (loss)/profit for the year in response to reasonably possible changes in the foreign exchange rates, with all other variables held constant, to which the Group has exposure in respect of the derivative financial instruments at the end of the reporting period. The appreciation and depreciation of 5% (2024: 5%) in USD exchange rate against RMB represents management's assessment of a reasonably possible change in currency exchange rate over the reporting periods.

	Increase/(decrease) in profit for the year	
	2025 HK\$'000	2024 HK\$'000
<b>USD to RMB</b>		
Appreciation by 5% (2024 5%)	<b>933</b>	2,610
Depreciation by 5% (2024 5%)	<b>(933)</b>	(2,610)

The measures to manage foreign currency risk have been followed by the Group since prior years and are considered to be effective.

**(b) Credit risk**

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instruments and cause a financial loss to the Group.

The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. Most of the Group's bank balances are held in major reputable financial institutions in Hong Kong, US, the Mainland China and Taiwan, which management believes are of high credit quality.

The Group has policies in place to ensure that sales of goods are made to customers with an appropriate credit history and the Group assesses the credit worthiness and financial strength of its customers as well as considering prior dealing history with the customers. Generally customers are granted credit terms ranging from 0 to 90 days. Management makes periodic collective assessment as well as individual assessment on the recoverability of trade and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors, whether there are any disputes with the debtors and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 46. FINANCIAL RISK MANAGEMENT (Continued)

#### 46.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

The Group has concentration of credit risk with respect to trade receivables. As at 31 December 2025 the Group's trade receivables due from 3 (2024: 3) customers, of approximately HK\$53,665,000 (2024: HK\$138,354,000) represented 41.3% (2024: 69.8%) of trade receivables.

These customers are in good settlement records and reputation. The management believes that the credit risk on the amount due is minimal.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due.

The following table provides information about the Group's exposure to credit risk and ECL for trade receivables:

As at 31 December 2025	Expected loss rate (%)	Gross carrying amount (HK\$'000)	Loss allowance (HK\$'000)	Net carrying amount (HK\$'000)
<i>Collective assessment</i>				
Current	0.06%	59,143	(36)	59,107
Past due 60 days or less	0.06%	16,705	(10)	16,695
Past due more than 60 days but less than 1 year	0.98%	26,374	(258)	26,116
Past due more than 1 year but less than 2 years	–	244	–	244
Past due over 2 years	27.71%	2,129	(590)	1,539
Individual assessed for specific debtors	29.00%	36,822	(10,680)	26,142
		141,417	(11,574)	129,843

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 46. FINANCIAL RISK MANAGEMENT (Continued)

#### 46.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

As at 31 December 2024	Expected loss rate (%)	Gross carrying amount (HK\$'000)	Loss allowance (HK\$'000)	Net carrying amount (HK\$'000)
<i>Collective assessment</i>				
Current	0.06%	66,142	(39)	66,103
Past due 60 days or less	0.06%	121,633	(77)	121,556
Past due more than 60 days but less than 1 year	0.06%	3,569	(2)	3,567
Past due more than 1 year but less than 2 years	10.48%	4,187	(439)	3,748
Past due over 2 years	8.95%	3,295	(295)	3,000
Individual assessed for specific debtors	93.56%	3,027	(2,832)	195
		201,853	(3,684)	198,169

Expected loss rate is based on actual loss experience. This rate is adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Balance at 1 January	3,684	2,145
Impairment losses recognised during the year	7,890	1,539
Balance at 31 December	11,574	3,684

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 46. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 46.1 Financial risk factors *(Continued)*

##### **(b) Credit risk** *(Continued)*

Other financial assets at amortised cost of the Group includes other deposits and other receivables, amounts due from associates, pledged bank deposits and cash and bank balances. Since there is no increase in credit risk, the loss allowance recognised during the year was therefore limited to 12-months ECL. Management considers the probability of default is low on other deposits and other receivables, and amounts due from associates, since the counterparties are in good credit quality and no historical default noted. Besides, management considers the probability of default is low on pledged bank deposits and bank balances since they are placed at the financial institutions with good credit rating. The Group concluded that impact of ECL on other financial assets is insignificant as at 31 December 2025 and 2024.

The measures to manage credit risk are considered to be effective.

##### **(c) Interest rate risk**

Interest rate risk means the risk on the fluctuation of fair value on future cash flows of financial instruments which arise from changes in interest rates. Floating interest rate instruments will result in the Group facing the risk of changes in market interest rate, and fixed interest rate instruments will result in the Group fair value interest rate risk.

##### *Fair value interest rate risk*

As at 31 December 2025 and 2024, the Group's fair value interest rate risk primarily related to lease liabilities with fixed incremental borrowing rates. The Group currently does not have a fair value hedging policy. The Group's fair value interest rate risk exposure was not expected to have a significant impact on its fair value given the changes of the underlying interest rate was not expected to be material.

##### *Cash flow interest rate risk*

Other than pledged bank deposits (note 26), cash and bank balances (note 27), bank overdrafts (note 31) and bank borrowings (note 32), the Group does not have any other significant interest-bearing financial assets and liabilities. Any change in the interest rate on bank balances promulgated by banks from time to time is not considered to have significant impact of the Group.

The Group's interest rate risk arises primarily from the floating rate borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk.

At 31 December 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's (loss)/profit for the year (through the impact on the Group's cash and bank balances, bank overdrafts and bank borrowings which are subject to floating interest rate) by approximately HK\$317,000 (2024: approximately HK\$403,000). No impact would be on other components of consolidated equity in response to the general increase/decrease in interest rates. Bank balances are excluded from sensitivity analysis as the directors of the Company consider that the exposure of interest rate risk arising from variable-rate bank balances is insignificant.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 46. FINANCIAL RISK MANAGEMENT (Continued)

#### 46.1 Financial risk factors (Continued)

##### (c) Interest rate risk (Continued)

###### *Cash flow interest rate risk (Continued)*

The sensitivity analysis as presented above has been determined assuming that the change in interest rates had occurred at each of reporting date and had been applied to the exposure to interest rate risk for the above financial instruments in existence at that date. The 50 basis point increase or decrease represents the management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

The measures to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

##### (d) Price risk

The Group is exposed to price risk through its investments in equity instruments which are classified as financial assets at fair value through profit or loss. The directors manage this exposure by maintaining a portfolio of investments with different risk and return profiles and followed by the Group since prior years and are considered to be effective.

###### *Sensitivity analysis*

The following table demonstrates the sensitivity as if the quoted prices of the investments listed in equity investments classified as financial assets at fair value through profit or loss had increased/(decreased) by 10% with all other variables held constant, after any impact of tax for each reporting date.

	Effect on percentage change: Increase/(decrease) by 10% in price	
	Carrying amount HK\$'000	Increase/ (decrease) profit for the year HK\$'000
<b>At 31 December 2025</b>		
Financial assets at fair value through profit or loss		
– Listed equity securities, at fair value	–	–
<b>At 31 December 2024</b>		
Financial assets at fair value through profit or loss		
– Listed equity securities, at fair value	<b>29,469</b>	2,461/(2,461)

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 46. FINANCIAL RISK MANAGEMENT (Continued)

#### 46.1 Financial risk factors (Continued)

##### (e) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank borrowings, also regularly monitor its liquidity requirements, its compliance with lending covenants and its relationship with its bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. In addition, available banking facilities have been put in place for contingency purposes.

The Group's liquidity position is monitored on a daily basis by the management.

The following table summarises the remaining contractual maturities at the reporting dates of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted payments.

Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay (That is if the lenders were to invoke their unconditional rights to call the loans with immediate effect).

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000
<b>At 31 December 2025</b>			
Trade payables	43,249	43,249	43,249
Other payables and accruals	13,581	13,581	13,581
Bank borrowings	58,150	58,150	58,150
Bank overdraft	17,783	17,783	17,783
Loans from non-controlling interests	3,885	3,885	3,885
	<b>136,648</b>	<b>136,648</b>	<b>136,648</b>
<b>At 31 December 2024</b>			
Trade payables	39,918	39,918	39,918
Other payables and accruals	11,525	11,525	11,525
Bank borrowings	68,100	68,100	68,100
Bank overdraft	28,612	28,612	28,612
Loans from non-controlling interests	3,885	3,885	3,885
Amount due to an associate	691	691	691
	<b>152,731</b>	<b>152,731</b>	<b>152,731</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 46. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 46.1 Financial risk factors *(Continued)*

##### (e) Liquidity risk *(Continued)*

The table that follows summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Beyond five years HK\$'000
<b>At 31 December 2025</b>						
Bank borrowings	58,150	65,307	26,372	16,929	17,991	4,015
<b>At 31 December 2024</b>						
Bank borrowings	68,100	77,407	25,002	23,772	18,953	9,680

##### (f) Fair value risk

The fair values of the financial assets and liabilities carried at amortised cost are not materially different from their carrying amounts because of the immediate or the short-term maturity of those financial instruments. The following table presents assets measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these assets. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 46. FINANCIAL RISK MANAGEMENT (Continued)

#### 46.1 Financial risk factors (Continued)

##### (f) Fair value risk (Continued)

The financial assets measured at fair value as at 31 December 2025 and 2024 in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000 (note (a))	Level 2 HK\$'000 (note (b))	Level 3 HK\$'000	Total HK\$'000
<b>At 31 December 2025</b>				
Financial assets at fair value through profit or loss				
– Derivative financial instruments	–	234	–	234
Financial assets at fair value through other comprehensive income				
– Unlisted equity securities, at fair value	–	–	10	10
<b>At 31 December 2024</b>				
Financial assets at fair value through profit or loss				
– Listed equity securities, at fair value	29,469	–	–	29,469
Financial assets at fair value through other comprehensive income				
– Unlisted equity securities, at fair value	–	–	10	10
Financial liabilities at fair value through profit or loss				
– Derivative financial instruments	–	(2,519)	–	(2,519)

Notes:

- (a) The investment in listed equity securities at fair values are denominated in HK\$. Fair values have been determined by reference to their quoted market prices at the end of the reporting period.
- (b) The derivative financial instruments at fair values are denominated in USD and the fair values are determined based on the present value calculations using forward pricing and observable forward interest rate.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 46. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 46.1 Financial risk factors *(Continued)*

(f) **Fair value risk** *(Continued)*

The movements in fair value measurements in Level 3 during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Unlisted equity securities classified as financial assets at fair value through other comprehensive income</b>		
At beginning of the year	10	–
Addition for the year	–	10
At end of the year	10	10

The fair value of unlisted equity securities was Level 3 recurring fair value measurement. During the year ended 31 December 2025, there have been no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 46. FINANCIAL RISK MANAGEMENT *(Continued)*

#### 46.2 Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial instruments as recognised at each reporting dates are also analysed into the following categories. See notes 4.10 and 4.12 for explanations about how the category of financial instruments affects their subsequent measurement.

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets</b>		
Financial assets at fair value through profit or loss	234	29,469
Financial assets at fair value through other comprehensive income	10	10
Financial assets measured at amortised cost		
– Trade receivables	129,843	198,169
– Other deposits and other receivables	16,512	12,868
– Amounts due from associates	1,312	849
– Pledged bank deposits	16,712	20,492
– Cash and bank balances	122,123	116,720
	<b>286,746</b>	<b>378,577</b>
<b>Financial liabilities</b>		
Financial liabilities at fair value through profit or loss	–	2,519
Financial liabilities measured at amortised cost		
– Trade payables	43,249	39,918
– Other payables and accruals	13,581	11,525
– Bank overdrafts	17,783	28,612
– Bank borrowings	58,150	68,100
– Loans from non-controlling interests	3,885	3,885
– Amount due to an associate	–	691
	<b>136,648</b>	<b>155,250</b>
<b>Other financial instruments</b>		
Lease liabilities	24,267	31,110

The fair values of all the financial assets and liabilities measured at amortised cost approximate to their carrying amounts as at the end of the reporting period due to their short-term nature.

For disclosure purpose, the fair value of lease liabilities is not materially different from their carrying amounts. The fair value is determined by using discounted cash flow models and is classified as level 3 in the fair value hierarchy. Significant inputs include the discount rate used to reflect the credit risks of the Group.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 47. CAPITAL MANAGEMENT

The Group's capital management objectives are:

- (i) to ensure the Group's ability to continue as a going concern; and
- (ii) to provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher owners' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The directors of the Company also balance its overall capital structure through the payment of dividends or issue new shares as necessary. No changes were made in the objectives, policies or processes during the years ended 31 December 2025 and 2024.

The Group sets the amount of equity in proportion to its overall financing structure. The equity-to-overall financing ratios at the end of the reporting periods were as follows:

	2025 HK\$'000	2024 HK\$'000
<b>Total equity</b>	<b>452,116</b>	585,026
<b>Overall financing</b>		
Bank overdrafts	17,783	28,612
Bank borrowings	58,150	68,100
Lease liabilities	24,267	31,110
Loans from non-controlling interests	3,885	3,885
	<b>104,085</b>	131,707
<b>Equity-to-overall financing ratio</b>	<b>4.3:1</b>	4.4:1
<b>Equity-to-overall financing ratio (Excluding lease liabilities)</b>	<b>5.7:1</b>	5.8:1

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 48. OPERATING LEASE ARRANGEMENTS

At as 31 December 2025, the Group leased its investment properties in Hong Kong under non-cancellable operating lease arrangements, with leases negotiated for terms of one year.

Minimum lease receivable on leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	1,829	2,354
After 1 year but within 2 years	–	1,829
	<b>1,829</b>	<b>4,183</b>

### 49. CREDIT FACILITIES

As at 31 December 2025, the Group has obtained banking facilities, including bank loans, mortgage loans and factoring, bills payables and bank overdrafts of totalling HK\$309,567,000 (2024: HK\$353,100,000) and US\$10,000,000 (2024: US\$10,000,000), of which HK\$75,933,000 (2024: HK\$96,712,000) has been utilised by the Group. As at 31 December 2025, the Group has unutilised banking facilities of approximately HK\$233,634,000 (2024: approximately HK\$256,388,000) and US\$10,000,000 equivalent to HK\$77,800,000 (2024: US\$10,000,000 equivalent to HK\$77,800,000) available for draw down.

As at 31 December 2025, the Group's banking facilities were secured/guaranteed by the following:

- pledge of leasehold land and building with an aggregate carrying amount of HK\$14,106,000 (2024: HK\$14,494,000) (note 15);
- pledge of investment properties with an aggregate carrying amount of HK\$85,900,000 (2024: HK\$109,800,000) (note 16);
- assignment of rental income of investment properties;
- pledged bank deposits of HK\$16,712,000 (2024: HK\$20,492,000) (note 26); and
- unlimited corporate guarantee provided by the Company.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

### 50. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings (note 32) HK\$'000	Loan from non- controlling interests (note 34) HK\$'000	Dividend payable (note 14) HK\$'000	Dividend payable to non- controlling interests of a subsidiary HK\$'000	Lease liabilities (note 33) HK\$'000	Total HK\$'000
<b>At 1 January 2024</b>	89,800	3,885	-	-	33,564	127,249
<b>Financing cash inflows/(outflows):</b>						
Proceeds from bank borrowings	60,337	-	-	-	-	60,337
Repayment of bank borrowings	(82,037)	-	-	-	-	(82,037)
Repayment of principal and interest of the lease liabilities	-	-	-	-	(12,031)	(12,031)
Dividend paid	-	-	(14,000)	(22,653)	-	(36,653)
Interest paid	(4,424)	-	-	-	-	(4,424)
<b>Other changes:</b>						
Dividend declared/approved	-	-	14,000	22,653	-	36,653
Lease modification	-	-	-	-	7,282	7,282
Interest expenses	4,424	-	-	-	2,374	6,798
Exchange realignment	-	-	-	-	(79)	(79)
<b>At 31 December 2024</b>	<b>68,100</b>	<b>3,885</b>	<b>-</b>	<b>-</b>	<b>31,110</b>	<b>103,095</b>
<b>Financing cash inflows/(outflows):</b>						
Proceeds from bank borrowings	86,128	-	-	-	-	86,128
Repayment of bank borrowings	(96,078)	-	-	-	-	(96,078)
Repayment of principal and interest of the lease liabilities	-	-	-	-	(11,875)	(11,875)
Dividend paid	-	-	(28,000)	-	-	(28,000)
Interest paid	(2,943)	-	-	-	-	(2,943)
<b>Other changes:</b>						
Dividend declared/approved	-	-	28,000	-	-	28,000
Addition	-	-	-	-	3,030	3,030
Lease modification	-	-	-	-	(23)	(23)
Interest expenses	2,943	-	-	-	1,927	4,870
Exchange realignment	-	-	-	-	98	98
<b>At 31 December 2025</b>	<b>58,150</b>	<b>3,885</b>	<b>-</b>	<b>-</b>	<b>24,267</b>	<b>86,302</b>

## OTHER INFORMATION

### PROPERTIES HELD FOR INVESTMENT

Lot No.	Location	Attributable interest of the Group	Use	Lease Term
Section A of Marine Lot No. 293	14th Floor of Block C, Sea View Estate No.8 Watson Road, Hong Kong	100%	Rental	Medium
Section A of Marine Lot No. 293	Space No.60 on 1st Floor of Block B, Sea View Estate, Nos. 4/6 Watson Road, Hong Kong	100%	Rental	Medium