



# World Houseware (Holdings) Limited

*(Incorporated in the Cayman Islands with limited liability)*

Stock code: 713

# 2025 Annual Report

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Lee Tat Hing (Chairman)  
Ms. Fung Mei Po (Chief Executive Officer)  
Mr. Lee Chun Sing  
Mr. Lee Kwok Sing Stanley  
Mr. Leung Cho Wai  
Mr. Tsui Chi Yuen  
Mr. Lee Hon Sing Alan

### Non-executive Directors

Mr. Cheung Tze Man Edward  
Ms. Lee Ka Yee

### Independent Non-executive Directors

Mr. Tsui Chi Him Steve  
Mr. Ho Tak Kay  
Mr. Hui Chi Kuen Thomas  
Ms. Tsang Wing Yee  
Ms. Hong Ting

### QUALIFIED ACCOUNTANT

Mr. Leung Cho Wai, FCCA, CPA

### COMPANY SECRETARY

Mr. Tsui Chi Yuen, CPA

### PRINCIPAL OFFICE

Flat A, 18th Floor  
Bold Win Industrial Building  
16-18 Wah Sing Street  
Kwai Chung  
New Territories  
Hong Kong

### REGISTERED OFFICE

P.O. Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

## PRINCIPAL BANKERS

Standard Chartered Bank  
HSBC  
Bank of China  
Hang Seng Bank  
DBS Hong Kong

## AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Registered Public Interest Entity Auditors

## SHARE REGISTRARS AND TRANSFER OFFICES

### In Hong Kong

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

### In the Cayman Islands

The R&H Trust Co. Ltd.  
P.O. Box 897  
Windward 1  
Regatta Office Park  
Grand Cayman KY1-1103  
Cayman Islands

## STOCK CODE

713

## COMPANY'S WEBSITE

<http://www.worldhse.com>

# Summary of Notice of Annual General Meeting

Set out below is a summary of the notice of annual general meeting, the full version of which is set out in the circular to shareholders dispatched at 28 April 2026.

An Annual General Meeting of World Houseware (Holdings) Limited (the “Company”) will be held at The Jade Room, 6th Floor, The Marco Polo Hongkong Hotel, Harbour City, Kowloon, Hong Kong at 3:30 p.m. on Tuesday, 23 June 2026 for the following purposes:

1. To receive and adopt the audited Financial Statements of the Company and its subsidiaries and the Reports of the Directors and Auditors for the year ended 31 December 2025.
2. To re-elect of retiring Directors and to authorise the Board to fix the Directors’ remuneration.
3. To re-appoint Auditors and authorise the Board to fix their remuneration.
4.
  - A. To grant a general mandate to the Directors to allot shares.
  - B. To grant a general mandate to the Directors to repurchase the Company’s own shares.
  - C. To add the nominal amount of the shares repurchased under resolution 4B to the mandate granted to the Directors under resolution 4A.

By Order of the Board

**Lee Tat Hing**

*Chairman*

Hong Kong

26 March 2026

# Chairman's Statement

## BUSINESS REVIEW

For the year ended 31 December 2025 due to the adverse worldwide business environment the Group recorded decrease of consolidated turnover and gross profit. For the year ended 31 December 2025, the Group recorded a consolidated turnover of HK\$242,901,000, representing a decrease of 23.7% when comparing with HK\$318,280,000. Gross profit and gross profit margin were HK\$21,263,000 and 8.8%. The Group recorded a loss of HK\$207,560,000.

For the household products business, the business turnover was HK\$31,324,000 representing a decrease of 59.7% when comparing with HK\$77,712,000 last year. The business had recorded a segment loss of HK\$31,552,000.

For PVC pipes and fittings manufacturing business, the business turnover was HK\$210,478,000 representing a decrease of 12.0% when comparing with HK\$239,110,000 last year and the business had recorded a segment loss of HK\$44,943,000.

The loss arising from changes in fair value of investment properties and long-term other assets were of HK\$105,966,000 and HK\$38,535,000 respectively.

## PROSPECTS

Looking ahead, the international business environment is still not clear and it will still has adverse effect to the worldwide market and the economy still faces severe challenge.

For the Group's Pingshan Good Time Urban Renewal Project (花樣年旭輝好時光家園) in Pingshan, Shenzhen, the handover of the residential properties had been completed in July 2024 and were subsequently rented out in 2026. For the handover of the commercial properties it is expected to be completed in 2026. The Group will announce the progress from time to time.

The Group is actively proceeding with the procedures for takeover of the replacement land for the Pinghu Project in accordance with the current policies of the Government. Subject to the relevant Government authorities' approval, the Group intends to proceed with land development. Further details will be announced in due course as progress is made.

Regarding the construction of factories in Shaxi Town Zhongshan, the Group is still in the process of construction planning and design and pending the examination and approval of the relevant Government authorities and will announce the progress from time to time.

By Order of the Board

**Lee Tat Hing**

*Chairman*

Hong Kong

26 March 2026

# Management Discussion and Analysis

## RESULTS

- The Group recorded a turnover of HK\$242,901,000 for the year ended 31 December 2025, representing a decrease of 23.7% as compared to the same period last year.
- Gross profit and gross profit margin of the Group recorded were HK\$21,263,000 and 8.8%, representing a decrease of HK\$11,943,000 and a decrease of 36.0% respectively as compared to the same period last year.
- Loss for the year was HK\$207,560,000 as compared to a loss of HK\$322,155,000 for the same period last year.
- Basic loss per share was 26.20 HK cents, as compared to loss per share of 40.67 HK cents for the same period last year.

## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group finances its operations from internally generated cash flows, term loans and trade finance facilities provided by banks in Hong Kong and the PRC. At 31 December 2025, the Group had long-term bank deposits, short-term bank deposits, bank balances and cash and pledged bank deposits of approximately HK\$609,874,000 (31.12.2024: HK\$653,530,000) and no interest-bearing bank borrowings (31.12.2024: nil). The Group's interest-bearing secured bank borrowings was mainly computed at Hong Kong Inter-Bank Offering Rate plus a margin. The Group's total banking facilities available as at 31 December 2025 amounted to HK\$49,557,000; of which HK\$8,788,000 was utilised (utilisation rate was at 17.7%).

The Group continued to conduct its business transactions principally in Hong Kong dollars, US dollars and Renminbi. The Group's exposure to the foreign exchange fluctuations has not experienced any material difficulties in the operations or liquidity as a result of fluctuations in currency exchange.

At 31 December 2025, the Group had current assets of approximately HK\$770,328,000 (31.12.2024: HK\$1,040,716,000). The Group's current ratio was approximately 0.79 as at 31 December 2025 as compared with approximately 1.04 as at 31 December 2024. Total shareholders' funds of the Group as at 31 December 2025 decreased by 16.2% to HK\$932,786,000 (31.12.2024: HK\$1,113,116,000). The gearing ratio (measured as total liabilities/total shareholders' funds) of the Group as at 31 December 2025 was 1.57 (31.12.2024: 1.36).

# Management Discussion and Analysis

## **CHARGES ON ASSETS**

Certain investment properties and bank deposits with the aggregate net book value of HK\$16,435,000 (31.12.2024: certain leasehold land and buildings, investment properties, right-of-use assets and bank deposits with the aggregate net book value of HK\$76,065,000) were pledged to banks for general banking facilities granted to the Group.

In addition, the Group also pledged the life insurance to a bank to secure general banking facilities granted to the Group.

## **STAFF AND EMPLOYMENT**

At 31 December 2025, the Group employed a total workforce of about 466 staff (31.12.2024: 492) including 440 staff (31.12.2024: 467) in our factories located in the PRC. The total staff remuneration incurred during the year was HK\$41,808,000 (31.12.2024: HK\$47,180,000). It is the Group's policy to review its employees' pay levels and performance bonus system regularly to ensure that the remuneration policy is competitive within the relevant industries. It is the Group's policy to encourage its subsidiaries to send the management and staff to attend training classes or seminars that related to the Group's business. Tailor made internal training programmes were also provided to staff in our PRC factories.

# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

**LEE Tat Hing**, aged 87, is the Chairman of the Group. Mr. Lee has extensive experience in the trading and manufacture of household products and is responsible for the strategic planning and business development of the Group.

**FUNG Mei Po**, aged 69, is the wife of Mr. Lee Tat Hing and Chief Executive Officer of the Group. She has extensive experience in marketing, production planning and factory management. Ms. Fung is in charge of sales of the Group's North American markets and the Group's Hong Kong operations and administration.

**LEE Chun Sing**, aged 64, is the son of Mr. Lee Tat Hing. He is responsible for the planning and production management of the Group's PRC operations and has been with the Group since 1985.

**LEE Kwok Sing Stanley**, aged 63, is the son of Mr. Lee Tat Hing. He is responsible for the administration and management of factory in the PRC. He joined the Group in 1989 and has comprehensive experience in factory management.

**LEUNG Cho Wai**, aged 59, is the Financial Controller and Qualified Accountant of the Group. He joined the Group in 2007. He is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a member of the Hong Kong Institution of Certified Public Accountants. He has gained extensive experience in auditing, accounting, taxation and financial management by working in certified public accountants firm and publicly listed companies in Hong Kong. He is responsible for the overall financial management and planning of the Group.

**TSUI Chi Yuen**, aged 61, is the Company Secretary of the Company and joined the Group in 2007. He is a member of the Hong Kong Institute of Certified Public Accountants. He has considerable experience in auditing, accounting and financial management.

**LEE Hon Sing Alan**, aged 62, is the son of Mr. Lee Tat Hing. He is responsible for the administration, management and production of the production plant in the PRC. He joined the Group in 1989 and is very experienced in factory management.

## NON-EXECUTIVE DIRECTORS

**CHEUNG Tze Man Edward**, aged 73, is a Practising Solicitor in Hong Kong. He obtained his Bachelor of Laws degree from the University of London and Master of Laws in Chinese Law from University of Hong Kong and is a member of the Law Society in Hong Kong and in England and Wales. He is also a member of the Chartered Governance Institute.

**LEE Ka Yee**, aged 33, is the daughter of Mr. Lee Tat Hing. She is a Practising Solicitor in Hong Kong. Ms. Lee graduated from University of Warwick of the United Kingdom in Bachelor of Laws, also obtained Postgraduate Certificate of Laws by City University of Hong Kong and Master of Laws in Corporate and Financial Law by University of Hong Kong. Ms. Lee has diverse experience of legal affairs and compliance by working in the industry of banking, law firm and publicly listed company in Hong Kong. She joined the Group in 2023.

# Biographical Details of Directors and Senior Management

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**TSUI Chi Him Steve**, aged 69, had engaged in managerial positions in major British and Chinese banks in Hong Kong in the past with more than 20 years' experience in credit, credit audit and credit risk management, involving many medium size and some large corporations listed in China or in Hong Kong. He joined the Group in 2007.

**HO Tak Kay**, aged 69, is a fellow member of the Association of Chartered Certified Accountants as well as the Hong Kong Institute of Certified Public Accountants. He had worked in certain international accounting firms before and has over 30 years' experience in audit, accounting and financial fields. He joined the Group in 2004.

**HUI Chi Kuen Thomas**, aged 68, is a professional accountant. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in Australia and CPA Australia. He has over 20 years' experience in accounting, taxation and financial management gained in certain multinational corporations and publicly listed companies in Hong Kong and Australia. He joined the Group in 2004.

**TSANG Wing Yee**, aged 54, is currently the Managing Director and a responsible officer of Crescendo Capital Limited, a licensed corporation permitted to carry out Type 6 (advising on corporate finance) regulated activities under the SFO (Chapter 571 of the laws of Hong Kong). She is responsible for the overall management of the company and the provision of financial advisory services to clients. She is a Chartered Financial Analyst Charterholder, a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a Registered Business Valuer of the Hong Kong Business Valuation Forum. Ms. Tsang attained a bachelor's degree in business administration from The University of Hong Kong and a master's degree of science in financial management from The University of London. She has been a licensed person permitted to carry out type 6 (advising on corporate finance) regulated activities under the SFO since August 2003. Ms. Tsang has extensive experience in corporate finance, investment and corporate management. She joined the Group in 2023.

**HONG Ting**, aged 39, is currently the Managing Director of a certified public accountants firm in Hong Kong. She obtained a Bachelor of Business degree from The Chinese University of Hong Kong in 2008. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and a Certified Public Accountant (Practising) in Hong Kong. She worked for an international audit firm and has extensive experience in accounting, auditing, taxation and financial consulting. She joined the Group in 2023.

## SENIOR MANAGEMENT

**LEE Fung Mei Belinda**, aged 59, is the daughter of Mr. Lee Tat Hing and senior sales manager of the Group. Ms. Lee graduated from York University in Canada with a Bachelor's degree in Economics. Ms. Lee assists Ms. Fung Mei Po in the marketing of the Group's products in the United States of America and Canada and she has been with the Group since 1989.

**WANG Wen Bi**, aged 59, graduated from the Taiwan Culture University. He is the engineering and technology manager of PVC pipes and fittings segment. He joined the Group in 1995 and has substantial experience in technological management, production and administration.

**LAI Lai Wah**, aged 67, is the wife of Mr. Lee Chun Sing, Ms. Lai is responsible for the administration, management and production of the production plant the PRC factory. Ms. Lai has comprehensive experience in factory management.

# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the “Board”) of World Houseware (Holdings) Limited (the “Company”) believes that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained. The Board regularly reviews the Company’s corporate governance guidelines and developments. The Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the “Code”) of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules (the “Model Code”). Having made specific enquiry of all the directors, all the directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

## BOARD OF DIRECTORS

The Board of the Company currently comprises:

### Executive Directors:

Lee Tat Hing (Chairman)  
Fung Mei Po (Chief Executive Officer)  
Lee Chun Sing  
Lee Kwok Sing Stanley  
Leung Cho Wai  
Tsui Chi Yuen  
Lee Hon Sing Alan

### Non-executive Directors:

Cheung Tze Man Edward  
Lee Ka Yee

### Independent Non-executive Directors:

Tsui Chi Him Steve  
Ho Tak Kay  
Hui Chi Kuen Thomas  
Tsang Wing Yee  
Hong Ting

# Corporate Governance Report

## BOARD OF DIRECTORS – *continued*

Two Non-executive Directors and five Independent Non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of legal, accounting and business management. With their experience gained from senior positions held in other companies, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each Independent Non-executive Director has given an annual confirmation of his independence to the Company, and the Company considers these directors to be independent under Rule 3.13 of the Listing Rules.

Ms. Fung Mei Po, the Chief Executive Officer, is the wife of Mr. Lee Tat Hing, the Chairman whereas Mr. Lee Chun Sing, Mr. Lee Kwok Sing Stanley and Mr. Lee Hon Sing Alan, Executive Directors are the sons and Ms. Lee Ka Yee, a Non-executive Director is the daughter of Mr. Lee Tat Hing, the Chairman.

During the year, four full board meetings were held and the attendance of each director is set out as follows:

<b>Name of directors</b>	<b>Number of board meetings attended in 2025</b>	<b>Attendance rate</b>
Lee Tat Hing	4/4	100%
Fung Mei Po	4/4	100%
Lee Chun Sing	2/4	50%
Lee Kwok Sing Stanley	4/4	100%
Leung Cho Wai	4/4	100%
Tsui Chi Yuen	4/4	100%
Lee Hon Sing Alan	4/4	100%
Cheung Tze Man Edward	3/4	75%
Lee Ka Yee	4/4	100%
Tsui Chi Him Steve	4/4	100%
Ho Tak Kay	4/4	100%
Hui Chi Kuen Thomas	4/4	100%
Tsang Wing Yee	4/4	100%
Hong Ting	4/4	100%

The Board formulates overall strategy of the Company, monitors its financial performance and maintains effective oversight over the management. The Board members are fully committed to their roles and have acted in good faith to maximise the shareholders' value in the long run, and have aligned the Company's goals and directions with the prevailing economic and market conditions. Daily operations and administration are delegated to the management.

The regular Board meeting schedule for any year is planned in the preceding year. At least 14 days notice of all board meetings is given to all directors and they can include matters for discussion in the agenda if the need arises. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all relevant rules and regulations are followed. The agenda and the accompanying board papers are sent to all directors at least 3 days before the date of every board meeting so that the directors have the time to review the documents. Minutes of every board meeting are circulated to all directors for their perusal prior to confirmation of the minutes at the following board meeting.

# Corporate Governance Report

## **BOARD OF DIRECTORS** – *continued*

Every board member is entitled to have access to board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required. The Company Secretary continuously updates all directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practice.

The Board has a defined schedule of matters reserved for the Board decision in various major categories and events.

When the Board considers any material proposal or transaction in which a substantial shareholder or a Director has a conflict of interest, a board meeting is held and Independent Non-executive Directors who have no material interest in the transaction present at such board meeting. At the meeting, the Director who has interests declares his interest and is required to abstain from voting.

The Company has arranged appropriate insurance cover in respect of legal actions against its Directors and officers. The Board reviews the extent of this insurance annually.

Composition of the Board, by category of Directors, including names of Chairman, Executive Directors, Non-executive Directors and Independent Non-executive Directors are disclosed in all corporate communications.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

The Chairman and the Chief Executive Officer of the Company are Mr. Lee Tat Hing and Ms. Fung Mei Po respectively. The roles of the Chairman and the Chief Executive Officer are segregated and assumed by two separate individuals to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual. The Chairman of the Board is responsible for the leadership and effective running of the Board, while the Chief Executive Officer is delegated with the authorities to manage the business of the Company in all aspects effectively. The division of responsibilities between the Chairman and the Chief Executive Officer have been clearly established and set out in writing.

## **APPOINTMENT AND RE-ELECTION OF DIRECTORS**

The Company has fixed a term of 3 years' appointment for all Directors and subject to re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company.

All Directors appointed to fill casual vacancy be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, be subject to retirement by rotation at least once every three years.

## **DIRECTORS' TRAINING**

According to Code provision A6.5 of the Corporate Governance Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

# Corporate Governance Report

## REMUNERATION COMMITTEE

The Remuneration Committee of the Company comprises the Chairman, one Executive Director, two Non-executive Directors and five Independent Non-executive Directors.

The Remuneration Committee was formed in September 2005 and meetings shall be held at least once a year. One meeting was held in 2025. The attendance of each member is set out as follows:

<b>Name of members</b>	<b>Number of meeting attended in 2025</b>	<b>Attendance rate</b>
Tsui Chi Him Steve ( <i>Chairman of remuneration committee</i> )	1/1	100%
Lee Tat Hing	1/1	100%
Lee Chun Sing	0/1	0%
Cheung Tze Man Edward	1/1	100%
Ho Tak Kay	1/1	100%
Hui Chi Kuen Thomas	1/1	100%
Lee Ka Yee	1/1	100%
Tsang Wing Yee	1/1	100%
Hong Ting	1/1	100%

The emoluments payable to directors will depend on their respective contractual terms under employment contracts, if any, and as recommended by the Remuneration Committee. Details of the directors' remuneration are set out in Note 12 (i) to the Consolidated Financial Statements.

The major roles and functions of the Remuneration Committee are as follows:

1. To review annually and recommend to the Board the overall remuneration policy for the directors, the Chief Executive Officer and key senior management officers.
2. To review annually the performance of the Executive Directors, the Chief Executive Officer and key senior management officers and recommend to the Board specific adjustments in remuneration and/or reward payments.
3. To ensure that the level of remuneration for Non-executive Directors and Independent Non-executive Directors are linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board of Company.
4. To review and approve the compensation payable to Executive Directors, the Chief Executive Officer and key senior management officers in connection with any loss or termination of their office or appointment.
5. To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct.
6. To ensure that no director is involved in deciding his own remuneration.

The terms of reference of the Remuneration Committee are available from the Company Secretary on request.

# Corporate Governance Report

## NOMINATION COMMITTEE

The Nomination Committee of the Company comprises the Chairman, two Executive Directors, one Non-executive Director and five Independent Non-executive Directors. The Nomination Committee was formed in September 2007 and meetings shall be held at least once a year. One meeting were held in 2025. The attendance of each member is set out as follows:

<b>Name of members</b>	<b>Number of meeting attended in 2025</b>	<b>Attendance rate</b>
Lee Tat Hing ( <i>Chairman of nomination committee</i> )	1/1	100%
Fung Mei Po	1/1	100%
Lee Chun Sing	0/1	0%
Tsui Chi Him Steve	1/1	100%
Ho Tak Kay	1/1	100%
Hui Chi Kuen Thomas	1/1	100%
Lee Ka Yee	1/1	100%
Tsang Wing Yee	1/1	100%
Hong Ting	1/1	100%

The Nomination Committee which has written term of reference, is responsible for making recommendations to the Board on all board appointments and re-appointments. The responsibilities of the Nomination Committee are as follows:

- a. To review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
- b. To identify suitable individuals qualified to become Board members and make recommendations to the Board on suitable candidates to be nominated for directorships;
- c. To establish a mechanism for formal assessment and to perform periodic assessment on the effectiveness of the Board;
- d. To assess the independence of independent non-executive directors on its appointment or when their independence is called into question;
- e. to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors.

The terms of reference of the Nomination Committee are available from the Company Secretary on request.

# Corporate Governance Report

## **NOMINATION COMMITTEE** – *continued*

The Board recognize the importance and benefit of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of a number of factors, including but not limited to gender, age, cultural and educational background and professional experience.

With the existing Board members coming from a variety of business and professional background and four out of the nine Board members being woman, the Company considers that the Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the company's business.

## **ACCOUNTABILITY AND AUDIT**

The directors are responsible for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Company and of the results and cash flow for that period. In preparing the accounts for the year ended 31 December 2025, the directors have selected suitable accounting policies and have applied them consistently, adopted appropriate Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and have prepared the accounts on the going concern basis.

## **AUDIT COMMITTEE**

The Audit Committee of the Company comprises two Non-executive Directors and five Independent Non-executive Directors.

The Audit Committee shall meet at least two times a year. Two meetings were held during the year. The minutes of the Audit Committee meetings were tabled to the Board for noting and for action by the Board where appropriate. The attendance of each member is set out as follows:

<b>Name of members</b>	<b>Number of meetings attended in 2025</b>	<b>Attendance rate</b>
Tsui Chi Him Steve ( <i>Chairman of audit committee</i> )	2/2	100%
Cheung Tze Man Edward	2/2	100%
Hui Chi Kuen Thomas	2/2	100%
Ho Tak Kay	2/2	100%
Lee Ka Yee	2/2	100%
Tsang Wing Yee	2/2	100%
Hong Ting	2/2	100%

# Corporate Governance Report

## AUDIT COMMITTEE – *continued*

During the meetings held in 2025 the Audit Committee had performed the following work:

- (i) reviewed the financial reports for the year ended 31 December 2024 and for the six months ended 30 June 2025;
- (ii) reviewed the effectiveness of internal control system;
- (iii) discussed with the external auditors the audit fee in respect of the financial statements for the year ended 31 December 2024.

The major roles and functions of the Audit Committee are as follows:

- 1. To consider the appointment of the external auditors, the audit fees, and any questions of resignation or dismissal of the external auditors of the Company.
- 2. To discuss with the external auditors the nature and scope of the audit.
- 3. To review the interim and annual financial statements before submission to the Board.
- 4. To discuss problems and reservations arising from the interim review and final audit, and any matters the auditors may wish to discuss.

The terms of reference of the Audit Committee are available from the Company Secretary on request.

## AUDITORS' REMUNERATION

During the year under review, the remuneration paid to the Company's auditors, Messrs Deloitte Touche Tohmastu, is set out as follows:

<b>Services rendered</b>	<b>Fees paid/payable</b> HK\$'000
Audit services	3,150
Review on interim financial statements	560
Non-audit services – taxation and other services	185
	<hr/>
	3,895
	<hr/> <hr/>

# Corporate Governance Report

## RISK COMMITTEE

The Risk Committee of the Company comprises the Chairman, three Executive Directors, two Non-executive Directors and five Independent Non-executive Directors. The Risk Committee was formed in 1 April 2016. One meeting was held in 2025. The attendance of each member is set out as follows:

Name of members	Number of meeting attended in 2025	Attendance rate
Tsui Chi Him Steve ( <i>Chairman of risk committee</i> )	1/1	100%
Lee Tat Hing	1/1	100%
Fung Mei Po	1/1	100%
Lee Chun Sing	0/1	0%
Cheung Tze Man Edward	1/1	100%
Ho Tak Kay	1/1	100%
Hui Chi Kuen Thomas	1/1	100%
Leung Cho Wai	1/1	100%
Lee Ka Yee	1/1	100%
Tsang Wing Yee	1/1	100%
Hong Ting	1/1	100%

The Risk Committee is responsible for monitoring the Group's business, assess the Group's ability to respond to changes in its business and external environment; deciding the Group's risk level and risk appetite; and to consider solutions and provide appropriate guidance. Oversee the Group's risk management and internal control systems, review the effectiveness of the systems including the financial control system, operation control system and compliance control system.

## RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

### Responsibility of the Board

The Board is committed to the maintenance of good corporate governance practices and procedures, and implements an effective risk management and internal control systems of the Group. However, such systems are designed to manage rather than eliminate risk of failure to achieve business objective, and can only provide reasonable and not absolute assurance against material misstatement or loss.

## OUR RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

### Risk Management and Risk Assessment

The Board has the overall responsibilities of the risk management and internal controls systems of the Group. With the support from the Risk Committee, the Board monitors the Group's risk exposures, oversees the actions of management and monitors the overall effectiveness of the risk management system on an ongoing basis.

Management is responsible for setting the appropriate tone from the top, performing risk assessments, and owning the design, implementation and maintenance of internal controls. Essential to the Group's risk management and internal control systems are policies and procedures that are documented and communicated to employees.

# Corporate Governance Report

## **OUR RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK** – *continued*

### **Risk Management and Risk Assessment** – *continued*

To provide sound and effective risk management, the Group has established a risk management system which includes the following key features:

- An organisational structure for different responsible parties with defined authority, responsibilities and risk management roles;
- The Board sets forth the proper risk management culture and risk appetite for the Group, evaluates and determines the level of risk that the Group should take and monitor regularly;
- A Risk Management Policy has been established to provide a framework, which includes a risk assessment process, for the identification, analysis, evaluation, treatment, monitoring and reporting of the Group's key risks to support the achievement of the organisation's overall strategic objectives.

Risk assessment has been performed by management to evaluate the nature and extent of the risks to which the Group is willing to take in achieving its strategic objectives. During the risk assessment process, the Group has identified a number of key risks that may impact the Group's strategic objectives and to respond to the changes in the business and external environment. These risks are prioritised according to the likelihood of their occurrence and the significance of their impact on the business of the Group. Remedial measures are developed to manage these risks to an acceptable level. The results of risk assessment is reported to and discussed with the Board.

## **INTERNAL CONTROL**

The Company maintains a comprehensive and effective internal control system. The Company's internal control cover a number of procedures and policies which covers all material controls, including financial, operational, compliance controls and risk management functions.

The management of the Company had reviewed the Company's internal control system for the year ended 31 December 2025 and had submitted the results of the review and its recommendations and opinions for consideration by the Audit Committee and the Board.

## **REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS**

Through the Risk Committee, the Board has conducted an annual review of the effectiveness of the risk management and internal control systems of the Group and considered the risk management and internal control systems effective and adequate. The review covers all material controls, including financial, operational and compliance controls, and risk management functions. The scope and quality of ongoing monitoring of risk management and the internal control systems have been assessed. No significant areas of concern that may affect the Group to achieve strategic goals have been identified.

The Board has also reviewed and is satisfied with the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit and financial reporting functions, and their training programmes and budget.

# Corporate Governance Report

## COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of good communications with all shareholders. The Company's annual general meeting is a valuable forum for the Board to communicate directly with the shareholders. The Chairman of the Board as well as Chairmen of the Audit, Remuneration and Nomination Committees together with the external auditors are present to answer shareholders' questions. Moreover, the briefing on the Company's business and the questions and answers session at the annual general meeting allow Shareholders to stay informed of the Company's strategies and goals. Shareholders may at any time put enquiries to the Board. Any such questions shall be directed to the Company Secretary. An annual general meeting circular is distributed to all shareholders at least 21 days before the annual general meeting. It sets out the procedures for demanding and conducting a poll and other relevant information of the proposed resolutions. The Chairman explains the procedures for demanding and conducting a poll again at the beginning of the annual general meeting and (except where a poll is demanded) reveals how many proxies for and against have been filed in respect of each resolution. The results of the poll, if any, will be published in our investor relations website.

A key element of effective communication with shareholders and investors is the prompt and timely dissemination of information in relation to the Company. The Company has announced its annual and interim results in a timely manner as laid down in the Listing Rules after the end of the relevant periods in 2025.

After the Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy including steps taken at the annual general meeting and the handling of queries received (if any) which were conducted during the year ended 31 December 2025, the Shareholders' Communication Policy was found to be effective and adequate.

# Environmental, Social and Governance Report

## ABOUT THIS REPORT

### Reporting Scope

This Environmental, Social and Governance (“ESG”) report summarises the sustainable development vision on environmental and social aspects of the Group and the ESG practices and performance for the financial year from 1st January 2025 to 31st December 2025. The ESG Report focuses on the Group’s sustainability approach and performance in environmental and social aspects of the household products business and the PVC pipes and fittings manufacturing in the People’s Republic of China (Including mainland and Hong Kong Special Administrative Region). This ESG report is prepared based on best available information to the Company.

### Reporting Framework

The ESG Report has been prepared in accordance with Appendix C2 “Environmental, Social and Governance Reporting Code” to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The ESG Report follows all the principles as stipulated in Appendix C2:

- **Materiality:** The Group focuses on ESG issues that have a significant impact on the Company’s business and stakeholders. Based on the results of the materiality assessment set out in the Stakeholder Engagement and Materiality Assessment, the Group has identified the content of the ESG report, covering the key ESG issues of concern to stakeholders.
- **Quantitative:** The Group records and calculates quantitative information, where available, and provides comparisons against past performance.
- **Balance:** The Group prepares the ESG Report in an objective and balanced manner to ensure that the performance of the Group in terms of sustainable development is faithfully reflected.
- **Consistency:** The Group applies consistent reporting and calculation methods.

### Report Approval

The Board of Directors (the “Board”) is responsible for overseeing ESG measures, policies and procedures, and has reviewed and approved the publication of this report.

## BOARD STATEMENT

The Board is committed to conducting business sustainably in order to protect the environment and create value for the community and stakeholders. Based on this principle, the Board has integrated ESG issues into the Group’s business strategy. As the Group’s top leadership, the Board assumes responsibility for the overall monitoring, guidance, and review of the Group’s ESG issues. The Board is accountable for planning the Group’s overarching sustainability strategic direction and reviewing the progress made against ESG-related targets. Internal policies and practices cover multiple areas, including but not limited to environment, human resources, service quality, occupational health and safety, and anti-corruption. These policies aim to meet the expectations of stakeholders and the regulatory environment. To address dynamic changes in market developments and regulatory requirements, these policies are regularly reviewed and continuously updated.

# Environmental, Social and Governance Report

By participating in stakeholder engagement and endorsing materiality assessment, the Board provides oversight of the evaluation and prioritisation of ESG-related issues. The Board is committed to taking proactive actions to identify, mitigate and adapt to the ESG-related risks of the Group. For details, please refer to Stakeholder Engagement and Materiality Assessment section in this report. At the operational level, the senior management is responsible for ensuring the implementation of ESG-related targets and policies is relevant and effective.

## STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

To understand our stakeholders' viewpoints and expectations on the Group's ESG issues, the Group has maintained close communication with internal and external stakeholders comprising employees, customers, shareholders and investors, suppliers and community. There are various channels of communication with these stakeholders and the methods are:

Stakeholders	Interests and concerns	Participation Channels
Shareholders and Investors	<ul style="list-style-type: none"> <li>Investment returns and dividends</li> <li>Corporate Strategy and Governance</li> <li>Risk mitigation and management</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Interim and annual reports, company website</li> <li>Announcements, meeting notices, circulars</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Legitimate and high-quality products/services</li> <li>Information transparency</li> <li>Professional Ethics and Conduct Conference</li> </ul>	<ul style="list-style-type: none"> <li>Group website, product catalogue, annual reports and announcements</li> <li>Email and customer service hotline</li> <li>Meeting</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Salary and Benefits</li> <li>Occupational safety and health</li> <li>Career development opportunities</li> <li>Corporate culture and benefits</li> </ul>	<ul style="list-style-type: none"> <li>Internal training program</li> <li>Performance review and appraisal</li> <li>Enhance career developments within all levels of the Company and improves Competitiveness</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Long-term partnership</li> <li>Ethical business practices</li> <li>Supplier evaluation criteria</li> </ul>	<ul style="list-style-type: none"> <li>Procurement process</li> <li>Audit and valuation</li> </ul>
Government	<ul style="list-style-type: none"> <li>Comply with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Review the latest laws development and conduct regular self assessments</li> </ul>

# Environmental, Social and Governance Report

The Group's business affects various stakeholders, who have different expectations of the Group. The Group will continue to maintain effective communication with stakeholders and collect their views more broadly through various means to ensure more comprehensive substantive analysis. At the same time, the Group will enhance its reporting principles of materiality, quantification, balance, and consistency, defining the content and presentation of environmental, social, and governance (ESG) reports in a way that better aligns with stakeholder expectations.

During the year, we have conducted a materiality assessment with reference to the peer analysis results. A list of material ESG issues are identified as below:

<b>Aspects</b>	<b>ESG issues</b>
Environmental	<ul style="list-style-type: none"><li>• Water and wastewater</li><li>• Emissions and waste management</li><li>• Climate change</li><li>• Energy management</li></ul>
Social	<ul style="list-style-type: none"><li>• Staff remuneration and benefit</li><li>• Occupational health and safety</li><li>• Product quality and safety</li><li>• Supply chain management</li><li>• Inclusion and equality</li><li>• Privacy and data security</li></ul>
Governance	<ul style="list-style-type: none"><li>• Business ethics</li></ul>

The following passages are prepared based on the reporting requirements of Part C: "Comply or explain" Provisions of the Appendix C2 of the Environmental, Social and Governance Reporting Code issued by the Stock Exchange of Hong Kong Limited.

## **A. ENVIRONMENTAL PROTECTION**

The Group is committed to minimising the potential environmental impact of our business operations. The Group has established environmental protection policies and carried out regular review to ensure their effectiveness. The Group strictly complies with all relevant environmental laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and the Energy Conservation Law of the People's Republic of China. During the year, there was no material non-compliance with relevant environmental protection laws and regulations.

The Group has established a rigorous environmental compliance management system and obtained ISO 14001 environmental management system certification. Through resource investment, it ensures compliance of business operations and safety of the surrounding environment, fulfilling its environmental commitment to sustainable development. The Group continuously promotes annual environmental risk assessments, and has established relevant departments to comprehensively manage environmental risk factors through measures such as potential risk identification, analysis of possible events and their impacts, risk mitigation measures, and gap assessment of emergency response plans. The Group also continuously enhances employees' environmental awareness through the promotion of environmental protection concepts.

# Environmental, Social and Governance Report

## A1. Emissions

### *Air Emissions*

The major source of the Group's air emissions is from the petrol and diesel consumed by vehicles. We are constantly exploring various measures to minimize emissions from our business operations. The Group has actively taken the following measures to control air emissions:

- Use vehicles that meet motor vehicles emission standards and Continue to promote the use of new energy vehicles;
- Conduct regular inspection and maintenance of vehicles;
- Reduce their emissions by replacing business travel with video or teleconferencing;
- Optimise driving route planning;
- Encourage staff to use green transport for travelling or avoiding unnecessary traffic; and
- Collect more documents together for delivery to save fuel.

Air pollutant data is summarised as follows:

	<b>For the year ended 31 December</b>	
	<b>2025</b>	2024
<b>Air pollutants</b>		
Sulphur oxides (SOx)	<b>14 kg</b>	30 kg
Nitrogen oxides (NOx)	<b>312 kg</b>	995 kg
Particulate matter	<b>24 kg</b>	68 kg

### *Greenhouse Gas Emissions (GHG)*

The principal sources of Scope 1 GHG emissions of the Group were generated from fuels consumed by vehicles and fugitive emissions of refrigerants, while Scope 2 GHG emissions were generated from purchased electricity. The Group actively implement energy conservation and carbon reduction initiatives by optimizing our energy structure, improving equipment energy efficiency, promoting energy saving technologies, and adopting green offices practices to reduce greenhouse gas emissions from energy use. For details of GHG emission reduction measures, please refer to Energy Management section.

# Environmental, Social and Governance Report

GHG emission data are summarised as follows:

<b>GHG emissions</b>	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Scope 1	<b>256 tonnes of CO<sub>2</sub>-e</b>	369 tonnes of CO <sub>2</sub> -e
Scope 2 <sup>1</sup>	<b>10,139 tonnes of CO<sub>2</sub>-e</b>	12,820 tonnes of CO <sub>2</sub> -e
Total GHG emissions (Scope 1 and 2)	<b>10,395 tonnes of CO<sub>2</sub>-e</b>	13,189 tonnes of CO <sub>2</sub> -e
GHG emissions intensity (Scope 1 and 2)	<b>43 tonnes of CO<sub>2</sub>-e/HKD million turnover</b>	40 tonnes of CO <sub>2</sub> -e/HKD million turnover

## ***Waste Management***

The non-hazardous waste generated by the Group primarily includes commercial waste, office paper, plastics, packaging waste, and domestic waste generated during operations. These are harmless in nature. The Group has implemented various waste management measures, including the establishment of collection facilities and the classification of various wastes for future recycling, promoting waste reduction and recycling. The Group is committed to setting waste reduction targets and regularly monitors the quantity, treatment methods, and status of waste disposal. This practice supports the reduction of waste emissions into the environment.

To raise employee awareness of waste reduction, the Group has issued guidelines on waste management practices. The following measures are actively taken to manage harmless waste:

- Implement waste sorting and disposal, and unified collection of recyclable items to promote resource recycling;
- Centralized procurement and unified distribution of office supplies should be implemented to avoid over-purchasing leading to stockpiling and obsolescence.
- We advocate for paperless office practices, and all documents except for essential ones should be transmitted electronically.
- When paper must be used, use double-sided printing to reduce paper waste; and
- We encourage the use of reusable tableware and packaging materials, reduce the use of disposable products, and practice the concept of low-carbon and environmental protection.

<sup>1</sup> For Scope 1 emissions, the emissions factors are referenced from How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs issued by the Stock Exchange of Hong Kong, and Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Industries Enterprises (Trial). For scope 2 emissions, the data were calculated based on the emission factors provided by CLP Holdings Limited and 2022 national grid average emission factor for Mainland China.

# Environmental, Social and Governance Report

The hazardous waste generated by the Group mainly includes waste machinery rotors and waste engine oil. To standardize the safe handling process for hazardous waste, the Group has established factory management rules. The Group actively takes the following measures to manage hazardous waste:

- Implement a system of categorized collection, temporary storage in designated areas, and ledger recording;
- Regularly inspect the condition of temporary storage facilities to reduce the risk of leakage;
- Appoint qualified treatment companies to handle transportation and harmless disposal; and
- Strengthen employee operational training to ensure compliance and safety in the handling of hazardous waste.

Hazardous waste and non-hazardous waste generated by the Group is summarised as follows:

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
<b>Waste</b>		
Total non-hazardous waste	<b>26,620 tonnes</b>	25,288 tonnes
Non-hazardous waste intensity	<b>110 tonnes</b>	77 tonnes
	<b>/HKD million turnover</b>	/HKD million turnover
Total hazardous waste	<b>2 tonnes</b>	2 tonnes
Hazardous waste intensity	<b>0.008 tonnes</b>	0.007 tonnes
	<b>/HKD million turnover</b>	/HKD million turnover

## **A2. Use of Resources**

### ***Energy Management***

The Group's energy use primarily originates from vehicle fuel consumption and office electricity usage. The Group promotes energy conservation and emission reduction in its business operations, continuously improving its energy management system. It has formulated and implemented the "Energy Conservation and Emission Reduction Management Procedures," which clearly define energy management responsibilities, standardize management procedures for energy metering, energy-saving renovations, and energy use, and strengthen energy use management and monitoring. The Group actively adopts the following measures to implement energy management:

- Integrate production processes and increase equipment automation to reduce energy consumption;
- Select electronic appliances with energy efficient labels or energy-efficient appliances;
- Replace or upgrade electronic appliances by switching to energy-saving LED light tubes;
- Switch off the lighting and some air-conditioning units in an area if the area is not occupied;
- Change computer settings to activate standby or hibernation modes for computers so that the monitors will be automatically switched off or put into power-saving mode;
- Set the air-conditioning temperature at 24-26 degrees Celsius;
- Regularly clean dust traps and coil fans and set up a maintenance schedule to ensure the air-conditioning system operates efficiently; and
- Enhance on-site management and employee training to improve overall energy efficiency.

# Environmental, Social and Governance Report

Energy consumption by the Group is summarised as follows:

<b>Energy<sup>2</sup></b>	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Direct energy consumption – Fuel	<b>430 MWh</b>	738 MWh
Indirect energy consumption – Purchased energy	<b>19,109 MWh</b>	22,504 MWh
Total energy consumption	<b>19,539 MWh</b>	23,242 MWh
Energy consumption intensity	<b>67 MWh/HKD</b>	70 MWh/HKD
	<b>million turnover</b>	million turnover

## ***Water Resources Management***

Our Group is taking proactive steps to minimize water consumption. Our water resources are sourced from the municipal water supply network, therefore, we currently have no issues in securing suitable water sources. Our Group is actively implementing the following measures for water resource management:

- Regularly check faucets and pipes for leaks and arrange repairs as necessary;
- Promote water-saving measures, set up water-saving signs, and install water-saving devices; and
- Promote the concept of water conservation.

The Group's wastewater mainly comes from office and domestic sewage and some production process water. We continuously maintain and optimize our wastewater treatment facilities, strengthen pipeline inspections, and ensure that all wastewater is treated before discharge, and that the discharged water quality meets relevant standards. At the same time, we reduce the amount of discharge by optimizing process water use.

Water consumption by the Group is summarised as follows:

<b>Water</b>	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
Total water consumption	<b>74,505 m<sup>3</sup></b>	69,334 m <sup>3</sup>
Water consumption intensity	<b>257 m<sup>3</sup>/HKD</b>	210 m <sup>3</sup> /HKD
	<b>million turnover</b>	million turnover

To address the risk of fire, the group's factory conducted a large-scale fire drill this year. This resulted in an increase in total water consumption.

<sup>2</sup> Energy conversion factors used are referenced from Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Industries Enterprises (Trial).

# Environmental, Social and Governance Report

## **Packaging Materials**

The Group primarily uses paper and plastic packaging materials. Adhering to the principle of reducing resource consumption and pollutant emissions at the source, the Group actively implements the following measures for packaging material management:

- Minimize excessive packaging in product packaging design;
- Priority should be given to the selection of recyclable, biodegradable, and other green materials that meet the standards; and
- Collaborate with customers and suppliers to optimize packaging specifications, reducing the use of packaging materials and the generation of related waste while ensuring product quality and transportation safety.

Packaging materials consumption by the Group is summarised as follows:

	<b>For the year ended 31 December</b>	
	<b>2025</b>	2024
<b>Packaging Materials</b>		
Cardboard	<b>20.12 tonnes</b>	28.16 tonnes
Carton boxes	<b>225.08 tonnes</b>	344.85 tonnes
Plastic tape	<b>2.86 tonnes</b>	5.08 tonnes
Plastic films	<b>8.63 tonnes</b>	9.60 tonnes
Packing tape	<b>0.88 tonnes</b>	1.14 tonnes
Total packaging materials	<b>257.57 tonnes</b>	388.83 tonnes
Packaging materials intensity	<b>0.89 tonnes /HKD million turnover</b>	1.18 tonnes /HKD million turnover

### **A3. The Environment and Natural Resources**

The Group practices environmental and sustainable development concept and actively takes measures to protect the environment in its operations. The Group understands that its manufacturing process involves different kinds of emissions which cause harm to the nearby environment and natural resources. As such, the Group has formulated relevant internal policies and procedures and implemented appropriate measures to minimise the negative impact of manufacturing activities on the environment. We also convey environmental messages to employees to promote environmental awareness.

# Environmental, Social and Governance Report

## B. SOCIAL

### B1. Employment and Labour Practice

Employees are recognised as the most valuable assets in our business. The Group is dedicated to providing them with a safe, positive and productive work environment. A comprehensive set of human resources management policies has been established to govern compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The Group strictly adheres to all relevant employment laws and regulations, including but not limited to the Labour Law of the People's Republic of China and Employment Ordinance (Cap. 57) under the Law of Hong Kong. During the year, there was no material non-compliance with relevant labour-related laws and regulations.

#### ***Employment***

The Group is dedicated to creating a fair and equitable workplace for employees in respect of recruitment, job advancement, training, compensation and benefits. We attract, retain and develop suitable talents that align with the Group's business development and goals. The Group does not tolerate any discrimination on the basis of gender, age, sexual orientation, ethnic, skin colour, religion, disability and pregnancy. To ensure employees adhere to our expectations, the Group has issued a clear policy statement related to equal opportunities, discrimination and harassment. In addition, communication channels and complaint mechanisms are established which allow employee to report any suspected cases regarding equal opportunities, human rights, and anti-discrimination issues.

The Group offer competitive remuneration to employees. We conduct annual performance appraisal to evaluate employees' performance and conduct review on the remuneration packages accordingly.

# Environmental, Social and Governance Report

As at 31 December 2025, the Group has a total of 466 employees with the breakdowns as follows:

		<b>As at 31 December</b>	
		<b>2025</b>	2024
<b>Employee composition</b>			
By gender	Male	<b>297</b>	314
	Female	<b>169</b>	178
By age group	Below 25	<b>45</b>	50
	25-44	<b>148</b>	149
	45 or above	<b>273</b>	293
By geographical region	Mainland China	<b>445</b>	472
	Hong Kong, Macau and Taiwan	<b>21</b>	20
By employment category	Permanent	<b>449</b>	471
	Contract	<b>17</b>	21
By employee rank	Senior level	<b>83</b>	92
	Junior level	<b>383</b>	400

For the year ended 31 December 2025, the Group's employee turnover rate was 29%. The breakdown of the employee turnover rate is as follows:

		<b>For the year ended 31 December</b>	
		<b>2025</b>	2024
<b>Turnover Rate<sup>3</sup></b>			
By gender	Male	<b>30%</b>	32%
	Female	<b>23%</b>	34%
By age group	Below 25	<b>47%</b>	122%
	25-44	<b>34%</b>	19%
	45 or above	<b>20%</b>	25%
By geographical region	Mainland China	<b>27%</b>	33%
	Hong Kong, Macau and Taiwan	<b>43%</b>	25%

<sup>3</sup> The employee turnover rate is calculated by dividing the number of employees left during the year by the number of employees as at 31 December 2025.

# Environmental, Social and Governance Report

## **B2. Employee Health and Safety**

The Group has put the health and safety of employees as its top priority during business operation. The Group strictly abides by relevant laws and regulations, including but not limited to the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and the Work Safety Law of the People's Republic of China. During the year, there was no material non-compliance with relevant health and safety laws and regulations.

Employees of the Group are entitled to minimum wage, overtime compensation, and other mandatory benefits in accordance with applicable laws and regulations. Furthermore, their wages are paid on time in accordance with applicable regulations. The compensation packages offered to employees by the Group are based on market practices and the individual employee's experience, skills, and performance. These compensation packages are reviewed annually, and the Group maintains a clear salary standard table to determine the salary range for each employee level. Promotion opportunities and salary adjustments are based on individual employee performance.

In the event of any unfortunate workplace injury, the Group will provide fair and reasonable compensation to the employee and their family. The Group also employs stock option and share award schemes, with participants including the Group's directors, senior management, and other employees. In accordance with applicable employment laws and regulations, employees of the Group located in China are entitled to statutory social insurance, including retirement insurance, medical insurance, work injury insurance, maternity insurance, and unemployment insurance. In addition, employees are entitled to statutory holidays, such as paid annual leave and maternity leave. Besides statutory benefits, the Group organizes social welfare activities on traditional festivals and special occasions to foster a positive work environment and a cohesive team. During the year, the Group did not find any cases or complaints of discrimination or other employment violations.

To provide a safe and healthy working environment, the Group encourages employees to identify potential workplace safety hazards and take precautions to mitigate the risks. Also, every worker who operates factory plants is required to attend training on using the equipment and plant safely. No work-related fatality was recorded in the past three years, including the Reporting Period. During the year, there was a total of 7 work-related injuries which resulted in 558 lost days.

# Environmental, Social and Governance Report

## B3. Development and Training

The Group is committed to supporting employees' professional development. We offer different kinds of training programmes for employees. Also, we provide tailor made internal training programmes to employees working in the factories in Mainland China.

During the year, the Group has provided training to 46.14% of employees, with an average of 2.99 training hours. The breakdown of the employee training statistics is as follows:

		<b>For the year ended 31 December</b>	
		<b>2025</b>	<b>2024</b>
<b>Percentage of employees trained<sup>4</sup></b>			
By gender	Male	<b>49.49%</b>	53.50%
	Female	<b>40.24%</b>	51.69%
By employee rank	Senior level	<b>53.01%</b>	80.43%
	Junior level	<b>44.65%</b>	46.50%
<b>Average training hours<sup>5</sup></b>			
By gender	Male	<b>2.74 hours</b>	1.45 hours
	Female	<b>3.42 hours</b>	2.49 hours
By employee rank	Senior level	<b>3.16 hours</b>	3.03 hours
	Junior level	<b>2.96 hours</b>	1.55 hours

## B4. Labour Standards

The Group has a zero-tolerance policy for the use of child or forced labour. The recruitment process is strictly abided by the guidelines of the Group's Human Resource Department. Every job applicant is required to fill in their information in a recruitment questionnaire, which is checked by Human Resource Department to ensure information's accuracy. If any cases of child labour or forced labour are found, the Group will take prompt action to terminate the employment relationship, and investigations will be carried out. In addition, policies on overtime work are in place to protect employee rights and interests. If overtime work is required, appropriate overtime compensation or compensatory work off are provided in accordance with applicable laws and regulations. During the year, there was no child labour or forced labour in the Group's operations.

The Group is committed to providing its employees with a safe and healthy working environment, including a comfortable workplace with adequate lighting and good air quality, and regular pest control. The Group has implemented policies to prohibit any harmful activities, including smoking and drinking in the workplace. Where necessary, we may engage third-party organizations to review the Group's occupational health and safety performance.

<sup>4</sup> Percentage of employees trained is calculated by dividing the number of employees trained during the year by the number of employees as at 31 December 2025.

<sup>5</sup> Average training hours is calculated by dividing the number of training hours provided during the year by the number of employees as at 31 December 2025.

# Environmental, Social and Governance Report

## B5. Supply Chain Management

The Group maintains close communication with its suppliers and has established management policies and procedures to minimise potential environmental and social risks along the supply chain.

In selecting our suppliers, the Group considers various criteria, including the quality of products, prices, reputation, and credibility. The Group maintains a Qualified Supplier List and only qualified suppliers shall participate in our tendering processes. We conduct ongoing monitoring and regular reviews of all our suppliers based on their overall performance with considerations of various factors, including quality and compliance to environmental and social laws and regulations. In case of a significant change in supplier qualification or serious quality issue, the Group will stop the suppliers from delivering the product immediately and may consider terminate the contract with the suppliers.

As at 31 December 2025, the Group engaged with 619 suppliers. The majority of our suppliers are located in Mainland China, which allows us to minimise GHG emissions from delivery. The geographical distribution of the suppliers is detailed below:

	<b>As at 31 December</b>	
	<b>2025</b>	2024
<b>Supplier composition</b>		
Mainland China	<b>613</b>	549
Hong Kong	<b>3</b>	18
Asia (excluding Hong Kong and Mainland China)	<b>1</b>	3
Others	<b>2</b>	2

# Environmental, Social and Governance Report

## **B6. Product Responsibility**

The Group attaches great importance to product quality and has established internal quality control standards, requirements, and processes to monitor product quality. In case of quality issues identified, the Group will evaluate the associated risks and initiate appropriate recall procedures. With stringent quality control process, there were no records of products sold or shipped subject to recall for safety and health reasons during the year.

The Group values customers' feedbacks and has implemented measures to enhance customer satisfaction. We have achieved a customer satisfaction rate of 100% during the year, demonstrating our commitment to delivering high-quality products. In addition, we have established customer complaint handling and response mechanisms. When a complaint is received, we will follow up with customers within 72 hours and take appropriate actions based on their feedback. During the year, the Group received 5 products and service related complaints and all complaints were resolved.

The Group carefully manages the personal information of our customers to protect their privacy. Access controls have been established to restrict data access to authorised personnel only, reducing the risk of data leakage. We also implement system encryption and strictly control the maintenance and disposal of system equipment, such as having authorised personnel handle equipment repairs according to supplier agreements.

The Group also strictly safeguard intellectual property and corporate confidentiality, and have established clear internal guidelines for handling intellectual property rights and trade secrets. Where necessary, the Group's employees and relevant employees of its business partners will sign confidentiality agreements for the protection of information assets.

During the year, there was no non-compliance with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters regarding products and services provided.

## **B7. Anti-corruption**

The Group is committed to maintaining the highest standards of business ethics. In strict compliance with national laws and regulations and its internal policies, the Group requires its employees abstain from engaging in any form of misconducts such as offering or accepting bribery and corruption, preventing extortion and fraud, and combating money laundering, insider dealings and anti-competition. Directors and staff are informed periodically of the latest requirement regarding anti-corruption practices. Whistle-blowing policy and relevant procedures are in place which allows employees to report suspected misconduct without fear of retaliation.

During the year, there were no reported cases relating to bribery, extortion, fraud and money laundering.

# Environmental, Social and Governance Report

## **Business Ethics Policy**

The Group values the principle of upholding business integrity to protect its interests and comply with applicable laws and regulations. Unless approved by the Board of Directors and in accordance with applicable laws and regulations, we strictly prohibit employees from soliciting, receiving, or accepting commissions, rebates, fees, loans, gifts, or other benefits from individuals, companies, or organizations that have business dealings with the Group. These relevant business ethics policies have been communicated to the Group's business partners to ensure their clear understanding.

## **Conflict of interest declaration**

We prohibit employees from directly or indirectly engaging in any activities or transactions with customers, suppliers, or other third parties that conflict with the Group's work commitments and interests. Employees must declare any conflicts of interest in advance. Relevant policies have been established to identify potential conflicts of interest, the channels through which employees can report them, and to explain the disciplinary actions that will be taken for violations of this policy.

## **B8. Community Investment**

The Group is actively engaged in a range of charity activities, from making donations to volunteer work, demonstrating its commitment to social responsibility. We encourage our employees to participate in public welfare activities, collectively spreading positive energy throughout society. The Group has contributed to different charitable themes such as elderly care, social service and environmental protection. During the year, our employees devoted 18 volunteering hours and the Group has donated a total of HK\$524,000.

# Environmental, Social and Governance Report

## INDEX TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT CODE (APPENDIX C2) PART C: “COMPLY OR EXPLAIN” PROVISIONS OF THE STOCK EXCHANGE OF HONG KONG LIMITED

	<b>Environmental, Social and Governance Report Code</b>	<b>This report section</b>
Main Category A	Environment	A
Aspect A1	Emissions	A1
KPI A1.1	Types of emissions and respective emission data	A1
KPI A1.3	Total amount and density of hazardous waste generated	A1
KPI A1.4	Total amount and density of harmless waste generated	A1
KPI A1.5	Describe the measures taken to reduce emissions and the results achieved.	A1
KPI A1.6	Describe the methods for treating hazardous and harmless waste, measures to reduce its generation, and the results achieved.	A1
Aspect A2	Use of Resources	A2
KPI A2.1	Direct and/or indirect energy consumption and density categorized by type	A2
KPI A2.2	Total water consumption and density	A2
KPI A2.3	Describe the energy use efficiency targets and steps taken to achieve them.	A2
KPI A2.4	Describe any potential problems in identifying suitable water sources, as well as the plan to improve water use efficiency and the results achieved.	A2
KPI A2.5	Amount of packaging materials used in finished products and per unit of production	A2
Aspect A3	Environment and Natural Resources	A3
KPI A3.1	Describe the significant impacts of your business activities on the environment and natural resources, and the actions taken to manage these impacts.	A3
Main Category B	Social	B
Aspect B1	Employment	B1
KPI B1.1	Total number of employees categorized by gender, employment type, age group, and region	B1
KPI B1.2	Employee turnover rates by gender, age group, and region	B1
Aspect B2	Health and Safety	B2
KPI B2.1	Number and rate of deaths caused by work in last 3 years	B2
KPI B2.2	Lost working days due to work injury	B2
KPI B2.3	Describe the occupational health and safety measures adopted, as well as the related implementation and monitoring methods.	B2
Aspect B3	Development and Training	B3
KPI B3.1	Percentage of trained employees by gender and employee category	B3
KPI B3.2	The average training hours completed per employee by gender and employee category	B3

# Environmental, Social and Governance Report

	<b>Environmental, Social and Governance Report Code</b>	<b>This report section</b>
Main Category B	Social	B
Aspect B4	Labour Standards	B4
KPI B4.1	Describe measures to review recruitment practices to prevent child labour and forced labour.	B4
KPI B4.2	Describe the steps taken to eliminate such practices upon discovery.	B4
Aspect B5	Supply Chain Management	B5
KPI B5.1	Number of suppliers by region	B5
KPI B5.2	Describe the practices regarding the hiring of suppliers, the number of suppliers to whom these practices are implemented, and the methods for implementing and monitoring these practices.	B5
KPI B5.3	Describe the practices for identifying environmental and social risks at each stage of the supply chain, as well as the relevant implementation and monitoring methods .	B5
KPI B5.4	Describe the practices used to promote the use of environmentally friendly products and services when selecting suppliers, as well as the related implementation and monitoring methods .	B5
Aspect B6	Product Responsibility	B6
KPI B6.1	The percentage of total sold or shipped products that must be recalled for safety and health reasons.	B6
KPI B6.2	Number of complaints received regarding products and services and the methods used to respond to them	B6
KPI B6.3	Practices related to the description, maintenance, and protection of intellectual property rights	B6
KPI B6.4	Describe the quality inspection process and product recall procedures.	B6
KPI B6.5	Describe the consumer data protection and privacy policy, as well as the related implementation and monitoring methods.	B6
Aspect B7	Anti-corruption	B7
KPI B7.1	The number and outcome of corruption lawsuits filed against the issuer or its employees during the Reporting Period.	B7
KPI B7.2	Describe the preventative measures and reporting procedures, as well as the relevant implementation and monitoring methods.	B7
KPI B7.3	Describe the anti-corruption training provided to directors and employees.	B7
Aspect B8	Community Investment	B8
KPI B8.1	Focus area of contribution	B8
KPI B8.2	Resources contributed	B8

# Environmental, Social and Governance Report

The following passages address the reporting requirements of Part D, Climate-related Disclosures of Appendix C2 of the Environmental, Social and Governance Reporting Code issued by the Stock Exchange of Hong Kong Limited.

## CLIMATE-RELATED DISCLOSURES

The Group has always paid close attention to climate change, a major global challenge, and deeply understands its potential impact. Adhering to the principles of “green development and energy efficiency,” the Group actively promotes sustainable operating practices and is committed to reducing energy consumption and carbon emissions during business development. The Group strictly complies with the “Climate-Related Disclosures” requirements of Part D of the Hong Kong Stock Exchange’s Environmental, Social and Governance Reporting Code and refers to the relevant requirements of the International Sustainability Standards Board (ISSB) IFRS S2 – Climate-Related Disclosures to continuously assess the impact of climate change. By clarifying governance responsibilities, strengthening strategic planning, improving risk management processes, and setting and monitoring relevant metrics and targets, the Group continuously enhances its resilience and ability to cope with climate change risks and seize development opportunities.

### Governance

The Group has incorporated ESG and climate-related matters into its major decision-making considerations. The Board of Directors, as the highest decision-making and oversight body in the Group’s governance, bears ultimate responsibility for climate change-related matters and will regularly review ESG and climate-related risks, opportunities, progress toward objectives, and related improvement measures. Management is responsible for ensuring the implementation and execution of ESG and climate-related work. The Board has appointed an ESG Working Group to be fully responsible for the supervision and management of ESG and climate-related matters, with one Board member serving as a member of the Working Group to oversee the planning and implementation of related work. The ESG Working Group comprises relevant personnel from the Group’s main functional departments, production departments, and major subsidiaries to ensure that ESG and climate-related matters are coordinated and effectively implemented at the Group level. The Group has formulated corresponding guidelines and scope of authority for the ESG Working Group to standardize its division of responsibilities and reporting mechanisms. Key matters include, but are not limited to, the identification, assessment, and management of climate change-related risks, the establishment of a management system, and the continuous monitoring and review of the formulation and achievement of climate-related objectives. The Working Group will report on ESG climate related matters to the Board at least once a year. Based on these reports, the Board will review the Group’s ESG policies, objectives, and implementation status, and will make appropriate instructions and adjustments as necessary. The Group will continue to review its governance structure and make appropriate optimizations in response to regulatory requirements, business developments, and best practices.

The Group ensures that its ESG governance framework is experienced and capable. Through internal learning and external expert training, it conducts specialized training on climate change and carbon management, covering global standards, disclosure requirements, climate risk assessment, carbon emission calculation methods and tools, carbon reduction strategies and practical applications, to achieve comprehensive empowerment from awareness to implementation.

In addition, the Group regularly browses the “ESG and Climate Risk Management” online seminar hosted by the Hong Kong Stock Exchange, which provides specialized training on regulatory requirements and climate change issues to support the Board in effectively fulfilling its decision-making and oversight responsibilities regarding sustainable development.

# Environmental, Social and Governance Report

## Strategy

The Group continuously monitors changes in the external environment, dynamically reviews and updates its climate strategy, and has identified a series of climate-related risks and opportunities with significant financial impact, and has formulated targeted countermeasures to mitigate their negative effects. The Group conducts in-depth assessments of their direct or indirect impacts from three dimensions: short-term (within 1 year), medium-term (1-5 years), and long-term (more than 5 years).

Given the Stock Exchange's waiver arrangements (including reasonable data waivers, capability waivers, and financial impact waivers), this report will not disclose details regarding the financial impact and climate-related scenario analysis, but will instead focus on qualitative descriptions. Furthermore, we have not yet implemented our climate-related transition plans. The Group is committed to continuously enhancing its relevant capabilities and will gradually incorporate these details into future reports.

## Climate Risks and Opportunities

Risk Category	Impact on the Group	Time range	Financial impact	Coping methods
<b>Entity risk</b>				
Acute risk	Typhoons, floods, hail, rainstorms, landslides, mudslides, droughts and other natural disasters, or fires caused by extreme heat or other extreme weather events, can cause power outages, water outages, and flooding, leading to disruptions in daily business operations and threatening the safety of employees, factories, and warehouses.	Short-term	Increased operating costs	<ul style="list-style-type: none"> <li>Continue to pay close attention to relevant weather warnings issued by the meteorological bureau and issue early warnings for extreme weather.</li> <li>Regularly inspect the safety of the factory, warehouse and office environment, conduct safety hazard investigations on equipment, components, water and electricity usage, configure backup power and disaster recovery resources, and ensure the safety of personnel and production.</li> <li>Establish a risk monitoring, emergency response plan and regular drill mechanism; reinforce factory roofs; inspect drainage systems; and add flood control facilities and equipment.</li> <li>Purchase commercial insurance to reduce potential losses from weather disasters.</li> </ul>

# Environmental, Social and Governance Report

Risk Category	Impact on the Group	Time range	Financial impact	Coping methods
Chronic risk	Global warming has led to melting glaciers and rising sea levels, which in turn damages production equipment, reduces production capacity, and increases safety risks.	Long-term	Increased operating costs	<ul style="list-style-type: none"> <li>• Regularly inspect equipment components and maintain power and air conditioning systems to avoid overloading.</li> <li>• Improve the insulation and ventilation design of factory workshops, optimize worker shift and rest arrangements, and strengthen safety training for high-temperature operations;</li> <li>• We will continue to monitor global warming, promote energy conservation, carbon reduction and green operations, reduce greenhouse gas emissions, and enhance our companies' ability to adapt to climate change.</li> <li>• Taking into account the chronic risks associated with the operating location, we optimized the selection of office space.</li> </ul>

# Environmental, Social and Governance Report

Risk Category	Impact on the Group	Time range	Financial impact	Coping methods
<p><b>Transition Risk</b></p> <p>Policy and regulatory risks</p>	<p>With stricter laws, regulations, and regulatory requirements, as well as the introduction of environmental protection requirements and energy conservation and emission reduction policies, enterprises are facing more stringent compliance and information disclosure requirements.</p> <p>In light of global climate change, many countries have already implemented carbon taxes. In the long run, this could potentially increase costs for the Group's existing and potential customers, impacting orders. If carbon taxes are enacted in the locations where the Group operates, it could lead to further cost increases in the long term.</p> <p>The risk of damage caused by extreme weather is rising. Globally, countries are tightening environmental regulations and increasing demands for environmental, social, and governance (ESG). Capital markets and banks often demand higher financing costs for companies that fail to meet standards. In the long term, the Group faces the risk of increased financial costs.</p> <p>Due to the continued impact of extreme weather, some countries are requiring property owners to increase their investment in environmental protection and energy conservation to reduce factors contributing to extreme weather. Failure to meet these standards may affect rental income. In the long term, assuming relevant legislation is enacted in the areas where the Group owns properties, capital investment will inevitably increase.</p>	Medium to Long-term	Increased compliance costs, sales operating costs, and financial costs	<ul style="list-style-type: none"> <li>Strengthen communication and exchange with regulatory authorities, institutions and stakeholders, keep abreast of and strictly comply with changes in relevant regulatory laws and regulations, and ensure compliant operations;</li> <li>Continue to monitor developments in laws and regulations related to sustainable development and climate change, and report on compliance progress;</li> <li>Upgrade production and operation equipment in a timely manner to improve energy efficiency and pollution control capabilities;</li> <li>We will continue to monitor emissions and energy efficiency indicators, promote energy conservation and consumption reduction measures, and reduce greenhouse gas emissions.</li> </ul>

# Environmental, Social and Governance Report

Risk Category	Impact on the Group	Time range	Financial impact	Coping methods
Technological risks	In the context of addressing global climate change, energy conservation and green low-carbon technology transformation have become mainstream, and enterprises are facing pressure to transform to low-carbon technologies and purchase environmentally friendly and energy-saving equipment.	Mid-term	Increased operating costs	<ul style="list-style-type: none"> <li>We will continue to encourage research and development and innovation, pay attention to new market trends, apply new technologies, new equipment and new materials, and upgrade product manufacturing and processing technologies and processes.</li> <li>Pay attention to technological development, replace energy-saving and environmentally friendly equipment that meets energy consumption requirements and improves efficiency in a timely manner, and reduce unnecessary energy consumption.</li> </ul>
Market risk	With the popularization of green and sustainable policies, the focus on energy conservation and emission reduction will expand to the value chain, thereby increasing the demand for green supply chains.	Long-term	Increased procurement costs	<ul style="list-style-type: none"> <li>We will continue to explore green procurement methods, use green technologies, and maintain our core competitiveness with high-tech capabilities and innovative solutions.</li> <li>Incorporate ESG requirements into supplier selection and evaluation processes, and emphasize energy conservation and emission reduction promotion and management.</li> </ul>
Reputational risk	Poor performance and negative news regarding environmental protection and climate change can damage a company's reputation.	Long-term	Increased operating costs	<ul style="list-style-type: none"> <li>Pay attention to disclosure requirements related to sustainable development and climate change, and optimize external communication channels for corporate social responsibility while ensuring compliance;</li> <li>We will continue to take measures to reduce carbon emissions, disclose and publicize the Group's ESG contributions to the public, and call for carbon reduction actions.</li> <li>Actively fulfill corporate social responsibility and further enhance brand image.</li> </ul>

# Environmental, Social and Governance Report

Opportunity Category	Impact on the Group	Time range	Financial impact	Coping methods
Technological Opportunities	Apply new technologies and equipment to improve product quality and operational efficiency, increase energy efficiency, and reduce energy costs during operation.	Long-term	Reduced operating costs	<ul style="list-style-type: none"> <li>We will continue to research and innovate, exploring opportunities for new technologies, equipment, and materials to improve production efficiency, reduce energy and resource consumption, and enhance the environmental performance of our products.</li> <li>Replace facilities and equipment with energy-saving and environmentally friendly ones, and continuously implement energy-saving and emission-reduction measures in daily operations to reduce costs.</li> </ul>
Reputation Opportunities	Actively engaging in social welfare undertakings and consciously incorporating ESG principles into products and services can help enhance corporate reputation and strengthen market competitiveness.	Long-term	Increase in operating revenue	<ul style="list-style-type: none"> <li>Focus on community needs, maintain stable operations, provide employment opportunities, and become an ideal employer;</li> <li>Focus on global sustainable development, carry out public welfare activities, fulfill corporate social responsibility, and establish a positive image.</li> </ul>

# Environmental, Social and Governance Report

## Risk Management

The Group has established a comprehensive risk management system, incorporating ESG and climate-related risks into its overall management. The Board reviews the effectiveness of the ESG risk management process and provides guidance when necessary, reserving ultimate responsibility for overseeing the Group's risk management activities. The Group actively takes measures to mitigate identified climate-related risks, with relevant business units responsible for implementing and enforcing feasible solutions.

### Risk Identification and Assessment

- Climate risks and opportunities are managed using a risk register. Each year, workshops and questionnaires are used to combine the degree of impact and the probability of occurrence to conduct a comprehensive score, identify priority risks, and update the assessment results.
- By integrating historical events, insurance claims records, policies, meteorological information, and internal data, assess the potential impact of each risk on revenue, costs, assets, and reputation, and define key thresholds.

### Risk response and mitigation

- The risks are comprehensively prioritized, the main risks are listed, and the responsible persons are assigned to develop and implement mitigation plans, including the specific objectives of risk resolution, the required organizational leadership, the management and business processes involved, the necessary conditions, means and other resources, the specific response measures to be taken before, during and after the risk event, and risk management tools.

### Risk monitoring and improvement

- Establish a monitoring mechanism to regularly review the risk register and mitigation progress;
- Monitor factory shutdowns due to extreme weather, equipment failures, and changes in energy and emission indicators, and implement optimization measures accordingly;
- Integrate climate risk management processes into the overall risk management and internal control framework, and link them with investment decision-making, annual budgeting, and equipment upgrade processes.

# Environmental, Social and Governance Report

## **Metrics and targets**

The Group actively supports the national “30·60” carbon peaking and carbon neutrality targets and international standards such as the Paris Agreement, and sets clear greenhouse gas emission management targets with reference to historical environmental performance, expected business scale, and anticipated future measures:

Using 2024 as the base year, GHG emission densities (by production) in Scope 1 and 2 will be reduced by at least 5% by 2026;

Using 2024 as the base year, GHG emission densities (by production) in Scope 1 and 2 will be reduced by at least 15% by 2030.

During the Reporting Period, we did not invest any capital expenditure in energy conservation and emission reduction. In the future, we will further reduce carbon emissions during operations by implementing energy conservation and emission reduction strategies and green office initiatives.

In light of the Stock Exchange’s waiver arrangements (including reasonable data waivers, capacity waivers, and commercial sensitivity waivers), this report will not disclose information regarding Scope 3 GHG emissions, cross-industry indicators, and industry indicators. Furthermore, we issue a negative statement regarding internal carbon pricing and compensation. The Group is committed to continuously improving its relevant capabilities and will gradually incorporate these details into future reports.

# Environmental, Social and Governance Report

## INDEX TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT CODE (APPENDIX C2), PART D, CLIMATE-RELATED DISCLOSURES OBLIGATIONS

### Part D: Climate-related disclosures

#### Details

#### This report section

(I) Governance

1. The issuer must disclose information regarding the following:

(a) Information on the governance body (which may include a board of directors, committee, or other equivalent governance body) or individual responsible for overseeing climate-related risks and opportunities. Specifically, the issuer must identify the relevant body or individual and disclose the following information:

(i) How can the organization or individual determine whether they currently or in the future possess the appropriate skills and competence to oversee strategies for addressing climate-related risks and opportunities;

(ii) The manner and frequency with which the organization or individual becomes aware of climate-related risks and opportunities;

(iii) How does the institution or individual consider climate-related risks and opportunities in the process of supervising the issuer's strategies, major transaction decisions and risk management procedures and related policies, including whether the institution or individual has considered trade-offs related to such climate-related risks and opportunities; and

(iv) the setting of targets related to climate-related risks and opportunities and monitors progress toward achieving them (see paragraphs 19 to 22), including whether and how relevant performance indicators are incorporated into compensation policies (see paragraph 17);

(b) The role of management in the governance processes, monitoring measures, and procedures used to monitor, manage, and supervise climate-related risks and opportunities, including the following information:

(i) Whether this role is delegated to a specific management personnel or management committee, and how that personnel or committee is overseen; and

(ii) Management may have monitoring measures and procedures in place to assist in overseeing climate-related risks and opportunities; if so, how are these monitoring measures and procedures integrated with other internal functions.

Governance

Governance

# Environmental, Social and Governance Report

## Details

## This report section

### (II) Strategy

#### Climate-related risks and opportunities

2. Issuers must disclose information to make it clear what climate-related risks and opportunities they reasonably anticipate could affect their cash flows, access to financing, or cost of capital in the short, medium, or long term. Specifically, issuers must:

- (a) Describe climate-related risks and opportunities that are reasonably expected to affect the issuer's cash flows, access to financing or cost of capital in the short, medium or long term;
- (b) For each climate-related risk identified by the issuer, explain whether the issuer considers the risk to be a climate-related physical risk or a climate-related transition risk;
- (c) For each climate-related risk and opportunity identified by the issuer, specify the timeframe (short-term, medium-term or long-term) in which its reasonable expectation may affect the issuer; and
- (d) Explain how the issuer defines short-term, medium-term and long-term, and how these definitions are linked to the scope of its strategic decision-making.

Strategy

#### Business model and value chain

3. The issuer must disclose information that enables people to understand the current and anticipated impact of climate-related risks and opportunities on its business model and value chain. Specifically, the issuer must make the following disclosures:

- (a) Describe the current and anticipated impact of climate-related risks and opportunities on the issuer's business model and value chain; and
- (b) Describe where climate-related risks and opportunities are concentrated in the issuer's business model and value chain (e.g., geographic regions, facilities and asset types).

Strategy

# Environmental, Social and Governance Report

## Details

## This report section

Strategy and decision making

4. Issuers must disclose information that enables them to understand the impact of climate-related risks and opportunities on their strategies and decisions. Specifically, issuers must disclose:

(a) Information regarding how the issuer has addressed and plans to address climate-related risks and opportunities in its strategies and decision-making, including how the issuer plans to achieve any of its established climate-related objectives and any legal or regulatory requirements. Specifically, the issuer must disclose the following information:

(i) Changes to the issuer's business model (including resource allocation) in response to climate-related risks and opportunities, both now and in the future;

Strategy

(ii) Any adaptation or mitigation work that has been or is expected to be carried out (directly or indirectly);

Governance to Strategy

(iii) Any climate-related transition plans of the issuer (including information on the key assumptions used in developing the transition plans and the factors on which the plans are based), or, if the issuer does not have such plans, an appropriate negative statement; and the Group has not yet developed a formal climate-related transition plan. However, we are committed to addressing climate-related risks and opportunities through ongoing mitigation strategies, including efforts to reduce our carbon footprint; and

The Group has not yet developed a formal climate-related transition plan. However, we are committed to addressing climate-related risks and opportunities through ongoing mitigation strategies, including efforts to reduce our carbon footprint.

(iv) How the issuer plans to achieve any climate-related targets described in paragraphs 19 to 22 (including any greenhouse gas emission targets, (if any));

Metrics and targets

(b) How the issuer currently and in the future plans to provide resources for the actions disclosed in paragraph 4(a).

Metrics and targets

# Environmental, Social and Governance Report

## Details

## This report section

5. The issuer must disclose the progress of the plans disclosed in paragraph 4 (a) for each previous Reporting Period.

Metrics and targets

Financial condition, financial performance and cash flow

Current financial impact

6. The issuer must disclose the following qualitative and quantitative information:

(a) From Governance to Risk Management

- (a) How climate-related risks and opportunities affected the issuer's financial position, financial performance and cash flows during the Reporting Period; and

- (b) Information regarding the climate-related risks and opportunities identified in paragraph 6 (a) when there is a significant risk that would lead to a material adjustment of the carrying amounts of assets and liabilities in the relevant financial statements for the next reporting year.

(b) The Group currently provides qualitative disclosures regarding climate-related metrics and targets, but not quantitative disclosures, and applies a financial impact waiver. The Group is actively improving its data collection systems and processes to provide more comprehensive quantitative reports in the future.

# Environmental, Social and Governance Report

## Details

## This report section

Expected financial impact

7. The issuer must disclose the following qualitative and quantitative information:

- (a) After considering its strategies for managing climate-related risks and opportunities, and taking into account the following factors, the issuer anticipates how its financial performance will change in the short, medium, and long term:
  - (i) Its investment and disposal plans; and
  - (ii) It serves as the planned source of funding for implementing the strategy;
- (b) Based on the issuer's strategies for managing climate-related risks and opportunities, it anticipates changes in its financial performance and cash flows in the short, medium and long term.

(a) From Governance to Risk Management

(b) The Group currently provides qualitative disclosures regarding climate-related metrics and targets, but not quantitative disclosures, applying a financial impact waiver. The Group is actively improving its data collection systems and processes to provide more comprehensive quantitative reports in the future.

Due to the lack of standardized industry methods, the Group has not yet disclosed its financial performance and cash flow, by applying the Stock Exchange's waivers

# Environmental, Social and Governance Report

## Details

## This report section

### Climate resilience

8. After considering the climate-related risks and opportunities identified by the issuer, the issuer must disclose information to enable others to understand the resilience of the issuer's strategies and business model to climate-related changes, developments, or uncertainties. The issuer must use climate-related scenario analysis to assess its climate resilience in a manner commensurate with its circumstances. When providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer must disclose:
- (a) The issuer's assessment of its climate resilience as of the reporting date, which helps to understand:
    - (i) The impact of the issuer's analysis findings on its strategy and business model (if any), including how the issuer needs to respond to the impacts identified in the climate-related scenario analysis; Governance to Metrics and targets
    - (ii) The scope of significant uncertainties considered in the issuer's assessment of climate resilience; and
    - (iii) The issuer's ability to adapt its short-term, medium-term, and long-term strategies and business models to climate developments;
  - (b) How and when to conduct climate-related scenario analysis, including:
    - (i) The input data used includes: Governance to Metrics and targets
      - (1) The climate-related scenarios used by the issuer in the analysis and their sources;
      - (2) Analyze whether multiple different climate-related scenarios are covered;
      - (3) Analyze whether the climate-related scenarios used are related to climate-related transition risks or climate-related physical risks;
      - (4) Whether the issuer used scenarios consistent with the latest international climate change agreements in its scenarios;
      - (5) Why the issuer believes that the selected climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments, or uncertainties;
      - (6) The time frame used by the issuer in its analysis; and
      - (7) The scope of operations covered by the issuer's analysis (e.g., the operating locations and business units covered by the analysis);
    - (ii) Key assumptions made by the issuer in the analysis; and
    - (iii) The Reporting Period for conducting climate-related scenario analysis.

# Environmental, Social and Governance Report

## Details

## This report section

### (III) Risk Management

9. The issuer must disclose the following information :

- (a) The issuer's processes and policies for identifying, assessing, prioritizing, and monitoring climate-related risks, including information on the following:
  - (i) The input data and parameters used by the issuer (e.g., data sources and the scope of business covered by the procedures); Risk Management
  - (ii) Issuers may have and use climate-related scenario analysis to identify climate-related risks;
  - (iii) How the issuer assesses the nature, likelihood, and extent of the impact of the relevant risks (e.g., the issuer may consider qualitative factors, quantitative thresholds, or other standards used).
  - (iv) Issuers may have and how they may rank climate-related risks relative to other types of risks;
  - (v) How issuers monitor their climate-related risks; and
  - (vi) Compared to the previous Reporting Period, the issuer may have and how to change the processes it uses;
- (b) The issuer's processes for identifying, assessing, prioritizing, and monitoring climate-related opportunities (including information available to the issuer and how it can use climate-related scenario analysis to identify climate-related opportunities); and Governance to Metrics and targets
- (c) How the process of identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities is integrated into the issuer's overall risk management process, and to what extent. Governance to Metrics and targets

# Environmental, Social and Governance Report

## Details

## This report section

### (IV) Metrics and Targets for Greenhouse Gas Emissions

10. The issuer must disclose the total absolute greenhouse gas emissions (expressed in metric tons of carbon dioxide equivalent) for the Reporting Period, broken down as follows:

- (a) Greenhouse gas emissions in Scope 1;
- (b) Greenhouse gas emissions in Scope 2; and
- (c) Scope 3 Greenhouse gas emissions.

- (a) Emissions
- (b) Emissions
- (c) As the data collection mechanism is not yet fully developed, the Group has not yet incorporated Scope 3 emissions targets, by applying the Stock Exchanges waivers.

11. Issuers must:

- (a) Unless otherwise required by the competent authority or another stock exchange where the issuer is listed, the issuer shall measure its greenhouse gas emissions in accordance with the Greenhouse Gas Accounting System: Enterprise Accounting and Reporting Standard (2004);
- (b) Disclose its methods for measuring greenhouse gas emissions, including:
  - (i) The measurement methods, input data, and assumptions used by the issuer to measure its greenhouse gas emissions;
  - (ii) Why did the issuer choose this measurement method, input data, and assumptions for measuring greenhouse gas emissions; and
  - (iii) Any changes made by the issuer to the measurement methods, input data, and assumptions during the Reporting Period, and the reasons for such changes;
- (c) To disclose, on a territorial basis, its scope 2 greenhouse gas emissions in respect of the scope 2 greenhouse gas emissions disclosed in paragraph 10(b), and to provide information on any necessary contractual instruments to help understand those emissions ; and
- (d) Regarding the greenhouse gas emissions in Scope 3 disclosed in paragraph 10), disclose the categories included in the issuer's measurement scope 3 greenhouse gas emissions in accordance with the scope 3 categories described in Greenhouse Gas Accounting System: Enterprise Value Chain (Scope 3) Accounting and Reporting Standard (2011).

Emissions

# Environmental, Social and Governance Report

## Details

### Climate-related transition risks

12. Issuers must disclose the amount and percentage of assets or business activities that are vulnerable to climate-related transition risks.

### Climate-related physical risks

13. Issuers must disclose the amount and percentage of assets or business activities that are susceptible to climate-related physical risks.

### Climate-related opportunities

14. Issuers must disclose the amount and percentage of assets or business activities related to climate-related opportunities.

### Capital utilization

15. Issuers must disclose the amount of capital expenditures, financing, or investments used for climate-related risks and opportunities.

## This report section

The Group has not yet disclosed the specific amounts and percentages of assets or business activities involved in climate-related actions, by applying the Stock Exchange waivers, as these amounts are fully integrated into daily operations and no separate dedicated funds have been established to address climate-related risks and opportunities.

The Group does not provide quantitative disclosure of capital expenditures, financing or investment deployments, as it has not specified any particular expenditures for addressing climate-related risks and opportunities.

# Environmental, Social and Governance Report

## Details

## This report section

### Internal carbon pricing

16. The issuer must disclose the following:
- (a) Explain how issuers can and should apply carbon pricing in their decision-making processes (e.g., investment decisions, transfer pricing, and scenario analysis); and
  - (b) The issuer uses the pricing per metric tonne of greenhouse gas emissions to assess its greenhouse gas emission costs;

Or an appropriate negative statement confirming that the issuer has not applied carbon pricing in its decision-making.

The Group did not adopt internal carbon pricing in its decision-making process because carbon pricing has no material impact on the Group's operations. However, the Group will periodically assess whether the adoption of internal carbon pricing would have a significant impact or benefit on strengthening climate risk management.

### Salary

17. Issuers must disclose whether and how climate-related considerations may be incorporated into their compensation policies, or provide appropriate negative statements. This may constitute part of the disclosures required under paragraph 1(a)(iv).

Governance to Metrics and targets

### Industry Indicators

18. This Exchange encourages issuers to disclose industry metrics related to one or more specific business models and activities, or industry metrics related to common characteristics of the relevant industry. In deciding which industry metrics to disclose, this Exchange encourages issuers to refer to and consider the applicability of industry metrics relevant to the subject matter as outlined in the IFRS Sustainability Disclosure Standard S2 and other international environmental, social, and governance reporting frameworks.

The Group did not adopt industry benchmarks by applying the Stock Exchange waivers, because relevant operating data are scattered across various business units, and industry-recognized measurement methods still have a high degree of uncertainty.

# Environmental, Social and Governance Report

## Details

## This report section

### Climate-related goals

19. The issuer must disclose (a) its qualitative and quantitative climate-related targets set for monitoring progress toward achieving its strategic objectives; and (b) any targets that the issuer is required to achieve by law or regulation, including any greenhouse gas emission targets. The issuer must disclose each target individually:
- (a) Indicators used to set goals;
  - (b) The purpose of the objective (e.g., mitigation, adaptation, or science-based initiatives);
  - (c) Scope of the objective (e.g., whether the objective applies to the entire group of the issuer or only to a part (e.g., only to a specific business unit or geographic region)).
  - (d) The period during which the objective applies;
  - (e) The baseline period for measuring progress;
  - (f) Interim or medium-term goals (if any); No medium-term goals have been set at this stage.
  - (g) If it is a quantifiable objective, is it an absolute objective or an intensity objective; and
  - (h) How the latest international climate change agreements (including the judicial commitments resulting from those agreements) can help issuers set targets.
20. The issuer must disclose its methods for setting and reviewing each objective, and how it monitors progress toward achieving the objectives, including:
- (a) Whether the objective itself and the method of setting the objective have been verified by a third party;
  - (b) The issuer's procedures for reviewing objectives;
  - (c) Indicators used to monitor progress toward achieving targets; and
  - (d) The content and reasons for any revisions to the objectives.
21. The issuer must disclose information on the performance of each climate-related objective and an analysis of trends or changes in the issuer's performance.

(a) Governance to Metrics and targets

(b) No target is set at this stage

The goals themselves and the methods used to set them were not verified or audited by a third party.

Governance to Metrics and targets

# Environmental, Social and Governance Report

## Details

22. For each greenhouse gas emission target disclosed in paragraphs 19 to 21 , the issuer must disclose...
- (a) Which greenhouse gases are covered by the target;
  - (b) Whether the target covers greenhouse gas emissions in Scope 1, Scope 2 or Scope 3;
  - (c) Whether this target is a total greenhouse gas emissions target or a net greenhouse gas emissions target. If it is a net greenhouse gas emissions target, the issuer must separately disclose the relevant total greenhouse gas emissions target;
  - (d) Whether the target was derived using industry-specific decarbonization methods; and
  - (e) The issuer plans to use carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. The issuer must disclose its plans for using carbon credits:
    - (i) The extent and manner to which carbon credits are relied upon to achieve any net greenhouse gas emissions target;
    - (ii) Which third-party programs will verify or certify this carbon credit?
    - (iii) The types of carbon credits include whether the offset is based on natural or technological carbon elimination, and whether the offset is achieved through carbon reduction or carbon elimination; and
    - (iv) Any other important factors necessary to make people understand the credibility and completeness of the carbon credits that the issuer plans to use (e.g., assumptions about the carbon offsetting effect).

## This report section

- (a) Emissions
- (b) As the data collection mechanism is not yet fully developed, the Group has not yet incorporated the Scope 3 emissions targets, by applying the Stock Exchange waivers.
- (c) Governance to Metrics and targets
- (d) Governance to Metrics and targets
- (e) (i)-(iv) The Group has not adopted carbon credits. However, the Group will periodically assess whether the adoption of carbon credits will have a material impact on or benefit the Group's operations.

### Cross-industry indicators and the applicability of industry indicators

23. When preparing disclosures to comply with paragraphs 3 to 8 and 19 to 20 , issuers shall refer to (i) cross-industry indicators (see paragraphs 10 to 17) and (ii) industry indicators (see paragraph 18) and consider their applicability.

The Group does not use cross-industry indicators by applying the Stock Exchange waivers, because the relevant operating data is scattered across various business units, and the industry's recognized measurement methods for such indicators are still not mature.

# Directors' Report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 39 to the consolidated financial statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 69.

The directors do not recommend the payment of a dividend for the year ended 31 December 2025.

## INVESTMENT PROPERTIES

The investment properties held by the Group were revalued at 31 December 2025, resulting in a net decrease in fair value of HK\$105,966,000, which has been recognised directly to profit or loss.

Details of these and other movements of investment properties of the Group are set out in note 15 to the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred expenditure of approximately HK\$6,840,000 on additions to production and other facilities. Details of these and other movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

## DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2025 represent the aggregate of share premium, special reserve and accumulated losses which amounted to approximately HK\$148,223,000 (2024: HK\$165,028,000). Under the Companies Law in the Cayman Islands and the provisions of the Memorandum and Articles of Association of the Company, all reserves of the Company are available for distribution to shareholders, either by way of dividend or bonus issue of shares, provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid.

# Directors' Report

## DIRECTORS

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

### Executive directors:

Lee Tat Hing *(Chairman)*  
Fung Mei Po *(Chief Executive Officer)*  
Lee Chun Sing  
Lee Kwok Sing Stanley  
Leung Cho Wai  
Tsui Chi Yuen  
Lee Hon Sing Alan

### Non-executive directors:

Cheung Tze Man Edward  
Lee Ka Yee

### Independent non-executive directors:

Tsui Chi Him Steve  
Ho Tak Kay  
Hui Chi Kuen Thomas  
Tsang Wing Yee  
Hong Ting

In accordance with Article 116 of the Company's Articles of Association, Mr. Lee Hon Sing Alan, Ms. Lee Ka Yee, Mr. Ho Tak Kay, Ms. Tsang Wing Yee and Ms. Hong Ting retire by rotation and, being eligible, offer themselves for re-election.

## DIRECTORS' SERVICE AGREEMENTS

All directors have entered into service agreements with the Company for a term of three years, the details are as follows:

Name of directors	Date of commencement	Date of Expiration
Mr. Lee Tat Hing	13 June 2024	12 June 2027
Ms. Fung Mei Po	13 June 2024	12 June 2027
Mr. Lee Chun Sing	13 June 2024	12 June 2027
Mr. Lee Kwok Sing Stanley	10 June 2025	9 June 2028
Mr. Leung Cho Wai	10 June 2025	9 June 2028
Mr. Tsui Chi Yuen	01 July 2023	30 June 2026
Mr. Lee Hon Sing Alan	01 July 2023	30 June 2026
Mr. Cheung Tze Man Edward	10 June 2025	9 June 2028
Ms. Lee Ka Yee	01 July 2023	30 June 2026
Mr. Tsui Chi Him Steve	10 June 2025	9 June 2028
Mr. Ho Tak Kay	13 June 2024	12 June 2027
Mr. Hui Chi Kuen Thomas	13 June 2024	12 June 2027
Ms. Tsang Wing Yee	01 July 2023	30 June 2026
Ms. Hong Ting	01 July 2023	30 June 2026

Other than as disclosed above, no director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

# Directors' Report

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

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

Name of directors	Number of issued ordinary shares held				Total	Percentage of the issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Other interests		
Lee Tat Hing	23,186,072	58,121,087 (a)	28,712,551 (c)	280,895,630 (d)	390,915,340	49.35%
Fung Mei Po	58,121,087	51,898,623 (b)	-	280,895,630 (d)	390,915,340	49.35%
Lee Chun Sing	34,315,830	2,526,000 (e)	-	280,895,630 (d)	317,737,460	40.11%
Lee Kwok Sing Stanley	5,623,280	-	-	280,895,630 (d)	286,518,910	36.17%
Leung Cho Wai	5,000,000	-	-	-	5,000,000	0.63%
Tsui Chi Yuen	1,401,000	-	-	-	1,401,000	0.18%
Lee Hon Sing Alan	2,884,300	-	-	280,895,630 (d)	283,779,930	35.83%
Cheung Tze Man Edward	2,000,000	-	-	-	2,000,000	0.25%
Lee Ka Yee	-	-	-	280,895,630 (d)	280,895,630	35.46%
Tsui Chi Him Steve	1,200,000	-	-	-	1,200,000	0.15%
Hui Chi Kuen Thomas	1,300,000	-	-	-	1,300,000	0.16%

Notes:

- (a) Mr. Lee Tat Hing is the husband of Ms. Fung Mei Po whose personal interests are therefore also the family interests of Mr. Lee Tat Hing.
- (b) Ms. Fung Mei Po is the wife of Mr. Lee Tat Hing whose personal and corporate interests are therefore also the family interests of Ms. Fung Mei Po.
- (c) The shares are held by Lees International Investments Limited, a company wholly owned by Mr. Lee Tat Hing. Mr. Lee Tat Hing is the sole director of Lees International Investments Limited.
- (d) 280,895,630 shares are wholly owned by a discretionary trust company namely Goldhill Profits Limited of which Mr. Lee Tat Hing, Ms. Fung Mei Po, Mr. Lee Chun Sing, Mr. Lee Kwok Sing Stanley, Mr. Lee Hon Sing Alan and Ms. Lee Ka Yee and other persons who are not directors and chief executive of the Company are the beneficiaries of the Company. Mr. Lee Tat Hing is the sole director of Goldhill Profits Limited.
- (e) The shares are held by Ms. Lai Lai Wah, the wife of Mr. Lee Chun Sing whose personal interests are also the family interests of Mr. Lee Chun Sing.

# Directors' Report

## **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES** – *continued*

At 31 December 2025, the following director had personal interests in the deferred non-voting shares of a subsidiary of the Company:

<b>Name of director</b>	<b>Name of subsidiary</b>	<b>Number of deferred non-voting shares held</b>
Fung Mei Po	World Home Linen Manufacturing Company Limited	100

The deferred shares do not carry any rights to vote at general meetings of these subsidiaries or to participate in any distributions of profits until the profits of these subsidiaries which are available for dividend exceed HK\$10 billion, or to receive a return of capital until a total sum of HK\$10 billion has been distributed to the ordinary shareholders of each of these subsidiaries.

At 31 December 2025, save as aforesaid and options holdings disclosed under the heading of “Share Options and Directors' Rights to Acquire Shares or Debentures” and other than certain nominee shares in subsidiaries held by directors in trust for the Group, none of the directors, chief executives or their associates had any interests or short positions in the shares or any securities of the Company and its associated corporations.

## **SUBSTANTIAL SHAREHOLDERS**

At 31 December 2025, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests in shares disclosed above in respect of the directors of the Company, the Company has not been notified of any other interests representing 5 percent or more of the Company's issued share capital as at 31 December 2025.

## **SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Particulars of the Company's share option scheme are set out in Note 30 to the consolidated financial statements.

# Directors' Report

## SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES – *continued*

The following table discloses movements in the Company's share options during the year:

	Date of grant	Exercise price HK\$	Exercisable period	Vesting date	Outstanding as at 31.12.2024	Granted during the year	Exercised during the year	Cancelled during the year	Forfeited/ lapsed during the year	Outstanding as at 31.12.2025
Category 1: Directors										
Lee Tat Hing	22.12.2020	0.357	22.12.2020 to 21.12.2030 (Note 1)	22.12.2020	7,500,000	-	-	-	-	7,500,000
	19.11.2024	0.465	19.11.2025 to 18.11.2034 (Note 2)	19.11.2025	790,000	-	-	-	-	790,000
Fung Mei Po	22.12.2020	0.357	22.12.2020 to 21.12.2030 (Note 1)	22.12.2020	7,500,000	-	-	-	-	7,500,000
	19.11.2024	0.465	19.11.2025 to 18.11.2034 (Note 2)	19.11.2025	632,000	-	-	-	-	632,000
Lee Chun Sing	01.09.2015	0.580	01.09.2015 to 31.08.2025 (Note 1)	01.09.2015	3,000,000	-	-	-	(3,000,000)	-
	22.12.2020	0.357	22.12.2020 to 21.12.2030 (Note 1)	22.12.2020	5,000,000	-	-	-	-	5,000,000
	19.11.2024	0.465	19.11.2025 to 18.11.2034 (Note 2)	19.11.2025	632,000	-	-	-	-	632,000
Lee Kwok Sing Stanley	01.09.2015	0.580	01.09.2015 to 31.08.2025 (Note 1)	01.09.2015	3,000,000	-	-	-	(3,000,000)	-
	22.12.2020	0.357	22.12.2020 to 21.12.2030 (Note 1)	22.12.2020	1,100,000	-	-	-	-	1,100,000
	19.11.2024	0.465	19.11.2025 to 18.11.2034 (Note 2)	19.11.2025	632,000	-	-	-	-	632,000
Leung Cho Wai	01.09.2015	0.580	01.09.2015 to 31.08.2025 (Note 1)	01.09.2015	100,000	-	-	-	(100,000)	-
	19.11.2024	0.465	19.11.2025 to 18.11.2034 (Note 2)	19.11.2025	237,000	-	-	-	-	237,000
Tsui Chi Yuen	01.09.2015	0.580	01.09.2015 to 31.08.2025 (Note 1)	01.09.2015	2,000,000	-	-	-	(2,000,000)	-
	19.11.2024	0.465	19.11.2025 to 18.11.2034 (Note 2)	19.11.2025	395,000	-	-	-	-	395,000
Lee Hon Sing Alan	01.09.2015	0.580	01.09.2015 to 31.08.2025 (Note 1)	01.09.2015	3,000,000	-	-	-	(3,000,000)	-
	22.12.2020	0.357	22.12.2020 to 21.12.2030 (Note 1)	22.12.2020	1,100,000	-	-	-	-	1,100,000
	19.11.2024	0.465	19.11.2025 to 18.11.2034 (Note 2)	19.11.2025	632,000	-	-	-	-	632,000
Cheung Tze Man Edward	01.09.2015	0.580	01.09.2015 to 31.08.2025 (Note 1)	01.09.2015	500,000	-	-	-	(500,000)	-
Tsui Chi Him Steve	01.09.2015	0.580	01.09.2015 to 31.08.2025 (Note 1)	01.09.2015	300,000	-	-	-	(300,000)	-
Hui Chi Kuen Thomas	01.09.2015	0.580	01.09.2015 to 31.08.2025 (Note 1)	01.09.2015	300,000	-	-	-	(300,000)	-
Ho Tak Kay	01.09.2015	0.580	01.09.2015 to 31.08.2025 (Note 1)	01.09.2015	300,000	-	-	-	(300,000)	-
Category 2: Employees										
	01.09.2015	0.580	01.09.2015 to 31.08.2025 (Note 1)	01.09.2015	4,000,000	-	-	-	(4,000,000)	-
	22.12.2020	0.357	22.12.2020 to 21.12.2030 (Note 1)	22.12.2020	2,600,000	-	-	-	-	2,600,000
	19.11.2024	0.465	19.11.2025 to 18.11.2034 (Note 2)	19.11.2025	1,640,000	-	-	-	-	1,640,000
Total of all categories					46,890,000	-	-	-	(16,500,000)	30,390,000

Note 1: These share options are exercisable, starting from the date of options granted for a period of 10 years.

2: These share options are exercisable, starting from twelve (12) months after the date of options granted and up to 10 years from the date of options granted.

The number of share options available for grant under the "Share Option Schemes" mandate limit as of 1 January 2025 and 31 December 2025 was 73,621,742 and 73,621,742 shares respectively.

The number of shares that may be issued in respect of options granted under the "Share Option Schemes" of the "Company" at 31 December 2025 was 30,390,000 shares, representing approximately 3.84% of the weighted average number of issued ordinary shares of the "Company".

## **SHARE OPTIONS AND DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES** – *continued*

On 19 November 2024, the remuneration committee of the “Company” (the “Remuneration Committee”) has reviewed and approved the material matters relating to a grant of share options under the “Share Option Schemes”:

### **1. Performance target**

The options granted are not subject to performance targets. After having considered that (i) the grant of options has already taken into account of the ability of the grantees' future potential contributions to the overall management, operations, development and long-term growth of the “Group”; and (ii) the value of options is linked to the future share price and performance of the “Group” and therefore aligns with the purpose of the “Share Option Schemes”. The “Remuneration Committee” was of the view that performance targets are not necessary for the options granted to the grantees.

### **2. Clawback mechanism**

There is no clawback mechanism attached to the options. The “Remuneration Committee” was of the view that a clawback mechanism was not necessary considering the lapse and cancellation of the options under various scenarios have already been provided for under the “Share Option Schemes”, which could sufficiently safeguard the interests of the “Company” and its shareholders.

The total number of shares available for issue under the “Share Option Schemes” is 79,211,742 shares, representing approximately 10% of the total number of shares of the “Company” in issue (792,117,421 shares) as at the date of the “Annual Report” on 26 March 2026.

The options grant under the “Share Option Schemes” adopted on 13 June 2024 are subject to vesting periods of not less than 12 months.

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

There were no contracts of significance subsisting to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

# Directors' Report

## **MAJOR CUSTOMERS AND SUPPLIERS**

The largest customer of the Group by itself and together with the next four largest customers accounted for 8.1% and 26.7%, respectively, of the Group's turnover for the year.

The largest supplier of the Group by itself and together with the next four largest suppliers accounted for 27.9% and 68.3%, respectively, of the Group's purchases for the year.

None of the directors, their associates or any shareholders which, to the knowledge of the directors, owns more than 5% of the Company's issued share capital has a beneficial interest in the share capital of any of the above major customers and suppliers of the Group.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the year.

## **CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR OTHER SIMILAR RIGHTS**

Other than the share options as disclosed above, the Company had no convertible securities, options, warrants or other similar rights in issue during the year or at 31 December 2025.

## **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.

## **EMOLUMENT POLICY**

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

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

The Company had adopted a share option scheme as an incentive to directors and eligible employees, details of which are set out in Note 30 to the Consolidated Financial Statements.

# Directors' Report

## **INDEPENDENCY OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received, from each of the independent non-executive directors, an annual confirmation of the independency pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange. The Company considers all of the independent non-executive directors are independent.

## **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the year ended 31 December 2025.

## **DONATIONS**

During the year, the Group made charitable donations amounting to HK\$524,000.

## **AUDITOR**

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

On behalf of the Board

**Lee Tat Hing**

*CHAIRMAN*

Hong Kong

26 March 2026

# Independent Auditor's Report

# Deloitte.

# 德勤

## **TO THE SHAREHOLDERS OF WORLD HOUSEWARE (HOLDINGS) LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

### **OPINION**

We have audited the consolidated financial statements of World Houseware (Holdings) Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 69 to 149, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **BASIS FOR OPINION**

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) as 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

### Key audit matter

### How our audit addressed the key audit matter

#### ***Valuation of Compensated Properties included in long-term other assets***

We identified the valuation of the Compensated Properties included in long-term other assets as a key audit matter due to the significant estimation required by the management in assessing its fair value.

As disclosed in note 19 to the consolidated financial statements, the Group disposed the land and building under a Redevelopment Project and part of the consideration included certain residential or commercial properties (the “Compensated Properties”) to be received upon the completion of Redevelopment Project. Certain residential properties were handed over to the Group and were transferred to investment properties. The fair value of the Compensated Properties included in long-term other assets is based on the valuations performed by an independent firm of qualified professional property valuer (the “Valuer”). The valuations were determined based on direct comparison method, making reference to market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. Other key inputs and significant assumptions involving judgements, included discount rate and time to completion. As at 31 December 2025, the carrying amount of the Compensated Properties included in long-term other assets is HK\$694,842,000.

Our procedures in relation to evaluating the valuation of the Compensated Properties included in long-term other assets included:

- Understanding the key controls relating to the processes that the management performed on the valuation of the Compensated Properties included in long-term other assets including the fair value calculation;
- Evaluating the competence, capabilities and objectivity of the Valuer;
- Understanding the Valuer's valuation basis and methodology, the performance of the property markets, significant assumptions adopted and key inputs used in the valuations; and
- Assessing the reasonableness of key inputs and significant assumptions used in the valuation by 1) comparing to relevant market information of transaction prices in other similar properties in the neighborhood, 2) assessing the estimated time to completion with the latest available information and 3) benchmarking the discount rates against historical data, market trend and applicable market yields, with the involvement of our valuation specialists.

# Independent Auditor's Report

## **OTHER INFORMATION**

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

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

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

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

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

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

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

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

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

# Independent Auditor's Report

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

– continued

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

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

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

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

# Independent Auditor's Report

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

*– continued*

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

The engagement partner on the audit resulting in this independent auditor's report is AU, Mei Yin (practising certificate number: P04754).

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

26 March 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Turnover	5	<b>242,901</b>	318,280
Cost of sales		<b>(221,638)</b>	(285,074)
Gross profit		<b>21,263</b>	33,206
Other income	6	<b>13,183</b>	28,044
Other gains and losses	7	<b>(127,799)</b>	(25,816)
Loss arising from changes in fair value of long-term other assets	19	<b>(38,535)</b>	(263,461)
Selling and distribution costs		<b>(23,608)</b>	(31,085)
Administrative expenses		<b>(74,744)</b>	(67,149)
Net impairment losses reversed (recognised) under expected credit loss model	8	<b>2,158</b>	(8,163)
Finance costs	9	<b>(6,664)</b>	(8,540)
Loss before taxation		<b>(234,746)</b>	(342,964)
Taxation credit	10	<b>27,186</b>	20,809
Loss for the year	11	<b>(207,560)</b>	(322,155)
Other comprehensive income (expense) Item that may be reclassified subsequently to profit or loss: Exchange differences arising on translation of foreign operations		<b>23,735</b>	(18,440)
Total comprehensive expense for the year		<b>(183,825)</b>	(340,595)
		<b>HK cents</b>	HK cents
Basic and diluted loss per share	14	<b>(26.20)</b>	(40.67)

# Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Investment properties	15	<b>296,882</b>	388,713
Property, plant and equipment	16	<b>220,925</b>	238,394
Right-of-use assets	17	<b>64,401</b>	76,399
Deposits paid for acquisition of property, plant and equipment		<b>23,446</b>	20,025
Deposit and prepayments for a life insurance policy	18	<b>46,683</b>	46,960
Long-term prepayment	19	<b>10,750</b>	10,750
Long-term other assets	19	<b>775,137</b>	809,803
Long-term bank deposits	23	<b>189,099</b>	–
		<b>1,627,323</b>	1,591,044
<b>Current assets</b>			
Inventories	20	<b>81,855</b>	108,487
Trade and other receivables	21	<b>263,694</b>	273,805
Contract assets	22	<b>3,214</b>	4,116
Taxation recoverable		<b>790</b>	778
Pledged bank deposits	23	<b>6,945</b>	6,557
Short-term bank deposits	23	<b>269,188</b>	–
Bank balances and cash	23	<b>144,642</b>	646,973
		<b>770,328</b>	1,040,716
<b>Current liabilities</b>			
Trade and other payables	24	<b>953,232</b>	975,635
Contract liabilities	25	<b>8,635</b>	9,041
Taxation payable		<b>96</b>	93
Lease liabilities	27	<b>15,512</b>	14,261
		<b>977,475</b>	999,030
Net current (liabilities) assets		<b>(207,147)</b>	41,686
Total assets less current liabilities		<b>1,420,176</b>	1,632,730
<b>Non-current liabilities</b>			
Amounts due to directors	26	<b>161,270</b>	162,729
Deposits received	19	<b>122,358</b>	116,897
Lease liabilities	27	<b>33,919</b>	47,225
Deferred taxation	28	<b>169,843</b>	192,763
		<b>487,390</b>	519,614
Net assets		<b>932,786</b>	1,113,116

# Consolidated Statement of Financial Position

At 31 December 2025

	NOTE	2025 HK\$'000	2024 HK\$'000
Capital and reserves			
Share capital	29	79,212	79,212
Reserves		853,574	1,033,904
Total equity		932,786	1,113,116

The consolidated financial statements on pages 69 to 149 were approved and authorised for issue by the Board of Directors on 26 March 2026 and are signed on its behalf by:

**LEE TAT HING**  
*CHAIRMAN*

**FUNG MEI PO**  
*CHIEF EXECUTIVE OFFICER*

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company								Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Non- distributable reserve HK\$'000 (Note a)	Capital reserve HK\$'000 (Note b)	Share option reserve HK\$'000	Translation reserve HK\$'000	PRC statutory surplus reserve HK\$'000 (Note c)	Retained profits HK\$'000	
At 1 January 2024	79,212	356,505	251,393	14,124	9,717	203,366	51,885	485,194	1,451,396
Loss for the year	-	-	-	-	-	-	-	(322,155)	(322,155)
Other comprehensive expense for the year	-	-	-	-	-	(18,440)	-	-	(18,440)
Total comprehensive expense for the year	-	-	-	-	-	(18,440)	-	(322,155)	(340,595)
Deemed contribution arising from future cash flows estimates on amount due to a director	-	-	-	2,137	-	-	-	-	2,137
Issue of share options	-	-	-	-	178	-	-	-	178
At 31 December 2024	<b>79,212</b>	<b>356,505</b>	<b>251,393</b>	<b>16,261</b>	<b>9,895</b>	<b>184,926</b>	<b>51,885</b>	<b>163,039</b>	<b>1,113,116</b>
Loss for the year	-	-	-	-	-	-	-	(207,560)	(207,560)
Other comprehensive income for the year	-	-	-	-	-	23,735	-	-	23,735
Total comprehensive income (expense) for the year	-	-	-	-	-	23,735	-	(207,560)	(183,825)
Deemed contribution arising from future cash flows estimates on amount due to a director	-	-	-	2,137	-	-	-	-	2,137
Issue of share options	-	-	-	-	1,358	-	-	-	1,358
Release of lapsed share options	-	-	-	-	(4,531)	-	-	4,531	-
At 31 December 2025	<b>79,212</b>	<b>356,505</b>	<b>251,393</b>	<b>18,398</b>	<b>6,722</b>	<b>208,661</b>	<b>51,885</b>	<b>(39,990)</b>	<b>932,786</b>

## Notes:

- The non-distributable reserve of the Group arose as a result of capitalisation of retained profits by subsidiaries.
- The capital reserve of the Group arose from deemed contribution from the controlling shareholders of the Company.
- As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), the PRC subsidiaries are required to maintain a statutory surplus reserve fund. Statutory surplus reserve fund is non-distributable. Appropriations to such reserve are made out of net profit after taxation of the PRC subsidiaries at the discretion of its board of directors. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied to convert into capital by means of capitalisation issue.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	<b>(234,746)</b>	(342,964)
Adjustments for:		
Bank interest income	<b>(9,320)</b>	(24,650)
Depreciation of property, plant and equipment	<b>20,490</b>	20,732
Depreciation of right-of-use assets	<b>15,162</b>	23,931
Foreign exchange difference on inter-company balances	<b>(14,408)</b>	(2,641)
Loss arising from changes in fair value of long-term other assets	<b>38,535</b>	263,461
Loss arising from changes in fair value of investment properties	<b>105,966</b>	34,529
Loss on disposal/write-off of property, plant and equipment and right-of-use assets	<b>11,909</b>	211
Gain on lease modification	–	(307)
Share-based payment	<b>1,358</b>	178
Net impairment losses (reversed) recognised on trade receivables	<b>(2,158)</b>	8,163
Interest income from a deposit placed for a life insurance policy	<b>(902)</b>	(883)
Imputed interest income from compensation income receivables from Redevelopment Project	–	(802)
Finance costs	<b>6,664</b>	8,540
Premium charges on a life insurance policy	<b>1,186</b>	1,483
	<hr/>	<hr/>
Operating cash flows before movements in working capital	<b>(60,264)</b>	(11,019)
Decrease in inventories	<b>30,868</b>	20,974
Decrease (increase) in trade and other receivables	<b>32,335</b>	(19,967)
Decrease in contract assets	<b>1,060</b>	3,346
Decrease in trade and other payables	<b>(42,175)</b>	(21,954)
Decrease in contract liabilities	<b>(807)</b>	(1,453)
	<hr/>	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	<b>(38,983)</b>	(30,073)
	<hr/>	<hr/>

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
<b>INVESTING ACTIVITIES</b>		
(Placement) withdrawal of short-term bank deposits	<b>(262,189)</b>	73,974
Placement of long-term bank deposits	<b>(184,182)</b>	–
Deposits paid for acquisition of property, plant and equipment	<b>(5,641)</b>	(7,200)
Purchase of property, plant and equipment	<b>(3,632)</b>	(4,353)
Pledged bank deposits raised during the period	<b>(388)</b>	(276)
Interest received	<b>3,837</b>	24,650
Proceeds from disposal of property, plant and equipment and right-of-use assets	–	1,849
	<hr/>	<hr/>
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(452,195)</b>	88,644
	<hr/>	<hr/>
<b>FINANCING ACTIVITIES</b>		
Repayments of lease liabilities	<b>(14,539)</b>	(24,693)
Repayment to directors	<b>(4,871)</b>	(8,374)
Interest paid	<b>(2,159)</b>	(4,516)
	<hr/>	<hr/>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(21,569)</b>	(37,583)
	<hr/>	<hr/>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(512,747)</b>	20,988
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>646,973</b>	636,149
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>10,416</b>	(10,164)
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTED BY BANK BALANCES AND CASH</b>	<b>144,642</b>	646,973
	<hr/> <hr/>	<hr/> <hr/>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

World Houseware (Holdings) Limited (the “Company”) is a public limited company incorporated in the Cayman Islands, which is under the Companies Law of the Cayman Islands and registered as an exempted company. Its shares are listed on The Stock Exchange of Hong Kong Limited. Its ultimate controlling parties are Mr. Lee Tat Hing and his spouse, Ms. Fung Mei Po, who are also the Chairman and Chief Executive Officer of the Company, respectively. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 39.

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Company and its subsidiaries (the “Group”) have applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2025 for the preparation of the consolidated financial statements:

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS – *continued*

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

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

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>

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

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

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

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

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

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.1 Basis of preparation of consolidated financial statements

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

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and long-term other assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The directors of the Company are of the opinion that the Group will have sufficient liquidity to meet its financial obligations that will be due in the coming twelve months from 31 December 2025 by taking into consideration of the existing undrawn bank facilities and the early realisation of bank deposits under non-current assets as needed. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

### 3.2 Material accounting policy information

#### *Basis of consolidation*

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

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

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

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 “Financial Instruments” (“HKFRS 9”). In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

#### ***Investment properties***

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

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

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

#### **Leases**

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### *The Group as a lessee*

Allocation of consideration to components of a contract

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

#### Short-term leases

The Group applies the short-term lease recognition exemption to leases of motor vehicles and plant and machinery that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

#### Right-of-use assets

The cost of right-of-use assets include the amounts of the initial measurement of the lease liabilities.

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

#### Refundable rental deposits

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

#### **Leases** – *continued*

##### *The Group as a lessee – continued*

##### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on the Loan Prime Rate as published by the National Interbank Funding Center authorised by the People's Bank of China.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever a lease contract is modified and the lease modification is not accounted for as a separate lease.

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

##### Classification and measurement of leases

All leases are classified as operating leases.

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

#### **Leases** – *continued*

##### *The Group as a lessor – continued*

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value.

#### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

#### **Employee benefits**

##### *Retirement benefit costs*

Payments to the Mandatory Provident Fund Scheme (“MPF Scheme”) in Hong Kong and retirement benefit schemes in the PRC are recognised as an expense when employees have rendered service entitling them to the contributions.

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

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

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

#### **Taxation**

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit/loss before taxation” because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

#### **Taxation** – *continued*

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted.

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

Current and deferred tax are recognised in profit or loss.

#### **Compensated Properties (as defined in note 19) included in the long-term other assets**

Compensated Properties included in the long-term other assets are initially measured at fair value and subsequently at fair value through profit or loss (“FVTPL”).

The fair value of the Compensated Properties changes from time to time, the carrying amount recognised by the Group is subject to remeasurement at fair value at the end of each subsequent reporting date.

Gain or losses arising from the changes in fair value of the Compensated Properties are recognised in profit or loss for the period in which they arise.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

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

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

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

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

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

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash.

#### ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

#### ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

#### ***Financial instruments***

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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

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

#### *Financial assets*

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification and subsequent measurement of financial assets

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

#### **Financial instruments** – *continued*

##### *Financial assets* – *continued*

##### Amortised cost and interest income

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

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under ECL model on financial assets (including compensation income receivables included in long-term other assets, trade and other receivables, long-term bank deposits, pledged bank deposits, short-term bank deposits and bank balances), and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances or credit-impaired and/or collectively based on internal credit rating.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

#### **Financial instruments** – *continued*

#### *Financial assets* – *continued*

Impairment of financial assets subject to impairment assessment under HKFRS 9 – *continued*

#### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

#### **Financial instruments** – *continued*

##### *Financial assets* – *continued*

Impairment of financial assets subject to impairment assessment under HKFRS 9 – *continued*

#### (i) Significant increase in credit risk – *continued*

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

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

#### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

#### **Financial instruments** – *continued*

##### *Financial assets* – *continued*

Impairment of financial assets subject to impairment assessment under HKFRS 9 – *continued*

#### (iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

#### (iv) Write-off policy

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

#### **Financial instruments** – *continued*

#### *Financial assets* – *continued*

Impairment of financial assets subject to impairment assessment under HKFRS 9 – *continued*

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

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

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

Lifetime ECL for trade receivables and contract assets are considered on a collective basis takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

#### **Financial instruments** – *continued*

##### *Financial assets – continued*

##### Derecognition of financial assets

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

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

##### *Financial liabilities and equity*

##### Classification as debt or equity

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

##### Equity instruments

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

##### Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amounts due to directors and deposits received are subsequently measured at amortised cost, using the effective interest method.

##### Derecognition of financial liabilities

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### 3.2 Material accounting policy information – *continued*

#### ***Share-based payment arrangements***

##### *Equity-settled share-based payment transactions*

Share options granted to employees, directors and non-executive directors

Equity-settled share based payments to employees, directors and non-executive directors are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

– continued

### Critical judgements in applying accounting policies

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

#### ***Judgement in determining the amount and timing for recognition of the consideration and compensations from the Land Resumption Project (as defined in note 24)***

As described in note 24, the Group has received RMB502,692,000 (equivalent to approximately HK\$559,168,000) (2024: RMB502,692,000 (equivalent to HK\$534,210,000)) from the Office, Centre, and Bureau (as defined in note 24) as an advance payment for the Land Compensation Price Difference (as defined in note 24) as at 31 December 2025. The amount of Land Compensation Price Difference will be finalised by the Office, Centre, and Bureau upon approval process and subject to the final valuation of the Replacement Land (as defined in note 24). In addition, the Group received Relocation Compensation (as defined in note 24) of RMB385,434,000 (equivalent to approximately HK\$428,736,000) (2024: RMB385,434,000 (equivalent to HK\$409,600,000)) and Underground Compensation (as defined in note 24) of RMB19,419,000 (equivalent to approximately HK\$21,601,000) (2024: RMB19,419,000 (equivalent to approximately HK\$20,637,000)) from the Office, Centre, and Bureau.

The directors of the Company assessed the timing and amount for the recognition of the consideration and compensation from the Land Resumption Project. As the consideration for the provision of the Existing Land (as defined in note 24), the Office, Centre, and Bureau will provide the Group with the Replacement Land as well as the Land Compensation Price Difference in cash. The directors of the Company considered that the range of the outcomes for the consideration of the Existing Land are too wide and there is significant uncertainty regarding the finalisation of the Replacement Land and the Land Compensation Price Difference, which is subject to the approval by the Shenzhen Municipal Government and acceptability by the Group with the agreed specification, the consideration is not reasonably estimable and thus is not recognised as at 31 December 2025. Moreover, the amount of Relocation Compensation and Underground Compensation are subject to final review and further actions by the Group are required. As a result, the directors of the Company concluded that the compensation received is not recognised in full and shall be recognised as compensation receipt in advance for land resumption and be included in trade and other payable.

As at 31 December 2025, the Group had demolished the buildings, structures, greening and relevant fixtures erected on the Existing Land (as defined in note 24), and had passed the ownership of the Existing Land to the Office, Centre, and Bureau. In addition, the Group had incurred necessary expenses for the relocation. The Group recognised the compensation received pursuant to the Land Resumption Agreement (as defined in note 24) to the extent of the property, plant and equipment demolished, right-of-use assets derecognised and expenses incurred for the relocation because the directors of the Company considered these losses could be recovered through the compensations received from the Land Resumption Project (as defined in note 24). Such compensation received is deducted from the related expenses/losses incurred.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### **Key sources of estimation uncertainty**

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

### ***Provision of ECL for trade receivables***

Trade receivables with significant balances or credit-impaired are assessed for ECL individually.

In addition, for trade receivables which are individually insignificant, collective assessment is performed by grouping debtors based on the Group's internal credit ratings.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 8, 21 and 35 respectively.

### ***Valuation of Compensated Properties (as defined in note 19) included in long-term other assets***

As at 31 December 2025, the Compensated Properties included in long-term other assets of HK\$694,842,000 (2024: HK\$733,092,000) are measured at fair value. The amount was based on a valuation conducted by Asset Appraisal Limited, an independent firm of qualified professional property valuer (the "Valuer"). The valuations were determined based on direct comparison method, making reference to market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. Other key inputs and significant assumptions which involve judgements, included discount rate and time to completion.

The basis of valuation is disclosed in note 19. Changes to these assumptions and inputs would result in changes in the fair value of the Compensated Properties included in long-term other assets and corresponding adjustments to the amount of gain or loss reported in the profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### **Key sources of estimation uncertainty** – *continued*

#### ***Deferred tax asset***

As at 31 December 2025, a deferred tax asset of HK\$6,336,000 (2024: HK\$7,889,000) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of HK\$606,415,000 (2024: HK\$497,716,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment, which includes the persistent effects of climate change, higher interest rates and inflation, energy security concerns, cyberattacks, elections in major economies, and international conflicts and tensions, may progress and evolve. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax asset may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. TURNOVER AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. This is also the basis upon which the Group is arranged and organised.

Specifically, the Group's reportable and operating segments under HKFRS 8 "Operating Segment" are as follows:

Household products	–	manufacture and distribution of household products
PVC pipes and fittings	–	manufacture and distribution of PVC pipes and fittings
Property investments	–	investment in properties

No operating segments have been aggregated in arriving at the reportable segments of the Group.

### Segment turnover and results

The following is an analysis of the Group's turnover and results by operating and reportable segments.

#### *For the year ended 31 December 2025*

	Household products HK\$'000	PVC pipes and fittings HK\$'000	Property investments HK\$'000	Consolidated HK\$'000
Turnover				
Sales of goods recognised at a point in time	31,227	210,248	–	241,475
Revenue from contracts with customers	31,227	210,248	–	241,475
Rental income	97	230	1,099	1,426
Total segment revenue	31,324	210,478	1,099	242,901
Segment loss	(31,552)	(44,943)	(143,402)	(219,897)
Bank interest income				9,320
Interest income from a deposit placed for a life insurance policy				902
Finance costs				(6,664)
Premium charges on a life insurance policy				(1,186)
Unallocated corporate expenses				(17,221)
Loss before taxation				(234,746)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. TURNOVER AND SEGMENT INFORMATION – continued

### Segment turnover and results – continued

#### For the year ended 31 December 2024

	Household products HK\$'000	PVC pipes and fittings HK\$'000	Property investments HK\$'000	Consolidated HK\$'000
Turnover				
Sales of goods recognised at a point in time	77,078	238,926	–	316,004
Revenue from contracts with customers	77,078	238,926	–	316,004
Rental income	634	184	1,458	2,276
Total segment revenue	77,712	239,110	1,458	318,280
Segment profit (loss)	2,958	(30,423)	(297,990)	(325,455)
Bank interest income				24,650
Interest income from a deposit placed for a life insurance policy				883
Finance costs				(8,540)
Premium charges on a life insurance policy				(1,483)
Unallocated corporate expenses				(33,019)
Loss before taxation				(342,964)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of bank interest income, interest income from a deposit placed for a life insurance policy, finance costs, premium charges on a life insurance policy and unallocated corporate expenses including certain directors' remuneration paid or payable by the Company and certain administrative expenses for corporate use. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. TURNOVER AND SEGMENT INFORMATION – *continued*

### **Segment turnover and results** – *continued*

#### ***Performance obligations for contracts with customers***

##### *(a) Manufacture and distribution of household products*

The Group sells household products to customers. Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to customers. When the customer initially places sales order and makes upfront payment, the amount received by the Group is recognised as a contract liability until the goods have been delivered to the customer. The normal credit term is up to 60 days upon delivery.

##### *(b) Manufacture and distribution of PVC pipes and fittings*

The Group sells PVC pipes and fittings to customers. Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to customers. When the customer initially places sales order and makes upfront payment, the amount received by the Group is recognised as a contract liability until the goods have been delivered to the customer. The normal credit term is up to 180 days upon delivery.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which is usually one year from the date of the delivery. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the products supplied comply with agreed-upon specifications and such assurance cannot be purchased separately.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. TURNOVER AND SEGMENT INFORMATION – *continued*

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	Household products HK\$'000	PVC pipes and fittings HK\$'000	Property investments HK\$'000	Consolidated HK\$'000
<b>At 31 December 2025</b>				
Assets				
Segment assets	140,450	412,163	1,072,019	1,624,632
Unallocated assets				773,019
				2,397,651
Consolidated total assets				
				2,397,651
Liabilities				
Segment liabilities	16,026	106,222	291,595	413,843
Unallocated liabilities				1,051,022
				1,464,865
Consolidated total liabilities				
				1,464,865
	Household products HK\$'000	PVC pipes and fittings HK\$'000	Property investments HK\$'000	Consolidated HK\$'000
<b>At 31 December 2024</b>				
Assets				
Segment assets	148,251	473,627	1,198,516	1,820,394
Unallocated assets				811,366
				2,631,760
Consolidated total assets				
				2,631,760
Liabilities				
Segment liabilities	15,395	126,493	309,041	450,929
Unallocated liabilities				1,067,715
				1,518,644
Consolidated total liabilities				
				1,518,644

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. TURNOVER AND SEGMENT INFORMATION – continued

### Segment assets and liabilities – continued

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than deposit and prepayments for a life insurance policy, taxation recoverable, pledged bank deposits, certain bank balances and cash as well as certain leasehold land and buildings where such buildings are provided to group directors as residential accommodation (see note 12(i)).
- all liabilities are allocated to operating segments other than amounts due to directors, certain deferred tax liabilities, taxation payable, compensation receipt in advance for land resumption and accruals of administrative expenses in head office.

### Other segment information

For the year ended 31 December 2025

	Household products HK\$'000	PVC pipes and fittings HK\$'000	Property investments HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Addition to property, plant and equipment	414	6,426	-	6,840	-	6,840
Depreciation of property, plant and equipment	8,173	10,311	-	18,484	2,006	20,490
Depreciation of right-of-use assets	638	14,524	-	15,162	-	15,162
Net impairment losses reversed on trade receivables	-	(2,158)	-	(2,158)	-	(2,158)
Net foreign exchange loss	3,093	6,465	366	9,924	-	9,924
Loss on disposal/write-off of property, plant and equipment and right-of-use assets	3,222	8,687	-	11,909	-	11,909
Loss arising from changes in fair value of investment properties	-	-	105,966	105,966	-	105,966
Loss arising from changes in fair value of long-term other assets	-	-	38,535	38,535	-	38,535

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. TURNOVER AND SEGMENT INFORMATION – continued

### Other segment information – continued

#### For the year ended 31 December 2024

	Household products HK\$'000	PVC pipes and fittings HK\$'000	Property investments HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Addition to property, plant and equipment	611	6,743	-	7,354	317	7,671
Depreciation of property, plant and equipment	8,096	10,626	-	18,722	2,010	20,732
Depreciation of right-of-use assets	800	23,131	-	23,931	-	23,931
Net impairment losses recognised on trade receivables	-	8,163	-	8,163	-	8,163
Net foreign exchange gain	(3,323)	(4,937)	(357)	(8,617)	-	(8,617)
Loss on disposal/write-off of property, plant and equipment and right-of-use assets	182	-	-	182	29	211
Loss arising from changes in fair value of investment properties	-	-	34,529	34,529	-	34,529
Loss arising from changes in fair value of long-term other assets	-	-	263,461	263,461	-	263,461
Gain on lease modification	-	(307)	-	(307)	-	(307)

### Geographical information

More than 90% of the sales of the Group's household products were made to customers in the United States of America.

More than 90% of the sales of the Group's PVC pipes and fittings made to customers in the PRC.

More than 90% of the Group's non-current assets are located in the PRC. Accordingly, no non-current assets by geographical location is presented.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. TURNOVER AND SEGMENT INFORMATION – continued

### Information about major customer

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

	Year ended	
	2025 HK\$'000	2024 HK\$'000
Customer A <sup>1</sup>	N/A <sup>2</sup>	33,950

<sup>1</sup> Revenue from household products.

<sup>2</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group.

## 6. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Bank interest income	9,320	24,650
Interest income from a deposit placed for a life insurance policy	902	883
Interest income from compensation income receivables from Redevelopment Project (note 19)	–	802
Others	2,961	1,709
	<b>13,183</b>	<b>28,044</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 7. OTHER GAINS AND LOSSES

	2025 HK\$'000	2024 HK\$'000
Net foreign exchange (loss) gain	(9,924)	8,617
Loss arising from changes in fair value of investment properties	(105,966)	(34,529)
Loss on disposal/write-off of property, plant and equipment and right-of-use assets	(11,909)	(211)
Gain on lease modification	–	307
	<u>(127,799)</u>	<u>(25,816)</u>

## 8. NET IMPAIRMENT LOSSES REVERSED (RECOGNISED) UNDER EXPECTED CREDIT LOSS MODEL

	2025 HK\$'000	2024 HK\$'000
Net impairment losses reversed (recognised) on trade receivables	<u>2,158</u>	<u>(8,163)</u>

Details of impairment assessment are set out in note 35.

## 9. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on:		
– lease liabilities	2,159	3,063
Interest/imputed interest on:		
– amounts due to directors	4,505	4,509
– Deposits Received from Redevelopment Project	–	968
	<u>6,664</u>	<u>8,540</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. TAXATION CREDIT

	2025 HK\$'000	2024 HK\$'000
Deferred taxation credit (note 28)		
– credit for the year	20,216	619
– withholding tax on profits of a non-resident in the PRC	6,970	20,190
	<u>27,186</u>	<u>20,809</u>

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

PRC withholding income tax of 10% shall be levied on the income earned in the PRC by a foreign subsidiary.

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

	2025 HK\$'000	2024 HK\$'000
Loss before taxation	<u>234,746</u>	<u>342,964</u>
Taxation credit at the domestic income tax rate of 25%	58,687	85,741
Tax effect of expenses not deductible for tax purpose	(47,055)	(68,122)
Tax effect of income not taxable for tax purpose	2,843	3,301
Tax effect of tax losses not recognised as deferred tax asset	(14,413)	(6,897)
Utilisation of tax losses previously not recognised as deferred tax asset	3,555	1,465
Withholding tax on profits of a non-resident in the PRC	6,970	20,190
Land Appreciation Tax	15,399	(15,432)
Additional deduction for qualified research and development cost (Note)	1,200	563
Taxation credit for the year	<u>27,186</u>	<u>20,809</u>

Note: Under the PRC Corporate Income Tax Law and its relevant regulations, additional tax deduction is allowed for qualified research and development costs.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 11. LOSS FOR THE YEAR

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Loss for the year has been arrived at after charging:		
Directors' emoluments (note 12)	<b>18,477</b>	17,668
Other staff's salaries and wages	<b>40,683</b>	45,808
Other staff's retirement benefit scheme contributions	<b>1,125</b>	1,372
	<hr/>	<hr/>
Total staff costs	<b>60,285</b>	64,848
	<hr/>	<hr/>
Depreciation of property, plant and equipment	<b>20,490</b>	20,732
Depreciation of right-of-use assets	<b>15,162</b>	23,931
	<hr/>	<hr/>
Total depreciation	<b>35,652</b>	44,663
	<hr/>	<hr/>
Auditors' remuneration	<b>3,150</b>	3,150
Cost of inventories recognised as an expense	<b>221,638</b>	285,074
Premium charges on a life insurance policy	<b>1,186</b>	1,483
and after crediting:		
Gross rental income from investment properties	<b>1,099</b>	1,458
Less: direct operating expenses that generated rental income	<b>(262)</b>	(348)
	<hr/>	<hr/>
	<b>837</b>	1,110
	<hr/> <hr/>	<hr/> <hr/>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

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

	Fees HK\$'000	Salaries and other benefits HK\$'000	Share- based payment HK\$'000	Retirement benefit scheme contributions HK\$'000	Total emoluments HK\$'000
2025					
<b>Executive directors:</b>					
Lee Tat Hing	-	5,473	192	-	5,665
Fung Mei Po	-	2,442	154	-	2,596
Lee Chun Sing	-	2,442	154	18	2,614
Lee Kwok Sing Stanley	-	2,106	154	18	2,278
Leung Cho Wai	-	735	58	18	811
Tsui Chi Yuen	-	735	96	18	849
Lee Hon Sing Alan	-	2,106	154	18	2,278
<b>Non-executive directors:</b>					
Cheung Tze Man Edward	198	-	-	-	198
Lee Ka Yee	198	-	-	-	198
<b>Independent non-executive directors:</b>					
Tsui Chi Him Steve	198	-	-	-	198
Hui Chi Kuen Thomas	198	-	-	-	198
Ho Tak Kay	198	-	-	-	198
Tsang Wing Yee	198	-	-	-	198
Hong Ting	198	-	-	-	198
	<b>1,386</b>	<b>16,039</b>	<b>962</b>	<b>90</b>	<b>18,477</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS – *continued*

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

– *continued*

	Fees HK\$'000	Salaries and other benefits HK\$'000	Share- based payment HK\$'000	Retirement benefit scheme contributions HK\$'000	Total emoluments HK\$'000
2024					
<b>Executive directors:</b>					
Lee Tat Hing	–	5,150	25	–	5,175
Fung Mei Po	–	2,544	20	–	2,564
Lee Chun Sing	–	2,544	20	18	2,582
Lee Kwok Sing Stanley	–	2,160	20	18	2,198
Leung Cho Wai	–	754	8	18	780
Tsui Chi Yuen	–	754	13	18	785
Lee Hon Sing Alan	–	2,160	20	18	2,198
<b>Non-executive directors:</b>					
Cheung Tze Man Edward	198	–	–	–	198
Lee Ka Yee	198	–	–	–	198
<b>Independent non-executive directors:</b>					
Tsui Chi Him Steve	198	–	–	–	198
Hui Chi Kuen Thomas	198	–	–	–	198
Ho Tak Kay	198	–	–	–	198
Tsang Wing Yee	198	–	–	–	198
Hong Ting	198	–	–	–	198
	1,386	16,066	126	90	17,668
	1,386	16,066	126	90	17,668

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS – *continued*

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

– *continued*

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

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Ms. Fung Mei Po is also the Chief Executive of the Company and her emoluments disclosed above include those for services rendered by her as the Chief Executive.

In addition to the amount disclosed above, during the year, the Group also provided one of its leasehold properties in Hong Kong as residential accommodation for Mr. Lee Tat Hing and Ms. Fung Mei Po. The estimated monetary value of such accommodation, using the ratable value as an approximation, amounted to HK\$1,734,000 (2024: HK\$1,685,000) for the year.

### (ii) Five highest-paid individuals

Of the five individuals with the highest emoluments in the Group, five (2024: five) were directors including the Chief Executive of the Company whose emoluments are included in the disclosures in (i) above.

No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or Chief Executive has waived or agreed to waive any emoluments during both years.

## 13. DIVIDENDS

No final dividend was paid or proposed during both years ended 31 December 2025 and 31 December 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. LOSS PER SHARE

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

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Loss for the purposes of calculating basic and diluted loss per share	<b>(207,560)</b>	(322,155)
	<b>Number of shares</b>	
	<b>2025</b>	2024
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b>792,117,421</b>	792,117,421

The diluted loss per share for the year ended 31 December 2025 and 31 December 2024 have not been taken into account the effect of outstanding share options as their exercise would result in a decrease in loss per share.

## 15. INVESTMENT PROPERTIES

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
<b>FAIR VALUE</b>		
At 1 January	<b>388,713</b>	29,924
Transfer from long-term other assets	–	396,899
Change in fair value recognised in profit or loss	<b>(105,966)</b>	(34,529)
Exchange realignment	<b>14,135</b>	(3,581)
At 31 December	<b>296,882</b>	388,713

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. INVESTMENT PROPERTIES – *continued*

The carrying amounts of investment properties shown above comprises:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Properties situated in Hong Kong	<b>18,750</b>	18,270
Properties situated in the PRC	<b>278,132</b>	370,443
	<b>296,882</b>	388,713

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

The fair values of the Group's investment properties situated in Hong Kong and the PRC as at 31 December 2025 and 2024 have been arrived at on the basis of a valuation carried out on the respective dates by Asset Appraisal Limited, independent qualified professional valuers not connected to the Group. The valuations have been arrived at with reference to market evidence of recent transaction prices for similar properties or rental income using the applicable market yields for the respective locations and types of properties.

During the year ended 31 December 2025, the residential properties in the PRC were leased out and accordingly, the directors of the Company considered that income capitalisation method is more appropriate for the valuation of investment properties as at 31 December 2025. The valuation technique is changed from direct comparison method to income capitalisation method during the year.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The financial controller determines the appropriate valuation techniques and inputs to the model. The financial controller reports the findings to the board of directors of the Company regularly to explain the cause of fluctuations in the fair value of the assets.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. INVESTMENT PROPERTIES – *continued*

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Investment properties	Fair value as at 31.12.2025 HK\$'000	Fair value as at 31.12.2024 HK\$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Sensitivity/relationship of unobservable inputs to the fair value
Residential properties in Hong Kong	18,750	18,270	Level 2	Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject properties.	N/A	N/A
Residential properties in the PRC (Compensated Properties as referred to note 19)	271,079	363,377	Level 3	Income capitalisation method  The key inputs are:  (1) Capitalisation rate; and  (2) Monthly rent.  (2024: Direct comparison method based on market observable transactions of similar properties and adjust to reflect the conditions and locations of the subject properties.)	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, at 0.96%.  Monthly rent, using direct market comparables and taking into account of the age, location and individual factors such as road frontage, size of property and layout/design, at RMB 42/sq.m.  (2024: Market unit rate, mainly taking into account of the location, frontage and size, at RMB31,000/sq.m.)	The higher the monthly rent, the higher the fair value, and vice versa.  (2024: A significant increase in the market unit rate used would result in a significant increase in the fair value, and vice versa.)
Commercial properties in the PRC	7,053	7,066	Level 3	Income capitalisation method  The key inputs are:  (1) Capitalisation rate; and  (2) Monthly rent.	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, at 2.59% (2024: 2.90%).  Monthly rent, using direct market comparables and taking into account of the age, location and individual factors such as road frontage, size of property and layout/design, at RMB76/sq.m. (2024: RMB80/sq.m.).	The higher the capitalisation rate, the lower the fair value, and vice versa.  The higher the monthly rent, the higher the fair value, and vice versa.

There were no transfers into or out of Level 3 during both years.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Furniture, fixtures and equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Plant and machinery HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>COST</b>							
At 1 January 2024	234,784	21,062	37,746	20,276	321,667	3,933	639,468
Currency realignment	(4,474)	(424)	(1,582)	(318)	(6,977)	(1,054)	(14,829)
Additions	730	3,001	1,651	964	1,325	–	7,671
Disposals/write-off	(166)	(2,480)	–	(3,475)	(125,894)	–	(132,015)
At 31 December 2024	<b>230,874</b>	<b>21,159</b>	<b>37,815</b>	<b>17,447</b>	<b>190,121</b>	<b>2,879</b>	<b>500,295</b>
Currency realignment	5,908	585	2,524	397	5,845	55	15,314
Additions	342	2,559	845	–	3,094	–	6,840
Transfer from construction in progress	947	–	1,987	–	–	(2,934)	–
Disposals/write-off	(2,777)	(2,050)	(2,296)	(513)	(34,950)	–	(42,586)
At 31 December 2025	<b>235,294</b>	<b>22,253</b>	<b>40,875</b>	<b>17,331</b>	<b>164,110</b>	<b>–</b>	<b>479,863</b>
<b>DEPRECIATION AND IMPAIRMENT</b>							
At 1 January 2024	115,662	16,458	16,541	15,760	214,539	–	378,960
Currency realignment	(2,808)	(415)	(803)	(192)	(3,618)	–	(7,836)
Provided for the year	6,698	407	4,863	690	8,074	–	20,732
Eliminated on disposals/write-off	(100)	(1,672)	–	(2,867)	(125,316)	–	(129,955)
At 31 December 2024	<b>119,452</b>	<b>14,778</b>	<b>20,601</b>	<b>13,391</b>	<b>93,679</b>	<b>–</b>	<b>261,901</b>
Currency realignment	3,245	252	1,523	246	1,958	–	7,224
Provided for the year	6,641	1,032	5,079	591	7,147	–	20,490
Eliminated on disposals/write-off	(638)	(1,808)	(1,412)	(421)	(26,398)	–	(30,677)
At 31 December 2025	<b>128,700</b>	<b>14,254</b>	<b>25,791</b>	<b>13,807</b>	<b>76,386</b>	<b>–</b>	<b>258,938</b>
<b>CARRYING VALUES</b>							
At 31 December 2025	<b>106,594</b>	<b>7,999</b>	<b>15,084</b>	<b>3,524</b>	<b>87,724</b>	<b>–</b>	<b>220,925</b>
At 31 December 2024	111,422	6,381	17,214	4,056	96,442	2,879	238,394

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. PROPERTY, PLANT AND EQUIPMENT – *continued*

The cost of leasehold land and buildings is depreciated over the shorter of the term of the lease or twenty-five to fifty years on a straight line basis.

The other items of property, plant and equipment, other than construction in progress, are depreciated on a reducing balance basis, at the following rates per annum:

Furniture, fixtures and equipment	18-20%
Leasehold improvements	Over shorter of the term of leases or 20%
Motor vehicles	20%
Plant and machinery	9-20%

As at 31 December 2025, the directors of the Company considered there was no impairment on property, plant and equipment and right-of-use assets relating to the PVC pipes and fitting segment as losses incurred in the relocation could be recovered through the compensations received from the Land Resumption Project. Please refer to notes 4 and 24 for the details of the Land Resumption Project.

As at 31 December 2025, the directors of the Company considered there was no impairment on property, plant and equipment and right-of-use assets relating to the household products segment as the carrying amount of the relevant assets does not exceed the recoverable amount based on fair value less costs of disposal and no impairment has been recognised.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 17. RIGHT-OF-USE ASSETS

	<b>Leasehold lands</b>	<b>Leasehold land and buildings</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
<b>COST</b>			
At 1 January 2024	35,268	102,247	137,515
Additions	–	18,522	18,522
Lease modification	–	(52,337)	(52,337)
Currency realignment	(1,199)	(2,605)	(3,804)
	<u>34,069</u>	<u>65,827</u>	<u>99,896</u>
At 31 December 2024	<b>34,069</b>	<b>65,827</b>	<b>99,896</b>
Currency realignment	<b>1,591</b>	<b>2,865</b>	<b>4,456</b>
	<u>35,660</u>	<u>68,692</u>	<u>104,352</u>
At 31 December 2025	<b>35,660</b>	<b>68,692</b>	<b>104,352</b>
<b>DEPRECIATION</b>			
At 1 January 2024	14,075	47,387	61,462
Currency realignment	(497)	(658)	(1,155)
Provided for the year	857	23,074	23,931
Lease modification	–	(60,741)	(60,741)
	<u>14,435</u>	<u>9,062</u>	<u>23,497</u>
At 31 December 2024	<b>14,435</b>	<b>9,062</b>	<b>23,497</b>
Currency realignment	<b>692</b>	<b>600</b>	<b>1,292</b>
Provided for the year	<b>694</b>	<b>14,468</b>	<b>15,162</b>
	<u>15,821</u>	<u>24,130</u>	<u>39,951</u>
At 31 December 2025	<b>15,821</b>	<b>24,130</b>	<b>39,951</b>
<b>CARRYING VALUES</b>			
At 31 December 2025	<u><b>19,839</b></u>	<u><b>44,562</b></u>	<u><b>64,401</b></u>
At 31 December 2024	<u>19,634</u>	<u>56,765</u>	<u>76,399</u>
	<u>19,634</u>	<u>56,765</u>	<u>76,399</u>
		<b>2025</b>	2024
		<b>HK\$'000</b>	HK\$'000
Expense relating to short-term leases		<b>205</b>	172
Total cash outflow for leases		<u><b>16,903</b></u>	<u>27,928</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 17. RIGHT-OF-USE ASSETS – *continued*

For both years, the Group leases various offices and a factory for its operations. Lease contracts are entered into for fixed term of 2 to 5 years (2024: 2 to 5 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several leasehold land and buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group regularly entered into short-term leases for motor vehicles and plant and machinery. As at 31 December 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

## 18. DEPOSIT AND PREPAYMENTS FOR A LIFE INSURANCE POLICY

During the year ended 31 December 2014, a subsidiary of the Company entered into a life insurance policy (the “Policy”) with a bank to insure a director of the Company, Ms. Fung Mei Po. Under the Policy, the beneficiary and policy holder is a subsidiary of the Company and the total insured sum is USD20,000,000 (equivalent to HK\$155,000,000). At inception of the Policy, the Group paid a gross premium of approximately USD6,785,000 (equivalent to HK\$52,587,000). The bank will pay the Group a guaranteed interest rate of 4.2% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 2.0% per annum) during the effective period of the Policy. The Group can terminate the Policy at any time and can receive cash back at the date of termination based on the account value of the Policy (“Account Value”), which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the Policy. If termination is made between the first policy year to the end of surrender period stated in the Policy, there is a specified amount of surrender charge deducted from Account Value. The directors of the Company consider that the subsidiary of the Company may terminate the Policy at the end of the tenth policy year in 2024 and accordingly, there will be a specified surrender charge of USD749,000 (equivalent to HK\$5,805,000) in accordance with the Policy.

During the year ended 31 December 2023, the directors of the Company reassessed the expected life of the Policy due to the intention of renewing the existing banking facilities and expected that the Policy will be terminated at 20th anniversary from date of inception, which is 2034, and there will be no expected surrender charge.

The directors of the Company consider that the financial impact of the option to terminate the Policy was not significant.

The Policy exposes the insurer to significant insurance risk. The gross premium paid at inception of the Policy consists of a deposit placed element and a prepayment for life insurance element. These two elements are recognised on the consolidated statement of financial position at the aggregate of the amount of gross premium paid plus interest earned, and after deducting the annual cost of insurance, other applicable charges as well as the amortisation of the expected surrender charge at the end of the tenth policy year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 18. DEPOSIT AND PREPAYMENTS FOR A LIFE INSURANCE POLICY – continued

As at 31 December 2025, deposit and prepayments for the life insurance policy amounts to HK\$47,862,000 (2024: HK\$48,146,000) in aggregate, of which HK\$46,683,000 (2024: HK\$46,960,000) and HK\$1,179,000 (2024: HK\$1,186,000), are classified as non-current assets and current assets, respectively.

## 19. REDEVELOPMENT PROJECT

	Fair value of compensated properties HK\$'000	Present value of compensation income receivables HK\$'000	Total HK\$'000
At 1 January 2024	1,403,721	78,599	1,482,320
Transfer to investment properties	(396,899)	–	(396,899)
Loss arising from changes in fair value of long-term other assets	(263,461)	–	(263,461)
Imputed interest income from compensation income receivables from Redevelopment Project (note 6)	–	802	802
Exchange realignment/difference	(10,269)	(2,690)	(12,959)
	<b>733,092</b>	<b>76,711</b>	<b>809,803</b>
At 31 December 2024	<b>733,092</b>	<b>76,711</b>	<b>809,803</b>
Loss arising from changes in fair value of long-term other assets	<b>(38,535)</b>	–	<b>(38,535)</b>
Exchange realignment/difference	<b>285</b>	<b>3,584</b>	<b>3,869</b>
	<b>694,842</b>	<b>80,295</b>	<b>775,137</b>
At 31 December 2025	<b>694,842</b>	<b>80,295</b>	<b>775,137</b>

Included in compensation income receivables are the following amounts denominated in currency other than the functional currency of the relevant group company:

	2025 HK\$'000	2024 HK\$'000
RMB	<b>43,305</b>	41,372

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. REDEVELOPMENT PROJECT – *continued*

On 11 August 2011, one of the subsidiaries of the Company, Welidy Limited (“Welidy”), has entered into a conditional provisional removal remedy agreement (“Provisional Agreement”) with an independent third party property developer (the “Developer”) in relation to the redevelopment of a piece of land owned by the Group (the “Land”) and this Land constituted part of a redevelopment project (“Redevelopment Project”) proposed by the Developer. The factory building built on the Land is owned by another subsidiary of the Company, namely 世界塑膠餐墊 (寶安) 有限公司 World Plastic Mat (Baoan) Company Limited (“World (Baoan)”).

Under the Provisional Agreement, the Group agreed to surrender the Land, in the future, to the Developer for certain residential or commercial properties (the “Compensated Properties”) to be built under the Redevelopment Project (the “Transaction”).

Upon signing the Provisional Agreement, a refundable deposit amounting to RMB30,000,000 (equivalent to approximately HK\$33,370,000) (2024: RMB30,000,000 (equivalent to approximately HK\$31,881,000)) was received by the Group, which is refundable on the date of receipt of all the Compensated Properties (the “Compensated Properties Receipt Date”) or acknowledgement from PRC government authorities on the termination of Redevelopment Project, whichever is earlier. The Group also prepaid HK\$21,500,000 (2024: HK\$21,500,000) for legal and consultancy services to be provided by a PRC lawyer in respect of the Redevelopment Project and the amount is recognised as long-term prepayment in the consolidated statement of financial position (“Prepayment”). As at 31 December 2025, the carrying amount of the Prepayment amounted to HK\$10,750,000 (2024: HK\$10,750,000).

On 16 August 2017, Welidy and World (Baoan) further entered into a supplementary agreement to the Provisional Agreement (the “Supplementary Agreement”) with a fellow subsidiary of the Developer (the “Ultimate Developer”). In the Supplementary Agreement, the consideration for the Transaction have been finalised which includes the details of the Compensated Properties to be received upon completion of Redevelopment Project and unconditional and non-refundable monthly compensation income (“Compensation Income”) to be received by the Group from the Ultimate Developer up to the Compensated Properties Receipt Date. Upon signing the Supplementary Agreement, further refundable deposits amounting to RMB80,000,000 (equivalent to approximately HK\$88,988,000) (2024: RMB80,000,000 (equivalent to approximately HK\$85,016,000)) were received by the Group, together with the deposit received in 2011 as mentioned above, hereinafter referred to as the “Deposits Received”.

The Transaction with the Ultimate Developer was completed on 8 August 2018.

As at 31 December 2025, the compensation income receivable is not expected to be realised within twelve months after the reporting period.

As the fair value of the Compensated Properties changes from time to time, the carrying amount recognised by the Group would be subject to remeasurement at fair value at each subsequent reporting date prior to obtaining control of the Compensated Properties. The fair values of the Compensated Properties at the end of the reporting period have been arrived at on the basis of a valuation carried out by the Valuer not connected with the Group, in accordance with the HKIS Valuation Standards issued by Hong Kong Institute of Surveyors.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. REDEVELOPMENT PROJECT – *continued*

Included in Deposits Received are the following amounts denominated in currency other than the functional currency of the relevant group company:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
RMB	<b>66,741</b>	63,762

During the year ended 31 December 2024, certain residential properties were handed over to the Group and reclassified to investment properties at fair value of HK\$396,899,000 (2025: nil).

As at 31 December 2025 and 2024, the fair value of Compensated Properties included in long-term other assets was determined based on direct comparison method, making reference to market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. The market unit rate of the commercial properties used in the valuation was referenced to similar commercial properties, which ranged from RMB13,500 to RMB30,000 (2024: RMB14,900 to RMB33,000) per square meter.

Market unit rate, which mainly taking into account of the location, frontage and size are considered as significant unobservable input. A significant increase in the market unit rate used would result in a significant increase in the fair value of the commercial properties, and vice versa. Other key inputs and significant assumptions which involve judgements, included discount rate and time to completion. The discount rate used in the valuation was referenced to the applicable market yield of similar properties.

The fair value measurements of the commercial properties are categorised as Level 3 of the fair value hierarchy. There were no transfers into or out of Level 3 during both years.

## 20. INVENTORIES

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Raw materials and consumables	<b>23,926</b>	50,857
Work in progress	<b>19,469</b>	20,686
Finished goods	<b>38,460</b>	36,944
	<b>81,855</b>	108,487

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 21. TRADE AND OTHER RECEIVABLES

The following is an aging analysis of the Group's trade receivables presented based on the invoice date, which approximated the respective revenue recognition dates, net of allowance for credit losses and breakdown of other receivables and prepayments at the end of the reporting period:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
0-30 days	<b>38,245</b>	58,645
31-60 days	<b>18,659</b>	22,806
61-90 days	<b>16,935</b>	15,865
91-180 days	<b>30,363</b>	32,907
Over 180 days	<b>90,611</b>	84,498
	<hr/>	<hr/>
Trade receivables, net of allowance for credit losses	<b>194,813</b>	214,721
Prepayments for raw materials, deposits and other receivables	<b>67,702</b>	57,898
Deposit and prepayments for a life insurance policy (note 18)	<b>1,179</b>	1,186
	<hr/>	<hr/>
Total trade and other receivables	<b>263,694</b>	273,805
	<hr/> <hr/>	<hr/> <hr/>

As at 1 January 2024, the carrying amount of trade receivables, net of allowance for credit losses was HK\$237,413,000.

The Group allows credit period ranging from 30 days to 180 days, depending on the products sold, to its trade customers. Trade and other receivables are unsecured and interest-free.

The Group's trade receivables which are denominated in currencies other than the functional currencies of the relevant group companies are set out below:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
USD	<b>3,784</b>	12,646
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$123,523,000 (2024: HK\$84,227,000) which are past due as at the reporting date. Out of the past due balances, HK\$88,132,000 (2024: HK\$73,481,000) has been past due 90 days or more and is not considered as in default based on the good repayment records for those customers and continuous business with the Group. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in note 35.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 22. CONTRACT ASSETS

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
PVC pipes and fittings	<b>3,214</b>	4,116

As at 1 January 2024, the carrying amount of contract assets was HK\$7,648,000.

The Group typically agrees to a retention period of one year from the date of the delivery of PVC and fitting products, for 10% of the contract value. This amount is included in contract assets until the end of the retention period.

Details of impairment assessment of contract assets for the year ended 31 December 2025 are set out in note 35.

## 23. LONG-TERM BANK DEPOSITS, PLEDGED BANK DEPOSITS, SHORT-TERM BANK DEPOSITS AND BANK BALANCES AND CASH

Long-term bank deposits with maturity more than one year carry fixed interest rates which range from 1.30% to 1.70% (2024: nil).

Pledged bank deposits represent deposits pledged to banks to secure bills payable and bank facilities granted to the Group and are therefore classified as current assets. The pledged bank deposits carry interest at market rates at 3.12% (2024: 3.65%) per annum. The pledged deposits will be released upon the discharge of relevant bank facilities.

Short-term bank deposits with maturity more than three months but less than one year carry fixed interest rates which range from 1.20% to 2.80% (2024: range from 3.65% to 3.95%).

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less, which carry interest at market rates. Bank balances carry interest at market rates which range from 0.10% to 3.23% (2024: range from 0.10% to 0.65%) per annum.

The Group's long-term bank deposits, pledged bank deposits, short-term bank deposits and bank balances and cash which are denominated in currencies other than the functional currencies of the relevant group companies are set out below:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
USD	<b>9,445</b>	25,886
RMB	<b>19</b>	18

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 24. TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables presented based on the invoice date and other payables at the end of the reporting period:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
0-30 days	<b>12,173</b>	11,795
31-60 days	<b>3,321</b>	2,620
61-90 days	<b>729</b>	208
Over 90 days	<b>30,372</b>	33,061
	<hr/>	<hr/>
Total trade payables	<b>46,595</b>	47,684
Other payables	<b>906,637</b>	927,951
	<hr/>	<hr/>
Total trade and other payables	<b>953,232</b>	975,635
	<hr/> <hr/>	<hr/> <hr/>

The following is an analysis of the Group's other payables at the end of the reporting period:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Accrued expenses	<b>23,967</b>	35,559
Deposits received	<b>1,304</b>	584
Payable on acquisition of property, plant and equipment	<b>2,472</b>	2,808
Compensation receipt in advance for land resumption (Note)	<b>864,531</b>	874,164
Others	<b>14,363</b>	14,836
	<hr/>	<hr/>
	<b>906,637</b>	927,951
	<hr/> <hr/>	<hr/> <hr/>

The average credit period on purchases of goods is 90 days.

Included in trade and other payables are the following amounts denominated in currencies other than the functional currencies of the relevant group companies:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
USD	<b>639</b>	639
	<hr/> <hr/>	<hr/> <hr/>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 24. TRADE AND OTHER PAYABLES – *continued*

Note:

On 5 November 2021, two wholly-owned subsidiaries of the Company, World Houseware Producing Company Limited (“World Producing”) and 南塑建材塑膠製品 (深圳) 有限公司 Nam Sok Building Material & Plastic Products (Shenzhen) Co., Ltd. (“Nam Sok”) entered into an agreement (the “Land Resumption Agreement”) with 深圳市龍崗區平湖街道辦事處 Pinghu Street Office, 深圳市龍崗區土地整備事務中心 Land Development Affair Centre and 深圳市規劃和自然資源局龍崗管理局 Planning and Natural Resources Bureau (the “Office, Centre, and Bureau”) in relation to land resumption (the “Land Resumption Project”).

Pursuant to the Land Resumption Agreement, World Producing and Nam Sok are responsible for the provision of the existing land which has been used by the Group as production factory and office buildings for its manufacturing and sale of PVC pipes and fittings (the “Existing Land”) and the demolition of the buildings, structures, greening and relevant fixtures erected on the land. The Office, Centre, and Bureau will compensate to World Producing and Nam Sok a piece of land for residential use with ancillary commercial and community uses (the “Replacement Land”). If the fair value of the Replacement Land is less than the fair value of the Existing Land, the difference will be compensated by the Shenzhen Municipal Government as monetary compensation for the land compensation price difference (the “Land Compensation Price Difference”). The Land Compensation Price Difference will be determined based on the final valuation of the Replacement Land, which is subject to the approval by the Shenzhen Municipal Government and acceptability by the Group with the agreed specification.

Apart from the above compensation, in view that the Group is required to relocate its factories and office buildings on the Existing Land to a leased factory as a result of the land resumption and further relocate to new location in the future (the “Relocations”), the Office, Centre, and Bureau agreed to compensate the Group (the “Relocation Compensation”) for the cost of Relocations. The compensation amount is subject to final review and further actions by the Group.

The Office, Centre, and Bureau also agreed to compensate to the Group (the “Underground Compensation”) for the cost of restoration of the underground construction at the Existing Land. The compensation amount is subject to final review and further actions by the Group.

As at 31 December 2025, the Group has received RMB502,692,000 (equivalent to approximately HK\$559,168,000) (2024: RMB502,692,000 (equivalent to approximately HK\$534,210,000)) from the Office, Centre, and Bureau as an advance payment for the Land Compensation Price Difference. The amount of Land Compensation Price Difference will be finalised by the Office, Centre, and Bureau upon approval process and subject to the final valuation of the Replacement Land. In addition, the Group has received Relocation Compensation of RMB385,434,000 (equivalent to approximately HK\$428,736,000) (2024: RMB385,434,000 (equivalent to approximately HK\$409,600,000)) and Underground Compensation of RMB19,419,000 (equivalent to approximately HK\$21,601,000) (2024: RMB19,419,000 (equivalent to approximately HK\$20,637,000)) from the Office, Centre, and Bureau.

As at 31 December 2025, the aggregate amount of the property, plant and equipment demolished, right-of-use assets derecognised and expenses incurred for the relocation is RMB130,331,000 (equivalent to approximately HK\$144,974,000) (2024: RMB84,956,000 (equivalent to approximately HK\$90,283,000)) pursuant to the Land Resumption Agreement. In the opinion of the directors of the Company, these amounts could be recovered through the compensations received from the Land Resumption Project.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 25. CONTRACT LIABILITIES

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
PVC pipes and fittings	<b>8,635</b>	9,041

As at 1 January 2024, the carrying amount of contract liabilities was HK\$10,808,000.

The contract liabilities are expected to be settled within the Group's normal operation cycle and therefore are classified as current liabilities.

## 26. AMOUNTS DUE TO DIRECTORS

At 31 December 2025, the amounts due to directors, who are also the controlling shareholders of the Group, in aggregate of HK\$161,270,000 (2024: HK\$162,729,000) are unsecured.

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Repayable over one year:		
– interest bearing ranged from 2.9% to 4.35% per annum	<b>80,071</b>	76,658
– interest-free (Note)	<b>81,199</b>	86,071
	<b>161,270</b>	162,729

Note: The principal amount outstanding as at 31 December 2025 is HK\$85,534,000 (2024: HK\$90,406,000). At the end of the reporting period, the Group calculates the estimated future cash flows at effective interest rate of 2.9% (2024: 2.9%). During the year ended 31 December 2025, the interest-free balance was agreed to be further extended for repayment and thus fair value adjustment on future cash flows estimates of HK\$2,137,000 (2024: HK\$2,137,000) has been deducted from the carrying amount and recorded as deemed contribution in capital reserve.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 27. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
<b>Lease liabilities payable:</b>		
Within one year	15,512	14,261
Within a period of more than one year but not exceeding two years	16,120	14,821
Within a period of more than two years but not exceeding five years	17,799	32,404
	<u>49,431</u>	<u>61,486</u>
Less: Amount due for settlement with 12 months shown under current liabilities	<u>(15,512)</u>	<u>(14,261)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>33,919</u>	<u>47,225</u>

At 31 December 2025, the weighted average incremental borrowing rates applied to lease liabilities was 3.85% (2024: 3.85%).

### Restrictions or covenants on leases

As at 31 December 2025, lease liabilities of HK\$49,431,000 (2024: HK\$61,486,000) were recognised with related right-of-use assets of HK\$44,562,000 (2024: HK\$56,765,000). The lease agreements did not impose any covenants other than the security interests in the leased assets that were held by the lessor. The related leased assets may not be used as security for borrowing purposes. As at 31 December 2025, the lease liabilities were secured by rental deposits with carrying values of HK\$4,010,000 (2024: HK\$3,687,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. DEFERRED TAXATION

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

	Accelerated tax depreciation	Fair value changes in investment properties	Tax losses	Withholding tax on profits of a non-resident in the PRC	EIT liabilities arising from Redevelopment Project	Land appreciation tax arising from Redevelopment Project	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	(10,696)	(1,523)	10,063	(105,096)	(110,242)	-	(4)	(217,498)
Currency realignment	226	592	(209)	(429)	3,418	328	-	3,926
Credit (charge) to profit or loss	2,015	390	(1,965)	20,190	15,611	(15,432)	-	20,809
At 31 December 2024	<b>(8,455)</b>	<b>(541)</b>	<b>7,889</b>	<b>(85,335)</b>	<b>(91,213)</b>	<b>(15,104)</b>	<b>(4)</b>	<b>(192,763)</b>
Currency realignment	(166)	-	142	186	(4,133)	(295)	-	(4,266)
Credit (charge) to profit or loss	1,711	(2)	(1,695)	6,970	4,803	15,399	-	27,186
At 31 December 2025	<b>(6,910)</b>	<b>(543)</b>	<b>6,336</b>	<b>(78,179)</b>	<b>(90,543)</b>	<b>-</b>	<b>(4)</b>	<b>(169,843)</b>

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

	2025 HK\$'000	2024 HK\$'000
Deferred tax assets	6,336	7,889
Deferred tax liabilities	(176,179)	(200,652)
	<b>(169,843)</b>	<b>(192,763)</b>

At the end of the reporting period, the Group had unused tax losses of approximately HK\$659,593,000 (2024: HK\$547,568,000) available to offset against future assessable profits. A deferred taxation asset of HK\$6,336,000 (2024: HK\$7,889,000) has been recognised in respect of HK\$53,178,000 (2024: HK\$49,852,000) of such losses. No deferred taxation asset has been recognised in respect of the remaining tax losses of HK\$606,415,000 (2024: HK\$497,716,000) due to the unpredictability of future profit streams. For the year ended 31 December 2025, approximately HK\$7,482,000 (2024: HK\$6,538,000) of tax loss have expired. Included in unrecognised tax losses are losses of HK\$247,155,000 (2024: HK\$175,658,000) that will expire in 5 years (2024: 5 years). Other losses may be carried forward indefinitely. The Group had no other significant unprovided deferred taxation at the end of the reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. DEFERRED TAXATION – *continued*

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiary amounting to HK\$590,889,000 (2024: HK\$312,754,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## 29. SHARE CAPITAL

	Number of shares	HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 31 December 2025	1,500,000,000	150,000
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 31 December 2025	792,117,421	79,212

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Share Option Scheme"), was adopted at an extraordinary general meeting of the Company held on 13 June 2024 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 12 June 2034. Under the Share Option Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31 December 2025, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 30,390,000 (2024: 46,890,000), representing 3.8% (2024: 5.9%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted must be taken up within 1 month of the date of grant, upon payment of HK\$1 from each grantee upon acceptance of offer. Options may be exercised immediately from the date of grant of the share options to the 10th anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. SHARE-BASED PAYMENT TRANSACTIONS – *continued*

The following tables disclose the movements of the Company's share options in both years:

Type of participants	Date of grant	Vesting period	Exercisable period	Exercise price per share HK\$	Outstanding at 1.1.2024	Granted during the year	Outstanding at 31.12.2024	Lapsed during the year	Outstanding at 31.12.2025
<b>2015 share options</b>									
Executive directors	01.09.2015	Nil	01.09.2015-31.08.2025	0.580	11,100,000	-	11,100,000	(11,100,000)	-
Non-executive director	01.09.2015	Nil	01.09.2015-31.08.2025	0.580	500,000	-	500,000	(500,000)	-
Independent non-executive directors	01.09.2015	Nil	01.09.2015-31.08.2025	0.580	900,000	-	900,000	(900,000)	-
Employees	01.09.2015	Nil	01.09.2015-31.08.2025	0.580	4,000,000	-	4,000,000	(4,000,000)	-
					<u>16,500,000</u>	<u>-</u>	<u>16,500,000</u>	<u>(16,500,000)</u>	<u>-</u>
<b>2020 share options</b>									
Executive directors	22.12.2020	Nil	22.12.2020-21.12.2030	0.357	20,200,000	-	20,200,000	-	20,200,000
Employees	22.12.2020	Nil	22.12.2020-21.12.2030	0.357	4,600,000	-	4,600,000	-	4,600,000
					<u>24,800,000</u>	<u>-</u>	<u>24,800,000</u>	<u>-</u>	<u>24,800,000</u>
<b>2024 share options</b>									
Executive directors	19.11.2024	19.11.2024-18.11.2025	19.11.2025-18.11.2034	0.465	-	3,950,000	3,950,000	-	3,950,000
Employees	19.11.2024	19.11.2024-18.11.2025	19.11.2025-18.11.2034	0.465	-	1,640,000	1,640,000	-	1,640,000
					<u>-</u>	<u>5,590,000</u>	<u>5,590,000</u>	<u>-</u>	<u>5,590,000</u>
					<u>41,300,000</u>	<u>5,590,000</u>	<u>46,890,000</u>	<u>(16,500,000)</u>	<u>30,390,000</u>
Exercisable at the end of the year					<u>41,300,000</u>		<u>46,890,000</u>		<u>30,390,000</u>
Weighted average exercise price					<u>0.466</u>	<u>0.465</u>	<u>0.448</u>		<u>0.377</u>

The share options outstanding at 31 December 2025 had a weighted average remaining contractual life of 5.70 years (2024: 4.58 years).

On 19 November 2024, a total of 5,590,000 share options with estimated fair value of approximately HK\$1,536,000 at the date granted to executive directors and employees, were granted at an exercise price of HK\$0.465 per share under the terms of the Share Option Scheme.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. SHARE-BASED PAYMENT TRANSACTIONS – *continued*

The closing price of the Company's shares immediately before 19 November 2024, the date of grant, was HK\$0.45.

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

	<b>2025</b>
Weighted average share price	HK\$0.465
Exercise price	HK\$0.465
Expected volatility	59.84%
Expected life	10 years
Risk-free rate	3.36%
Expected dividend yield	0.00%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years. The expected life used in the model has been adjusted, based on the valuer's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

For the year ended 31 December 2025, the Group recognised the total expense of HK\$1,358,000 (2024: HK\$178,000) in relation to share options granted by the Company.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the valuer's best estimate. The value of an option varies with different variables of certain subjective assumptions.

## 31. RETIREMENT BENEFIT SCHEMES

The Group operates the MPF Scheme for all qualifying Hong Kong employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. Mandatory benefits are provided under the MPF Scheme. The Group contributes the lower of 5% of the relevant payroll costs and HK\$1,500 per employee to the MPF Scheme.

Employees of subsidiaries in the PRC are members of the state managed retirement benefit schemes operated by the PRC government. The subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions.

The total contribution to the retirement benefit schemes charged to the consolidated statement of profit or loss and other comprehensive income is HK\$1,215,000 (2024: HK\$1,462,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 32. CAPITAL COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– plant and equipment	–	328
– buildings	15,988	2,057
	<u>15,988</u>	<u>2,385</u>
	<u>15,988</u>	<u>2,385</u>

## 33. OPERATING LEASES

### The Group as lessor

Undiscounted lease payments receivable on leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	3,329	1,475
In the second year	3,179	763
In the third year	3,239	–
In the fourth year	3,433	–
In the fifth year	3,147	–
After five years	9,820	–
	<u>26,147</u>	<u>2,238</u>
	<u>26,147</u>	<u>2,238</u>

The properties held have committed tenants for periods of up to eight years (2024: two years).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 34. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which includes amounts due to directors, lease liabilities and secured bank borrowings, disclosed in respective notes, net of pledged bank deposits, short-term bank deposits, cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

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

## 35. FINANCIAL INSTRUMENTS

### Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Amortised cost	<u>938,227</u>	<u>989,635</u>
Financial liabilities		
Amortised cost	<u>343,305</u>	<u>341,385</u>

### Financial risk management objectives and policies

The Group's major financial instruments include compensation income receivables included in long-term other assets, trade and other receivables, long-term bank deposits, pledged bank deposits, short-term bank deposits, bank balances and cash, trade and other payables, amounts due to directors and deposits received. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. FINANCIAL INSTRUMENTS – *continued*

### Financial risk management objectives and policies – *continued*

#### Market risk

##### Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 9% (2024: 24%) and 2% (2024: 18%) of the Group's sales and purchases, respectively, are denominated in currencies other than the functional currencies of the group entities making the sale and the purchase.

Several subsidiaries of the Company have foreign currency pledged bank deposits, bank balances, compensation income receivables included in long-term other assets, trade and other receivables, trade and other payables and deposits received that are denominated in currencies other than the functional currencies of the relevant group entities which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at 31 December 2025 and 2024 are as follows:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
USD (HK\$ as functional currency)	<b>13,229</b>	38,532	<b>639</b>	639
RMB	<b>43,324</b>	41,390	<b>66,741</b>	63,762
	<b>56,553</b>	79,922	<b>67,380</b>	64,401

In addition, the Group is also exposed to foreign currency risk arising from intra-group loans/trading transactions denominated in HK\$ involving PRC entities whose functional currency is RMB. The foreign currency denominated net monetary liabilities (2024: net monetary liabilities) in relation to these intra-group balances amounted to approximately HK\$201,935,000 (2024: HK\$322,899,000). The Group has not formulated a policy to hedge the foreign currency risk.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. FINANCIAL INSTRUMENTS – *continued*

### Financial risk management objectives and policies – *continued*

#### **Market risk** – *continued*

##### *Currency risk – continued*

The Group is mainly exposed to fluctuation in exchange rate of RMB against HK\$ and USD. Exposures on balances which are denominated in USD in group companies with HK\$ as functional currency, are not considered significant as HK\$ is pegged to USD. The following table details the Group's sensitivity to a reasonably possible change of 5% in exchange rate of RMB (functional currency of the relevant group companies) against HK\$ and USD while all other variables are held constant. The sensitivity analysis includes intra-group balances/trading transactions where the denomination is in a currency other than the functional currency. A positive number below indicates an increase in loss (2024: an increase in loss) for the year where RMB strengthens against HK\$ and USD. For a 5% weakening of RMB against HK\$ and USD, there would be an equal and opposite impact on the results for the year and the balances below would be negative.

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
RMB against HK\$	<b>8,451</b>	12,948

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

#### *Interest rate risk*

The Group's cash flow interest rate risk relates primarily to amounts due to directors (see note 26). In relation to these amounts due to directors, the Group currently does not have policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. FINANCIAL INSTRUMENTS – *continued*

### Financial risk management objectives and policies – *continued*

#### Market risk – *continued*

##### Interest rate risk – *continued*

The Group's sensitivity to cash flow interest rate risk has been determined based on the exposure to interest rates for the amounts due to directors at the end of the reporting period. At 31 December 2025, a 100 basis points (2024: 100 basis points) increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. At 31 December 2025, if interest rates had been 100 basis points (2024: 100 basis points) higher and all other variable held constant, the potential effect on loss for the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Increase in loss for the year	<u>1,347</u>	<u>1,359</u>

For decreasing interest rate of 100 basis points, there would be an equal and opposite impact on the results for the year.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

#### Credit risk and impairment assessment

The Group's credit risk is primarily attributable to compensation income receivables included in long-term other assets, trade and other receivables, contract assets, long-term bank deposits, pledged bank deposits, short-term bank deposits and bank balances. The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position at the end of each reporting period. As at 31 December 2025, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed every year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on debtors with significant outstanding balances or credit-impaired individually and based on internal credit rating for the remaining balance.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. FINANCIAL INSTRUMENTS – *continued*

### **Financial risk management objectives and policies – *continued***

#### ***Credit risk and impairment assessment – continued***

At 31 December 2025, the Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 91% (2024: 99%) of the total trade receivables and contract assets.

At 31 December 2025, the Group has concentration of credit risk on trade receivables and contract assets as 7.8% (2024: 3.5%) of the total trade receivables and contract assets was due from the Group's largest debtor within the PVC pipes and fittings segment.

#### *Trade receivables arising from contracts with customers and contract assets*

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets.

Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of HK\$45,575,000 (2024: HK\$118,905,000) and HK\$59,977,000 (2024: HK\$60,227,000) respectively with loss allowances of HK\$7,216,000 (2024: HK\$10,232,000) and HK\$59,977,000 (2024: HK\$60,227,000) respectively were assessed individually.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The Group's internal credit risk rating comprises the following categories:

Low:	The customer has a low risk of default and does not have any past-due amounts
Medium:	The customer regularly repays on time but sometimes settles after due date
High:	The customer frequently repays after due dates but usually settles after due date

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. FINANCIAL INSTRUMENTS – continued

### Financial risk management objectives and policies – continued

#### Credit risk and impairment assessment – continued

##### Trade receivables arising from contracts with customers and contract assets – continued

The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed based on internal credit rating as at 31 December 2025 and 2024 within lifetime ECL (not credit-impaired).

	<b>Gross carrying amount HK\$'000</b>	<b>Average loss rate %</b>	<b>Loss allowance HK\$'000</b>	<b>Net carrying amount HK\$'000</b>
As at 31 December 2025				
Internal credit rating				
Low	32,612	0.15	50	32,562
Medium	23,194	3.92	909	22,285
High	115,371	9.14	10,550	104,821
	<u>171,177</u>		<u>11,509</u>	<u>159,668</u>
As at 31 December 2024				
Internal credit rating				
Low	21,353	0.07	14	21,339
Medium	37,111	3.95	1,465	35,646
High	58,573	9.21	5,394	53,179
	<u>117,037</u>		<u>6,873</u>	<u>110,164</u>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. FINANCIAL INSTRUMENTS – *continued*

### **Financial risk management objectives and policies** – *continued*

#### **Credit risk and impairment assessment** – *continued*

##### *Trade receivables arising from contracts with customers and contract assets – continued*

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

##### *Other receivables*

The management of the Group has considered the consistently low historical default rate in connection with the other receivables, and concluded that credit risk inherent in the Group's other receivables is insignificant.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. FINANCIAL INSTRUMENTS – continued

### Financial risk management objectives and policies – continued

#### Credit risk and impairment assessment – continued

##### Reconciliation of loss allowance

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

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2024	12,816	58,949	71,765
Changes due to financial instruments recognised as at 1 January 2024:			
– Transfer to credit-impaired	(11,496)	11,496	–
– Impairment losses recognised	18,961	3,624	22,585
– Impairment losses reversed	(2,696)	(11,766)	(14,462)
New financial assets	40	–	40
Currency realignment	(520)	(2,076)	(2,596)
	<b>17,105</b>	<b>60,227</b>	<b>77,332</b>
As at 31 December 2024			
Changes due to financial instruments recognised as at 1 January 2025:			
– Transfer to credit-impaired	<b>(3,862)</b>	<b>3,862</b>	–
– Impairment losses recognised	<b>9,047</b>	<b>3,884</b>	<b>12,931</b>
– Impairment losses reversed	<b>(4,396)</b>	<b>(10,730)</b>	<b>(15,126)</b>
New financial assets	<b>37</b>	–	<b>37</b>
Currency realignment	<b>794</b>	<b>2,734</b>	<b>3,528</b>
	<b>18,725</b>	<b>59,977</b>	<b>78,702</b>
As at 31 December 2025			

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. FINANCIAL INSTRUMENTS – *continued*

### **Financial risk management objectives and policies** – *continued*

#### ***Credit risk and impairment assessment*** – *continued*

##### *Other financial assets subject to ECL*

For the compensation income receivables included in long-term other assets, no impairment allowance were made since the directors of the Company consider the loss given default and exposure at default are significantly reduced as the compensation income receivables are subject to offsetting agreement with the Deposits Received.

The management of the Group considers the long-term bank deposits, pledged bank deposits, short-term bank deposits and bank balances that are deposited with the financial institutions with good credit rating to be low credit risk financial assets. The management of the Group considers the bank balances are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers, and accordingly, loss allowance was considered as insignificant.

#### ***Liquidity risk***

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. FINANCIAL INSTRUMENTS – continued

### Financial risk management objectives and policies – continued

#### Liquidity risk – continued

##### Liquidity and interest risk tables

	Weighted average effective interest rate per annum %	On demand or less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
As at 31 December 2025							
Trade and other payables	-	25,255	4,050	30,372	-	59,677	59,677
Amounts due to directors	3.11	-	-	-	165,605	165,605	161,270
Deposits received	-	-	-	-	122,358	122,358	122,358
Lease liabilities	3.85	1,429	2,857	12,858	35,316	52,460	49,431
		<u>26,684</u>	<u>6,907</u>	<u>43,230</u>	<u>323,279</u>	<u>400,100</u>	<u>392,736</u>
As at 31 December 2024							
Trade and other payables	-	25,870	2,828	33,061	-	61,759	61,759
Amounts due to directors	3.11	-	-	-	167,064	167,064	162,729
Deposits received	-	-	-	-	116,897	116,897	116,897
Lease liabilities	3.85	1,365	2,730	12,285	50,118	66,498	61,486
		<u>27,235</u>	<u>5,558</u>	<u>45,346</u>	<u>334,079</u>	<u>412,218</u>	<u>402,871</u>

#### Fair value of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	<b>Amounts due to directors</b>	<b>Lease liabilities</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	171,079	61,386	232,465
Financing cash flows	(9,827)	(27,756)	(37,583)
Currency realignment	(895)	(1,826)	(2,721)
Finance costs recognised	4,509	3,063	7,572
Deemed director contribution	(2,137)	–	(2,137)
New leases entered/lease modification	–	26,619	26,619
	<b>162,729</b>	<b>61,486</b>	<b>224,215</b>
At 31 December 2024	<b>162,729</b>	<b>61,486</b>	<b>224,215</b>
Financing cash flows	<b>(4,871)</b>	<b>(16,698)</b>	<b>(21,569)</b>
Currency realignment	<b>1,044</b>	<b>2,484</b>	<b>3,528</b>
Finance costs recognised	<b>4,505</b>	<b>2,159</b>	<b>6,664</b>
Deemed director contribution	<b>(2,137)</b>	<b>–</b>	<b>(2,137)</b>
	<b>161,270</b>	<b>49,431</b>	<b>210,701</b>
At 31 December 2025	<b>161,270</b>	<b>49,431</b>	<b>210,701</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 37. PLEDGE OF ASSETS

At the end of the reporting period, the Group's secured borrowings were secured by the following assets:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Investment properties	<b>9,490</b>	18,270
Leasehold land and buildings	–	51,238
Pledged bank deposits	<b>6,945</b>	6,557
	<b>16,435</b>	76,065

In addition, the Group also pledged the life insurance policy to a bank to secure general banking facilities granted to the Group (see note 18).

## 38. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the consolidated financial statements, the Group has following transactions and balances with related parties:

### (a) Compensation of key management personnel:

The remuneration of directors and other members of key management during the year was as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Short-term benefits	<b>17,189</b>	17,227
Post-employment benefits	<b>108</b>	108
	<b>17,297</b>	17,335

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. RELATED PARTY TRANSACTIONS – *continued*

- (b) During the year ended 31 December 2025, Joy Tower Limited, a related party of the Group, provided its residential property to secure one of the Group's banking facilities amounting to HK\$27,310,000. None of the facility was utilised in respect of this banking facility as at 31 December 2024 and 31 December 2025.

Mr. Lee Tat Hing and his spouse, Ms. Fung Mei Po, the directors and controlling shareholders of the Company, are directors and controlling shareholders of Joy Tower Limited.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 39. PRINCIPAL SUBSIDIARIES

The details of principal subsidiaries at 31 December 2025 and 2024 are as follows:

Name of subsidiary	Place of incorporation/ registration	Nominal value of issued ordinary share/ registered capital	Percentage of equity interest held by the Company		Principal activities		
			Directly 2025	Indirectly 2024			
Action Land Limited	Hong Kong - limited liability company	HK\$6,000,000	-	-	100%	100%	Provision of transportation services
Greatflow Investments Limited	British Virgin Islands ("BVI") - limited liability company	USD1	-	-	100%	100%	Property holding
Nam Sok Building Material & Plastic Products (Changshu) Co., Ltd.*	PRC - wholly foreign owned enterprise	USD15,806,000	-	-	100%	100%	Manufacturing of PVC pipes and fittings and moulds
Nam Sok Building Material & Plastic Products (Shenzhen) Co., Ltd.*	PRC - wholly foreign owned enterprise	HK\$330,000,000	-	-	100%	100%	Manufacturing of PVC pipes and fittings and moulds
South China Plastic Building Material Manufacturing Limited	Hong Kong - limited liability company	HK\$2	-	-	100%	100%	Trading in building materials and supplies
South China Reborn Resources (Zhongshan) Company Limited*	PRC - wholly foreign owned enterprise	USD11,910,000	-	-	100%	100%	Manufacturing of household products and operating recycling and reborn resources related business
Welidy	Hong Kong - limited liability company	HK\$10,000	-	-	100%	100%	Property holding
World Home Linen Manufacturing Company Limited	Hong Kong - limited liability company	HK\$200 Deferred non-voting shares HK\$10,000 (Note a)	-	-	100%	100%	Property holding
World Houseware (B.V.) Limited	BVI - limited liability company	HK\$50,000	100%	100%	-	-	Investment holding
World Houseware Producing Company Limited	Hong Kong - limited liability company	HK\$200 Deferred non-voting shares HK\$160,500 (Note b)	-	-	100%	100%	Trading in household products
World (Baoan)*	PRC - wholly foreign owned enterprise	HK\$360,000,000	-	-	100%	100%	Manufacturing of household products

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 39. PRINCIPAL SUBSIDIARIES – *continued*

Name of subsidiary	Place of incorporation/ registration	Nominal value of issued ordinary share/ registered capital	Percentage of equity interest held by the Company				Principal activities
			Directly		Indirectly		
			2025	2024	2025	2024	
World Plastic-ware Manufacturing Limited	Hong Kong - limited liability company	HK\$32,500,000	-	-	100%	100%	Investment holding
South China Reborn Resources (Hong Kong) Company Limited	Hong Kong - limited liability company	USD10,000	-	-	100%	100%	Operating recycling and reborn resources related business
Guangdong Nam Sok Building Material Products Company Limited*	PRC - wholly foreign owned enterprise	RMB150,000,000	-	-	100%	100%	Manufacturing of PVC pipes and fittings and moulds

\* The English name is translated for identification purpose only.

Notes:

- (a) None of the deferred non-voting shares are held by the Group.
- (b) The deferred non-voting shares are held by Welidy.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

All the subsidiaries operate in their respective places of incorporation/registration except Welidy which holds properties in the PRC, Greatflow Investments Limited which holds properties in Hong Kong and World Houseware (B.V.I.) Limited which operates in Hong Kong.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Non-current assets		
Investments in subsidiaries	<b>57,188</b>	57,188
Amounts due from subsidiaries	<b>200,000</b>	200,000
	<b>257,188</b>	257,188
Current assets		
Amounts due from a subsidiary	<b>70,321</b>	88,160
Bank balances and cash	<b>122</b>	122
	<b>70,443</b>	88,282
Current liability		
Accrued expenses	<b>2,390</b>	2,388
Net current assets	<b>68,053</b>	85,894
Non-current liability		
Amount due to a director	<b>72,686</b>	72,686
Net assets	<b>252,555</b>	270,396
Capital and reserves		
Share capital	<b>79,212</b>	79,212
Reserves (Note)	<b>173,343</b>	191,184
Total equity	<b>252,555</b>	270,396

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY – continued

Note:

	Share premium HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	356,505	8,917	14,124	9,717	(180,422)	208,841
Loss and total comprehensive expense for the year	-	-	-	-	(19,972)	(19,972)
Issue of share options	-	-	-	178	-	178
Deemed contribution arising from future cash flows estimates on amount due to a director	-	-	2,137	-	-	2,137
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2024	<b>356,505</b>	<b>8,917</b>	<b>16,261</b>	<b>9,895</b>	<b>(200,394)</b>	<b>191,184</b>
Loss and total comprehensive expense for the year	-	-	-	-	(21,336)	(21,336)
Issue of share options	-	-	-	1,358	-	1,358
Release of lapsed share options	-	-	-	(4,531)	4,531	-
Deemed contribution arising from future cash flows estimates on amount due to a director	-	-	2,137	-	-	2,137
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2025	<b>356,505</b>	<b>8,917</b>	<b>18,398</b>	<b>6,722</b>	<b>(217,199)</b>	<b>173,343</b>

# Financial Summary

## RESULTS

	For the year ended 31 December				
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000
Turnover	878,030	628,672	380,630	318,280	<b>242,901</b>
Profit (loss) before taxation	38,588	(219,453)	(168,520)	(342,964)	<b>(234,746)</b>
Taxation credit (charge)	5,434	6,001	(3,612)	20,809	<b>27,186</b>
Profit (loss) for the year	44,022	(213,452)	(172,132)	(322,155)	<b>(207,560)</b>

## ASSETS AND LIABILITIES

	At 31 December				
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000
Total assets	3,780,557	3,203,919	3,056,413	2,631,760	<b>2,397,651</b>
Total liabilities	(1,840,966)	(1,561,039)	(1,605,017)	(1,518,644)	<b>(1,464,865)</b>
Total equity	1,939,591	1,642,880	1,451,396	1,113,116	<b>932,786</b>