

Leeport

力豐（集團）有限公司

LEEPORT (HOLDINGS) LIMITED

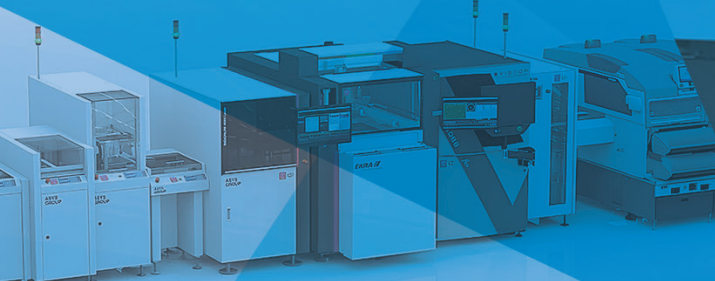
(Incorporated in Bermuda with limited liability)

(Stock Code: 0387)



CERTIFICATE NO. FS 84667
ISO 9001:2015

ANNUAL REPORT 2025



**ADVANCED
MANUFACTURING
TECHNOLOGIES**

Since 1967

Contents

Pages

Corporate Information	2
Chairman's Statement	3
Management's Discussion and Analysis	8
Biographical Details of Directors and Senior Management	11
Report of the Directors	14
Corporate Governance Report	24
Environmental, Social and Governance Report	36
Independent Auditor's Report	57
Audited Financial Statements	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	62
Consolidated Statement of Financial Position	64
Consolidated Statement of Changes In Equity	66
Consolidated Statement of Cash Flows	68
Notes to Financial Statements	69
Five Year Financial Summary	155



Corporate Information

DIRECTORS

Executive Directors

Mr. LEE Sou Leung, Joseph (*Chairman*)
Mr. CHAN Ching Huen, Stanley
Mr. POON Yiu Ming

Non-executive Director

Ms. TSE Sui Yin, Sally

Independent Non-executive Directors

Mr. ZAVATTI Salvatore
Mr. WONG Tat Cheong, Frederick
Mr. KRACHT Jurgen Ernst Max

COMPANY SECRETARY

Mr. CHAN Ching Huen, Stanley

MEMBERS OF AUDIT COMMITTEE

Mr. WONG Tat Cheong, Frederick (*Chairman*)
Mr. ZAVATTI Salvatore
Mr. KRACHT Jurgen Ernst Max

MEMBERS OF REMUNERATION COMMITTEE

Mr. ZAVATTI Salvatore (*Chairman*)
Mr. LEE Sou Leung, Joseph
Mr. WONG Tat Cheong, Frederick
Mr. KRACHT Jurgen Ernst Max

MEMBERS OF NOMINATION COMMITTEE

Mr. LEE Sou Leung, Joseph (*Chairman*)
Mr. ZAVATTI Salvatore
Mr. WONG Tat Cheong, Frederick
Mr. KRACHT Jurgen Ernst Max
Ms. TSE Sui Yin, Sally

SOLICITORS

Stevenson, Wong & Co

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
under the Accounting and
Financial Reporting Council Ordinance

PRINCIPAL BANKERS

Hang Seng Bank Limited
Chong Hing Bank Limited
United Overseas Bank Limited
Industrial and Commercial Bank of China Limited
Bank SinoPac
Standard Chartered Bank (Hong Kong) Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1st Floor, Block 1
Golden Dragon Industrial Centre
152-160 Tai Lin Pai Road
Kwai Chung
New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate Services
(Bermuda) Limited
Canon's Court, 22 Victoria Street,
PO Box HM 1179, Hamilton HM EX
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.leeport.com.hk

Chairman's Statement

The Board of Directors (the "Directors") of Leeport (Holdings) Limited (the "Company") would like to present the consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2025, together with the comparative figures for the year ended 31 December 2024. The annual results have been reviewed by the Audit Committee of the Company.

FINANCIAL PERFORMANCE

Revenue

The Group's revenue amounted to HK\$552,889,000 in 2025, compared with HK\$560,626,000 in 2024, representing a decrease of 1.4%. The Group's gross profit amounted to HK\$141,090,000, compared with HK\$138,549,000 in 2024, representing an increase of 1.8%. The gross profit was 25.5% of revenue in 2025, compared with 24.7% in 2024.

Other Income and Gains – Net

The total amount of other income and gains was HK\$987,000 in 2025, compared with HK\$18,669,000 in 2024, representing a decrease of 94.7%.

The Group recorded a loss of HK\$3,000,000 on 30 June 2025 from the fair value change of the Group's shareholding in the privatized Prima Industrie S.p.A., compared with a HK\$21,400,000 gain in 2024. On 1 August 2025, a share redemption agreement was entered to repurchase the entire shares held by the Group at a cash consideration of EUR7,500,000 (equivalent to approximately HK\$68,119,000). The completion of the share redemption took place on 1 August 2025 and a gain of HK\$745,000 was recognized when compared to carrying value at 30 June 2025.

The Group recorded rental income of HK\$4,428,000 in 2025, an 21.2% increase compared with the rental income of HK\$3,653,000 in 2024.

The Group recorded a revaluation loss of investment properties of HK\$3,136,000 in 2025, compared with a HK\$7,347,000 loss in 2024.

The Group received HK\$434,000 subsidies from PRC Government in 2025 in which \$312,000 was digitalization system incentive, compared with HK\$244,000 in 2024, representing an increase of 77.9%.

Chairman's Statement (Continued)

Operating Expenses

Selling and distribution expenses were HK\$16,212,000 in 2025, compared with HK\$19,143,000 in 2024, representing a decrease of 15.3% contributed by the continuous effort in driving down operating cost through multiple initiatives.

Administrative expenses amounted to HK\$94,091,000 in 2025, compared with HK\$96,835,000 in 2024, representing a decrease of 2.8%.

Finance Expenses – Net

Finance expenses net of finance income were HK\$3,544,000 in 2025, compared with HK\$8,254,000 in 2024, representing a decrease of 57.1%. Finance income in 2025 was HK\$1,486,000, compared with HK\$1,160,000 in 2024, representing an increase of 28.1%. Interest income derived from the loan to an associate, OPS Ingersoll Funkenerosion GmbH, was HK\$1,273,000 in 2025, compared with HK\$810,000 in 2024.

Finance expenses were HK\$5,030,000 in 2025, compared with HK\$9,414,000 in 2024, representing a decrease of 46.6%. The decrease was contributed mainly by enhancement in cash flow through multiple cash flow enhancement initiatives and the resulting reduction in level of bank borrowings.

Share of Post-tax Losses of Associates

The Group's share of post-tax losses of OPS Ingersoll Funkenerosion GmbH and Prima Power Suzhou Company Limited in 2025 was HK\$6,605,000, a year-over-year reduction compared with HK\$9,573,000 in 2024.

Chairman's Statement (Continued)

Income Tax Expenses

Income tax expenses in 2025 were HK\$4,701,000, compared with HK\$3,769,000 in 2024, representing an increase of 24.7%.

Profit Attributable to Owners of the Company and Earnings Per Share

The operating profit for the Group was HK\$31,442,000 in 2025, compared with an operating profit of HK\$42,503,000 in 2024, representing a decrease of 26.0%. The profit attributable to owners of the Company was HK\$16,097,000 in 2025, compared with the profit attributable to owners of the Company of HK\$20,909,000 in 2024, representing a decrease of 23.0% attributable mainly to the one-off unfavourable year-over-year variance in fair value change of the Group's shareholding in Prima Industrie S.p.A..

The basic earnings per share was HK7.00 cents in 2025, compared with a basic earnings per share of HK9.09 cents in 2024, representing a decrease of 23.0%.

Total Comprehensive Income Attributable to Owners of the Company

The total comprehensive income attributable to owners of the Company was HK\$12,513,000 in 2025, compared with the total comprehensive income attributable to owners of the Company of HK\$5,203,000 in 2024.

DIVIDEND

The Directors recommend the payment of a final dividend of HK3.0 cents per ordinary share for the year ended 31 December 2025 totaling HK\$6,902,000. Including the special dividend of HK10 cents per ordinary share paid on 12 September 2025 and the interim dividend of HK3.0 cents per ordinary share paid on 2 October 2025, the total dividend for the year ended 31 December 2025 will amount to HK16 cents per share (2024: HK16 cents per share). This final dividend recommendation is subject to the approval of the shareholders at the forthcoming Annual General Meeting, which will be held on 15 June 2026 (Monday). Upon the approval of the shareholders, the final dividend warrant will be payable on or before 8 July 2026 (Wednesday) to the shareholders of the Company whose names appear on the register of members on 23 June 2026 (Tuesday).

Chairman's Statement (Continued)

BUSINESS REVIEW

Trading

2025 was a year full of challenges. The US tariff measures on all imported goods disrupted global economic activity and increased economic uncertainty worldwide. The domestic consumption market in China recovered more slowly than expected, while the property market remained weak despite signs of gradual improvement. However, China's economy demonstrated resilience, supported by the expansion of exports to markets outside the US, reducing reliance on the US market. In 2025, GDP growth reached 5%, which was an exceptional performance among major economies.

The export value of China increased by 6.1% in 2025, while industrial added value rose by 5.8%. Within the industrial added values, the manufacturing of the power supply equipment, new energy vehicles, integrated circuit boards, and robots recorded significant growth in the year. In contrast, telecommunication equipment and computers saw a slight decline. China's automobile production reached 34 million units in 2025, including 16 million units of new energy vehicles, increased by 9.8%. The value of machine tools manufactured in China amounted to RMB219.8 billion, representing an increase of 6.9%. At the same time, China's machine tools imports reached US\$10.3 billion, up 1.4%. The discontinuation of government subsidies for home appliance purchases in the second half of 2025 contributed to a mild decline in smartphone production, which decreased by 0.6% year-on-year.

In 2025, our customer base was primarily concentrated in the automobile manufacturing, especially the new energy vehicles, as well as smartphone production, AI glasses manufacturing, and various mold-making industries. These sectors performed well over the past year, supporting the steady business growth of these customers.

The Machine Tool division and the Electronic Equipment division of the Group delivered solid performance in 2025, supported by robust demand from the new energy vehicle market and key account orders. In contrast, the Cutting Tools division and the Measuring Instruments division recorded lower business levels compared with 2024. China-made tools and equipment, to a certain extent, took market share from the imported brands, leading to lower sales for the Cutting Tools division and the Measuring Instruments division.

The order intake in 2025 amounted to HKD1,531,410,000 as compared with HKD1,261,718,000 in 2024, representing an increase of 21.4%.

Investments

The German associated company, OPS Ingersoll Funkenerosion GmbH, continues to struggle for business survival, although order intake has improved slightly in recent months. The losses are expected to continue for another year. The business at Prima Power Suzhou Company Limited was average in 2025, while competition from Chinese-made machines remains a challenge to the associate's operations.

Chairman's Statement (Continued)

FUTURE PLANS AND PROSPECTS

The Chinese government has set a GDP growth target of between 4.5% and 5% in 2026. Its core strategy is to boost domestic consumption, expand effective investment, and fully leverage the advantages of the large Chinese market. The government will provide greater support and funding for areas such as quantum technology, humanoid robots, human-machine interfaces, and 6G technology, which are expected to drive innovation and contribute significantly to achieving the GDP growth target. Beijing is determined to become a global leader in robotics and AI development, and the government will invest billions of US dollars in these sectors. Green energy, including hydrogen and green fuel, is also expected to be one of the drivers for economic growth in 2026.

The group is preparing to capture the opportunity arising from the country's 15th Five-Year Plan (2026-2030). Key priorities of the Plan include high-quality development, advanced technology, new quality productive forces, and green transitions. Several industries are expected to experience rapid growth, including the integration of AI with traditional industries, advancements in quantum technology and biochemical technologies, the development of new energy and materials, the achievement of carbon peaking, the optimization of power supply systems, the expansion of wind and solar energy, and the construction of new energy storage facilities. To benefit from the momentum generated by the 15th Five-Year Plan, the Group will explore new products, invest in human resources and operating systems, and strengthen the development of the existing products.

In the first two months of 2026, China demonstrated strong economic momentum. The industrial added value grew by 6.3% as compared with the same period of last year, with the manufacturing industry rising by 6.6%. The export value also recorded a robust increase of 19.2%.

The ongoing conflict involving Israel, the US, and Iran in the Middle East has disrupted the global economy. Despite these external challenges, China's economic growth in 2026 is expected to remain positive. We are confident that the Group's business performance in 2026 will surpass that of 2025.

Finally, I would like to express my gratitude to our shareholders, customers, suppliers, bankers, business associates and staff. I thank you all sincerely to your continued support and contribution 2025.

LEE Sou Leung, Joseph

Chairman

31 March 2026

Management's Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

The balance of cash and cash equivalents of the Group as at 31 December 2025 was HK\$51,906,000 (31 December 2024: HK\$26,048,000) contributed by improvement in cash flow.

The Group's inventory balance as at 31 December 2025 was HK\$58,812,000 (31 December 2024: HK\$69,993,000). The turnover days of inventory were 52 at the end of December 2025, compared with 61 at the end of December 2024. The decrease in inventory balance has reflected the Group's effort in actively accelerating sell-through of inventory to enhance cash flow and to reduce inventory risk.

The balance of trade and bills receivables was HK\$213,178,000 as at 31 December 2025 (31 December 2024: HK\$206,372,000). The turnover days of trade receivable were 142 at the end of December 2025, compared with 136 at the end of December 2024. The change in trade receivable balance and receivable days is attributable to change in trade mix.

The balance of trade and bills payables was HK\$82,438,000 as at 31 December 2025 (31 December 2024: HK\$76,678,000). The turnover days of trade payable were 73 at the end of December 2025, compared with 66 at the end of December 2024. The change in trade payable balance and payable days is attributable to change in purchase mix.

The balance of short-term borrowings was HK\$68,346,000 as at 31 December 2025 (31 December 2024: HK\$128,071,000). The lower level of bank borrowings resulted from the Group's effort in continuous cash flow enhancement.

The Group's net gearing ratio was approximately 3.9% as at 31 December 2025 (31 December 2024: 21.7%). The net gearing ratio was lower than in 2024, due to the lower borrowing level in 2025. The net gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents and restricted bank deposits.

The Group generally finances its operations with internally generated resources and banking facilities provided by banks. As at 31 December 2025, the Group had aggregate banking facilities of approximately HK\$216,892,000, of which approximately HK\$113,271,000 was utilised, bearing interest at prevailing market rates and secured by certain land and buildings and a financial asset at fair value through profit or loss of the Group in Hong Kong and Chinese Mainland, with an aggregate carrying amount of HK\$71,597,000 (31 December 2024: HK\$97,273,000). The Directors are confident that the Group is able to meet its operational and capital expenditure requirements.

Management's Discussion and Analysis (Continued)

FINANCIAL KEY PERFORMANCE INDICATORS

The Group measures its business performance according to financial key performance indicators Gross Profit ratio ("**GP ratio**"), Net Profit ratio ("**NP ratio**"), Return on Equity ratio ("**ROE ratio**") and Net Gearing ratio ("**NG ratio**").

The GP ratio measures the Group's ability to cover its operational expenses by its gross profit. The GP ratio is calculated as gross profit divided by revenue. The Group's GP ratio was approximately 25.5% of 2025 (2024: 24.7%). The higher GP ratio was contributed by favourable trade mix.

The NP ratio measures how effectively the Group can convert sales into net income. It reveals the remaining profit after the cost of sales, selling and distribution expenses, administrative expenses, finance expenses and income tax expenses. It is calculated as profit for the year excluding share of post-tax losses of a joint venture and share of post-tax losses of associates divided by revenue. The Group's NP ratio was approximately 4.2% in 2025 (2024: 5.4%). The decline in the NP ratio was attributable to the one-off unfavourable year-over-year variance in fair value change of the Group's shareholding in Prima Industrie S.p.A..

The ROE ratio measures the efficiency of the Group to utilise the funds from equity holders to generate profit and grow the Group. The ROE ratio is calculated as profit for the year divided by average equity. The Group's ROE ratio was approximately 3.7% in 2025 (2024: 4.5%). The decline in ROE was attributable primarily to the above-mentioned year-over-year change in profit.

The NG ratio measures the Group's financial leverage regarding the degree to which its business activities are funded by bank loans. The NG ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents and restricted bank deposits. The Group's NG ratio was approximately 3.9% as at 31 December 2025 (31 December 2024: 21.7%). The decrease in the NG ratio was attributable to the decrease in bank borrowing to lower finance costs.

CAPITAL EXPENDITURE AND CONTINGENT LIABILITIES

During the year 2025, the Group spent a total of HK\$433,000 (31 December 2024: HK\$759,000) in capital expenditure, primarily consisting of leasehold improvements and plant and equipment. As at 31 December 2025 and 31 December 2024, the Group had no capital commitment. In the meantime, a total of HK\$1,523,000 (31 December 2024: HK\$3,811,000) in contingent liabilities in respect of letters of guarantee was given to customers.

Management's Discussion and Analysis (Continued)

EXPOSURE OF FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

A substantial portion of the Group's revenue and purchases were denominated in foreign currencies, which are subject to exchange rate risks. The Group will use the foreign exchange received from its customers to settle payment to overseas suppliers. In the event that any material payment cannot be fully matched, the Group will consider entering into foreign currency forward contracts with its bankers to minimize the Group's exposure to foreign exchange rate risks.

As at 31 December 2025 and 31 December 2024, the Group had no outstanding gross-settled foreign currency forward contract.

Foreign exchange gains and losses are calculated on the settlement of monetary transactions and on the translation of monetary assets and liabilities at the exchange rates of the end of the year.

DETAILS OF THE CHARGES ON THE GROUP'S ASSETS

As at 31 December 2025, certain land and buildings and a financial asset at fair value through profit or loss in Hong Kong and Chinese Mainland, with an aggregate carrying value of approximately HK\$71,597,000 (31 December 2024: HK\$97,273,000), were pledged to secure the banking facilities of the Group.

EMPLOYEES

As at 31 December 2025, the Group had 229 employees (31 December 2024: 233). Of these, 35 were based in Hong Kong, 183 were based in Chinese Mainland, and 11 were based in other offices around Asia. Competitive remuneration packages were structured to be commensurate with our employees' individual job duties, qualifications, performance and years of experience. In addition to basic salaries, pension scheme contribution in different countries, the Group offered staff benefits including medical schemes, education subsidies and discretionary performance bonuses.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Lee Sou Leung, Joseph, aged 82, the founder and the Chief Executive Officer of the Group, and the Chairman of the Board, is responsible for the strategic planning, business development and overall management of the Group. Mr. Lee has more than 50 years of experience in the distribution of machine tools, advanced equipment and industrial products. Mr. Lee graduated from Wah Yan College, Hong Kong and Hong Kong Technical College (Certificate in Production Engineering), which was subsequently renamed as the Hong Kong Polytechnic University.

Mr. Chan Ching Huen, Stanley, aged 68, the Managing Director of the Trading Division, the Chief Investment Officer and the Company Secretary of the Group, is responsible for the business development and strategic investment of the Group. Mr. Chan has over 22 years of experience in the distribution business of manufacturing equipment and tools. Prior to joining the Group in October 2000, Mr. Chan held various managerial positions in the finance departments of several US based multi-national corporations in Hong Kong. Mr. Chan is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants, and an associate member of the Chartered Governance Institute in the United Kingdom. Mr. Chan graduated from the Hong Kong Polytechnic (which was subsequently renamed as the Hong Kong Polytechnic University) with a Higher Diploma in Accountancy, and he also holds a Master degree in Business Administration from the Brunel University in the United Kingdom and a Master degree of Arts in philosophy from the Chinese University of Hong Kong.

Mr. Poon Yiu Ming, aged 53, the Chief Financial Officer of the Group, is responsible for managing finance, IT, internal audit and human resources functions of the Group. He joined the Group in November 2022. Mr. Poon has over 20 years of corporate finance, commercial and strategic development experience through his chief financial officer and senior management positions held in leading conglomerates and multinational listed companies across retail, trading, manufacturing, banking and technology sectors. Mr. Poon is a member of CPA Australia. He holds a Bachelor degree in Environmental Science from the University of Hong Kong and a Master degree in Business Administration from Monash University in Australia.

NON-EXECUTIVE DIRECTOR

Ms. Tse Sui Yin, Sally aged 73, a non-executive director appointed on 23 December 2024, is a retired senior regional financial executive from major global financial institutions in banking and investment management. She has considerable experience in financial management, strategic planning, corporate governance, as well as business expansion and restructuring. Her regional knowledge covered key countries in Asia, and establishment of a Joint-Venture in China. Her prior working experience also included IT and systems consulting. After retiring from the private sector, Ms. Tse is contributing her experience to service charitable organizations. She is on the board of trustees of several NGO's, as well as the chairperson of the finance, hospitality and audit committees. Ms. Tse holds a Bachelor degree in Business Administration (with Honor) from California University at Long Beach, U.S.A.

Biographical Details of Directors and Senior Management (Continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zavatti Salvatore, aged 79, is the founder of Sadella Advisory Services Limited. He has over 30 years of global experience in major financial institutions, providing managerial as well as executive advisory to management boards. Utilizing his financial expertise, he also provided advisory to senior executives in major multinational corporations throughout his career. Mr. Zavatti was the Vice Chairman of Global Financial Institutions in the Royal Bank of Scotland and ABN AMRO from 2005-2009. Prior to taking on the Vice Chairman role, Mr. Zavatti was the Global Head of Financial Institutions and Public Sector for ABN AMRO and was also a member of the Executive Committee of the Wholesale Banking Division. Before joining ABN AMRO in 2001, he had an extension international career with Bank of America, working in senior positions globally, including Athens, London, Cairo, Sydney and Hong Kong. He held his last position for Bank of America in Hong Kong as the Managing Director and Head of Asia Pacific Financial Institutions, which he set up in 1994. Mr. Zavatti graduated from the University of Colorado in 1969. He holds a Bachelor of Arts degree in History and Economics.

Mr. Wong Tat Cheong, Frederick, aged 70, is a member of the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Arts in Accountancy (with Honours) from the Hong Kong Polytechnic University and a Master of Public Administration (with Distinction) from the University of Hong Kong. Mr. Wong had extensive account and auditing experience in Hong Kong, Chinese Mainland and United Kingdom. Mr. Wong was a former directorate civil servant of the HKSAR Government.

Mr. Kracht Jurgen Ernst Max, aged 79, is a management consultant with over 50 years of experience in China trade and investment. He is a co-founder of Fiducia Limited, which operates as Fiducia Management Consultants and specialises in China-focused consulting and outsourcing services. Since July 1982, he had served Fiducia Management Consultants as a managing director until July 2012 and as the chairman until his retirement in July 2022. From 1970 to 1980, Mr. Kracht worked for Jebsen & Company Limited, which is a conglomerate with a focus on China trade, initially as a manager in the Chemicals Division in the first four years. In 1974, Mr. Kracht was promoted to special assignments manager, whose job duties ranged from setting up and running an internal audit department to managing property projects in Hong Kong. From 1980 to 1982, Mr. Kracht served as the chief financial officer for Continental Engineering Products Limited and as an executive director of its group companies in Hong Kong and Germany. Continental Engineering Products Limited was a Hong Kong-based company which specialised in designing, manufacturing and exporting hard goods, especially hand tools to European markets. Mr. Kracht holds a bachelor's degree in International Trade and Management from the German Academy of Foreign Trade and Logistics in Bremen, Germany. He has been appointed as an Investment Promotion Ambassador for the Hong Kong Government since September 2004 and an honorary advisor to the Management Consultancies Association of Hong Kong since 2015.

Biographical Details of Directors and Senior Management (Continued)

SENIOR MANAGEMENT

Mr. Chan Lai Ming, aged 67, the General Manager of Leeport Technology Limited. He has extensive experience in marketing CAD/CAM software, rapid prototyping equipment and metrology equipment. Mr. Chan is an associate member of the Hong Kong Rapid Prototyping & Manufacturing Society. Mr. Chan holds a Diploma and a Higher Certificate of Production and Industrial Engineering from the Hong Kong Polytechnic (which was subsequently renamed as the Hong Kong Polytechnic University) and a Master Degree in Commerce from the University of Strathclyde in the United Kingdom. Mr. Chan joined the Group in July 1979.

Mr. Wang Guo Fang, aged 53, the General Manager of Cutting Tool Division. He joined Leeport Group in November 2023. Mr. Wang has more than 25 years of experience in production, application and sales in machine tool, cutting tool and automation of work-holding. Prior to joining Leeport Group, he had worked for various subsidiaries of the foreign companies in China. He worked for six years in the application department of Makino Machine Tool Co., LTD., and three years as Global Application Center Manager at Sandvik Coromant. Afterwards, he worked for 11 years at Kennametal Group as General Manager of Widia cutting tools and worked in Hainbuch as Sales director for two years. Mr. Wang holds a bachelor's degree in Plastic Forming from Shanghai Jiao Tong University.

Mr. Song Gang, aged 42, the General Manager of Electronics Division. He joined Leeport Group in September 2009. Mr. Song has 19 years working experience in electronics industry. Prior to joining Leeport, Mr. Song worked for a number of manufacturer for electronics components and has had extensive experience in PCB manufacturing. Mr. Song is mainly in charge of sales management, business expansion and product development of Electronics Division. He holds a certificate in structural design and craftsmanship of electronics equipment.

Mr. Ren Dunzhen, aged 49, has been the General Manager of the Measurement Instrument Division of Leeport Group since September 2025. Mr. Ren has more than 25 years of experience in the industrial measurement and precision instruments industry with a solid professional background. Prior to joining Leeport, Mr. Ren worked at Hexagon Manufacturing Intelligence (Qingdao) Co., Ltd. as the Operations Director for Automotive Industry, and at Chotest Technology Inc. as the General Manager of the East China Region. Mr. Ren possesses exceptional sales management capabilities and a strategic vision for business development. He holds a Bachelor's degree in Mechanical Design and Manufacturing from Qingdao University.

Mr. Ou Lin, aged 47, is the Deputy General Manager of the Precision Machine Tools Division of the Leeport Group. He joined Leeport Group in July 2002. He has over 20 years of experience in the machine tool industry. Mr. Ou possesses extensive market expertise and industry resources in precision machine tool sales, technical services, and team management. Mr. Ou holds a diploma with a major in Marketing.

Mr. Benny Chow, aged 44, is the Deputy General Manager of the Sheetmetal Equipment Division. He joined Leeport Group in July 2004. Mr. Chow has more than 21 years of experience in the sheet metal equipment and automation industry. Within the Sheetmetal Equipment Division, Mr. Chow is primarily responsible for sales management, business development and product development. Mr. Chow holds a Bachelor degree in Industrial and System Engineering from the Hong Kong Polytechnic University.

Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 15 to the consolidated financial statements.

An analysis of the Group's performance for the year by geographical segments is set out in Note 4 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 62.

The details of dividends paid and declared during the year are set out in Note 11 to the consolidated financial statements.

The Directors recommend the payment of a final dividend of HK3.0 cents per ordinary share for the year ended 31 December 2025 totaling HK\$6,902,000. Including the special dividend of HK10 cents per ordinary share paid on 12 September 2025 and the interim dividend of HK3.0 cents per ordinary share paid on 2 October 2025, the total dividend for the year ended 31 December 2025 will amount to HK16 cents per share (2024: HK16 cents per share). This final dividend recommendation is subject to the approval of the shareholders at the forthcoming Annual General Meeting, which will be held on 15 June 2026 (Monday). Upon the approval of the shareholders, the final dividend warrant will be payable on or before 8 July 2026 (Wednesday) to the shareholders of the Company whose names appear on the register of members on 23 June 2026 (Tuesday).

The dividend policy of the Group is set out on page 29 of this report.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 is set out in the sections headed "Chairman's Statement" and "Management's Discussion and Analysis" on pages 3 to 10 of this annual report.

Principal Risks and Uncertainties

The board of directors are aware that the Group is exposed to various risks, and have established a risk-management system and procedures to ensure that significant risks that might adversely affect the performance of the Group and its ability to implement its business strategies are identified and managed efficiently.

Report of the Directors (Continued)

The following are the key risks that the Group considers to be significant and that could adversely affect the results of the business.

1) *Growth Strategy and Competition*

The risk of the growth strategy is that the Group may not be able to grow the business under the situation of keen competition, the weakening Sino-US relationship, the advancement of the local manufacturers, and the moving out of production facilities to other countries. The strategy for handling the competition is to enhance the value-added of the product and service. The company will strengthen the technical support and after sales service for customers. The weakening Sino-US relationship will cause the restriction of the import of some high-technology equipment and components to the country. The Group should source some of the products in other countries who are less volatile to this kind of political situation. The Group also will start to sell some of the local made machineries, equipment and tools. The level of quality and technology of the local made products become more competitive and this is a new source of supplies for the Company. It is the tendency for the relocation of some manufacturing facilities from China to other countries especially to South East Asia. The Group will consider to strengthen the business scale in South East Asia by investing more resources in the region. By expanding the business in this region the Group will enjoy the growing economy of the countries in this region. Further continuance of additional product range will increase the business scale of the Group, i.e. 3D products, electronics equipment etc.

2) *China Market*

The risk for the Group is too much dependence on China market. Any adverse change with China market will significantly affect the income of the Group. The expansion of the business in South East Asia is one of the measure to diverse the risk in one single market. The Group also explore the investment opportunity in other countries including Europe in the area of manufacturing equipment.

3) *Cyber security and Disaster Recovery*

The Group recognizes the significant role that cyber security and disaster recovery play in its business operations, particularly in relation to the IT Oracle System. The system contains sensitive and critical data that must be safeguarded against cyber threats and potential disasters that may arise.

To address these risks, the Group has implemented a comprehensive cyber security management mechanism to protect its IT infrastructure and data from unauthorized access or exploitation. This program includes regular vulnerability assessments, penetration testing, and security audits to identify and mitigate potential threats.

In addition, the Group has established a Disaster Recovery Program that includes both cyber security and disaster recovery elements. This program ensures daily backup and secure off-site storage of critical data, as well as the availability of a stand-by system that can be activated in case of a system failure or disaster. These measures enable the Group to quickly recover from any disruptions and ensure continuity of business operations.

Report of the Directors (Continued)

ENVIRONMENTAL POLICY

Our commitment to protect the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations. Our Group encourages environmental protection and promote awareness towards environmental protection to the employees. Our Group adheres to the principle of recycling and reducing. It implements green office practices such as double sided printing and copying, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance.

RELATIONSHIPS WITH KEY STAKEHOLDERS

Discussions on the Group's relationships with its employees, customers and suppliers is contained in the section headed "Environmental, Social and Governance Report" on pages 36 to 56 of this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the financial year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by our Group that has a significant impact on the business and operations of our Group.

DONATIONS

Charitable and other donations amounted to HK\$50,000 were made by the Group during the year (2024: HK\$30,000).

SHARE ISSUED IN THE YEAR

Details of the shares issued in the year ended 31 December 2025 are set out in Note 24 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 December 2025, calculated under the Companies Act 1981 of Bermuda (as amended), amounted to HK\$96,741,000 (2024: HK\$103,622,000).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws and there was no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 155 of the annual report.

Report of the Directors (Continued)

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

The Company did not have any treasury shares (as defined under the Listing Rules) as at 31 December 2025 and as at the date of this report.

BORROWINGS

Details of the Group's borrowings, including secured bank loans, trust receipt loans and overdrafts as at 31 December 2025 are set out in Note 27 to the consolidated financial statements.

SHARE OPTIONS

The share option scheme of the Company has expired on 14 May 2023. As at 31 December 2025 and the date of this annual report, the Company has no share option scheme.

No share options were granted, cancelled, exercised or lapsed during the year ended 31 December 2025 and 2024.

DIRECTORS OF THE COMPANY

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

Executive Directors

Mr. LEE Sou Leung, Joseph (*Chairman and Group Chief Executive Officer*)

Mr. CHAN Ching Huen, Stanley

Mr. POON Yiu Ming

Non-executive Director

Ms. TSE Sui Yin, Sally

Independent Non-executive Directors

Mr. ZAVATTI Salvatore

Mr. WONG Tat Cheong, Frederick

Mr. KRACHT Jurgen Ernst Max

In accordance with Article 87(1) of the Company's Bye-Laws, one third of the directors (or if the number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation at each annual general meeting.

Mr. Chan Ching Huen, Stanley, Mr. Poon Yiu Ming and Mr. Wong Tat Cheong Frederick are subject to re-election at the forthcoming annual general meeting.

Report of the Directors (Continued)

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service contract with the Company for a term of three years, and will continue thereafter until terminated by each party thereto giving to the other party three months' prior notice in writing, or three months' basic salary in lieu of notice.

Save as disclosed above, none of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, subsidiaries or its holding company was a party and in which a director of the Company and the directors' connected party had a material interest whether directly or indirectly subsisted at the end of the year or at any time during the year.

No contracts of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year, none of the directors had any interest in any businesses (other than the business of the Group), which compete or are likely to compete, either directly or indirectly, with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out on pages 11 to 13.

Report of the Directors (Continued)

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

At 31 December 2025, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations and their associates (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of Part XV of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited, were as follows:

Director		Number of ordinary shares of HK\$0.10 each held				Total	Percentage
		Personal Interests	Corporate interests	Other Interests	Share Option		
Mr. LEE Sou Leung, Joseph ("Mr. Lee")	Long Position	25,176,000 shares	1,500,000 shares (Note (b))	144,529,982 shares (Note (a))	Nil	171,205,982 shares	74.41%
Mr. CHAN Ching Huen, Stanley ("Mr. Chan")	Long Position	1,104,000 shares	Nil	Nil	Nil	1,104,000 share	0.48%
Mr. ZAVATTI Salvatore ("Mr. Zavatti")	Long Position	110,000 shares	Nil	Nil	Nil	110,000 shares	0.05%

- (a) The 144,529,982 shares are held by Peak Power Technology Limited in its capacity as the trustee of The Lee Family Unit Trust holding the same for the benefit of holders of units issued by The Lee Family Unit Trust. HSBC International Trustee Limited is the trustee of the LMT Trust whose discretionary objects are Ms. Tan Lisa Marie and Mr. Lee's family members. The aforesaid shares that Mr. Lee and Ms. Tan are deemed to be interested refer to the same parcel of shares. Ms. Tan is deemed to be interested in all the interests held by Mr. Lee, her husband.
- (b) 1,500,000 shares are registered in the name of J AND LEM Limited which is wholly-owned by Mr. Lee. Mr. Lee is deemed to be interested in these shares under SFO.

Report of the Directors (Continued)

Other than as disclosed above, and other than those as disclosed in the Note 24 to the consolidated financial statements, at no time during the year was the Company, its subsidiaries or its holding company a party to any arrangement to enable the directors and chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

No share options were granted, cancelled, exercised or lapsed during the review year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

At 31 December 2025, the register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the directors as disclosed above.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales for the year attributable to the Group's major customers are as follows:

Sales

– the largest customer	20.5%
– five largest customers combined	38.1%

The percentages of purchases for the year attributable to the Group's major suppliers are as follows:

Purchases

– the largest supplier	46.4%
– five largest suppliers combined	69.9%

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major suppliers noted above.

Report of the Directors (Continued)

CORPORATE GOVERNANCE

During the year ended 31 December 2025, the Company has complied with the code provisions set out in the Corporate Governance Code as stated in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except the following:

Code Provision C.2.1

The Board is of the view that although Mr. Lee Sou Leung, Joseph is the Chairman and Group Chief Executive Officer of the Company, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting operation of the company.

The Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer separately.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES (“MODEL CODE”)

For the year ended 31 December 2025, the Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year ended 31 December 2025 and they all confirmed that they have fully complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee, comprised of three independent non-executive directors of the Company, namely Mr. WONG Tat Cheong, Frederick, Mr. ZAVATTI Salvatore and Mr. KRACHT Jurgen Ernst Max has reviewed the accounting principles and practices adopted by the Group with the management and has discussed risk management and internal control systems and financial reporting matters, including a review of the consolidated financial statements for the year ended 31 December 2025 with the directors.

SUFFICIENCY OF THE PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares at 31 March 2026 and has complied with the prescribed public float requirements under Rule 13.32B of the Listing Rules as at 31 December 2025.

As at 31 December 2025, approximately 25.06% of the total number of issued shares of the Company (excluding treasury shares) were held by the public. The Company has maintained a sufficient public float throughout the year ended 31 December, 2025.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to rule 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three independent non-executive directors. The Company confirms that it has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to rule 3.13 and the Company considers all the existing independent non-executive directors to be independent.

Report of the Directors (Continued)

PENSION SCHEME ARRANGEMENTS

The Group operated a defined contribution retirement scheme, an Occupational Retirement Scheme, for qualified employees, including executive directors of the Company, in Hong Kong prior to 1 December 2000. The cost charged to the income statement represents contributions payable or paid to the funds by the Group at the rate of 5% of the salary with a current ceiling of HK\$1,500 per month for general staff and there is no ceiling for managerial staff. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

With effect from 1 December 2000, a Mandatory Provident Fund scheme (the “MPF scheme”) has been set up for employees in Hong Kong, in accordance with the Mandatory Provident Fund Scheme Ordinance. Commencing on 1 December 2000, the existing employees in Hong Kong may elect to join the MPF scheme, and all new employees in Hong Kong are required to join the MPF scheme. Under the rules of the MPF scheme, the employer and its employees in Hong Kong are each required to contribute 5% of their gross earnings with a current ceiling of HK\$1,500 per month to the MPF scheme. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years. The MPF contributions charged to the income statement represent the contributions payable to the funds by the Group.

Employees of the Company’s subsidiaries in the People’s Republic of China (the “PRC”) are required to participate in defined contribution retirement schemes operated by the local municipal governments. The retirement schemes for employees of the Company’s overseas subsidiaries follow the local statutory requirements of the respective countries. Contributions are made to the schemes based on a certain percentage of the applicable employee payroll.

Details of the pension scheme contributions of the Group for the year ended 31 December 2025 are set out in Note 24(a) to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

The Company’s Bye-laws provide that all directors and officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty. Directors’ liability insurance is arranged to cover the directors of the Company against any potential costs and liabilities arising from claims brought against them.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Company’s shares.

Report of the Directors (Continued)

MAJOR TRANSACTION

On 1 August 2025, World Leader Limited (“World Leader”), a wholly-owned subsidiary of the Company, entered into a share redemption agreement with FEMTO S.à r.l. (the “Target Company”), pursuant to which World Leader had conditionally agreed to sell, and the Target Company had conditionally agreed to redeem 500,000 Class C Shares of the Target Company at the consideration of EUR7,500,000 in cash (“the Share Redemption”), which constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. The Company has obtained the written approval in respect of the Share Redemption from the controlling shareholder of the Company who is interested in approximately 74.41% of the issued share capital of the Company on 1 August 2025. The completion of the Share Redemption took place on 1 August 2025.

RELATED PARTY TRANSACTION

Details of the major related party transactions undertaken in the normal course of business are provided under Note 31 to the consolidated financial statements of this annual report, and none of which constitutes a discloseable continuing connected transaction or connected transaction as defined under Chapter 14A of the Listing Rules during the year under review.

AUDITOR

Ernst & Young was appointed as the auditor of the Company by the shareholders at annual general meeting held on 25 June 2025 (“2025 AGM”) following the retirement of PricewaterhouseCoopers at the conclusion of 2025 AGM.

A resolution for reappointment of Ernst & Young as auditor of the Company will be proposed at the forthcoming annual general meeting.

The consolidated financial statements have been audited by Ernst & Young.

On behalf of the Board

LEE Sou Leung, Joseph

Chairman

Hong Kong, 31 March 2026

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the “Board”) and the management of the Company and its subsidiaries (together, the “Group”) are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices have always been one of the Group’s goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders’ value.

The Board has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). Continuous efforts are made to review and enhance the Group’s risk management and internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also the intent of the regulations to enhance corporate performance and accountability.

The Board is pleased to report compliance with the code provisions of the CG Code for the year ended 31 December 2025, except where otherwise stated.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “Model Code”) as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry with all directors, the directors confirmed that they had complied with the required standard set out in the Model Code throughout the year.

Board of Directors

The Board comprises:

Executive Directors:

Mr. LEE Sou Leung, Joseph
(Chairman and Group Chief Executive Officer)
Mr. CHAN Ching Huen, Stanley
Mr. POON Yiu Ming

Non-executive Director:

Ms. TSE Sui Yin, Sally

Independent Non-executive Directors:

Mr. ZAVATTI Salvatore
Mr. WONG Tat Cheong, Frederick
Mr. KRACHT Jurgen Ernst Max

Each independent non-executive director has given an annual confirmation of his independence to the Company, and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

There is no financial, business, family or other material/ relevant relationship between any members of the Board.

Corporate Governance Report (Continued)

During the financial year ended 31 December 2025, a total of 5 Board meetings, one annual general meeting (“2025 AGM”) were held and the attendance of each director is set out as follows:

Name of Director	Number of meetings attended in the year ended 31 December 2025	
	Board meetings	2025 AGM
Mr. LEE Sou Leung, Joseph	5/5	1/1
Mr. CHAN Ching Huen, Stanley	5/5	1/1
Mr. POON Yiu Ming	5/5	1/1
Ms. TSE Sui Yin, Sally	5/5	0/1
Mr. ZAVATTI Salvatore	5/5	1/1
Mr. WONG Tat Cheong, Frederick	5/5	1/1
Mr. KRACHT Jurgen Ernst Max	5/5	1/1

RESPONSIBILITIES OF THE BOARD

The Board is responsible for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group’s affairs. The Board focuses on formulating the Group’s overall strategies and operational goals; authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the risk management and internal control systems; supervising and managing management’s performance of the Group; and setting the Group’s values and standards. The Board delegates the day-to-day management, administration and operation of the Group to the management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

Corporate Governance Report (Continued)

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc. The Board reviewed the Company's policies and practices on corporate governance as well as the Company's compliance with the corporate governance code.

The Board held meetings from time to time whenever necessary. The company secretary assists in preparing the agenda for meetings and ensures that all relevant rules and regulations are followed.

Minutes of every Board meeting are circulated to all directors for their perusal and comments prior to confirmation of the minutes at the following board meeting. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

Mr. Lee Sou Leung, Joseph is the Chairman and the Group Chief Executive Officer of the Company. Mr. Lee Sou Leung, Joseph has extensive experience in the industry which is beneficial and of great value to the overall development of the Company.

The Board is of the view that although the Chairman is also the Group Chief Executive Officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meets from time to time to discuss issues affecting operation of the Company.

The Board also believes that the current structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently. The Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer separately.

Corporate Governance Report (Continued)

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each executive director is appointed for an initial term which is renewable automatically each year. The non-executive director and all independent non-executive directors are appointed for a specific term which may be renewed as each director and the Company may agree. However, their appointments are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provision of the Bye-laws of the Company (the “Bye-laws”).

The Bye-laws of the Company provides that at each annual general meeting, one-third of the directors for the time being shall retire from office by rotation and that every director shall be subject to retirement by rotation at least once every 3 years.

PROFESSIONAL DEVELOPMENT

To assist directors’ continuing professional development, the Company recommends directors to attend relevant seminars and webinar to develop and refresh their knowledge and skills. Directors also participate in continuous professional development programmes such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. A record of the training received by the respective directors are kept and updated by the company secretary of the Company.

The directors have attended various seminars, webinar and meetings organised by such as The Hong Kong Chartered Governance Institute to develop and refresh their knowledge so as to ensure that their contribution to the Board remains informed and relevant. All the directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

The individual training record of each director received for the year ended 31 December 2025 is summarized below:

	Attending seminar(s)/webinar(s)/forum(s)/ programme(s)/conference(s) relevant to the business or directors’ duties
Mr. LEE Sou Leung, Joseph	✓
Mr. CHAN Ching Huen, Stanley	✓
Mr. POON Yiu Ming	✓
Ms. TSE Sui Yin, Sally	✓
Mr. ZAVATTI Salvatore	✓
Mr. WONG Tat Cheong, Frederick	✓
Mr. KRACHT Jurgen Ernst Max	✓

Corporate Governance Report (Continued)

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy effective on 1 September 2013 which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives as stated in the above. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board comprises 7 directors. Three of the directors are independent non-executive directors and independent of management, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of nationality, professional background and skills. Biographical details with the professional experience, skills and knowledge of the Directors are available in the section of “Biographical details of Directors and Senior Management” of this annual report.

To enhance gender diversity, the Board appointed Ms. Tse Sui Yin, Sally as a non-executive director of the Company with effect from 23 December 2024. The Board and the Nomination Committee will stay vigilant in identifying a pipeline of potential successors to the Board. The Company constantly implement recruitment and promotion policies which encourage and attract qualified incumbents to take up senior managerial and board roles.

The Board considers the current Board composition has provided the Company with a good balance of skills, experience and diversity of perspectives appropriate to the requirements of its business. The Board will continue to regularly review its composition taking into consideration board diversity for the needs and benefits of the Company’s business.

The Nomination Committee reviews the implementation and effectiveness of the board diversity policy at least annually to ensure it remains effective and appropriate for the Company and in compliance with regulatory requirements and good corporate governance practices.

To achieve diversity at workforce level, the Group has put in place appropriate recruitment and selection practices such that a diverse range of candidates are considered and ensure that gender diversity is taken into account when recruiting staff members.

Details of the Group’s gender diversity at workforce level are set out in the Environmental, Social and Governance report of this annual report.

Corporate Governance Report (Continued)

The Company targets to avoid a single gender Board and to avoid a single gender workforce. The measurable objective of the Company is to ensure that there is at least one director of a different gender. As of 31 December 2025, the Company had one female director, thus achieving the measurable objective. The Company has not set any other measurable objectives for implementation of the diversity policy in relation to the workforce of the Group (including gender diversity). However, the Company will consider and review from time to time such diversity policy (including gender diversity) and setting of any measurable objectives (if applicable).

DIVIDEND POLICY

The Dividend Policy of the Company aims at enhancing transparency of the Company and facilitating the shareholders and investors to make informed investment decisions relating to the Company. Under the dividend policy, the Company does not have any pre-determined dividend payout ratio. The declaration, payment and amount of dividends are subject to the board of directors of the Company (“Board”)’s discretion having regard to the following factors:

- (1) the Group’s actual and expected financial performance;
- (2) the Group’s expected working capital requirements, capital expenditure requirements and future expansion plans;
- (3) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (4) the Group’s liquidity position;
- (5) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;
- (6) the contractual restrictions on the payment of dividends by the Company to its shareholders (if any);
- (7) the statutory and regulatory restrictions on the payment of dividends by the Company; and
- (8) any other factors that the Board deems relevant.

The Company’s dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

Such declaration and payment of the dividend by the Company is also subject to any restrictions under the Companies Act of Bermuda, any applicable laws, rule and regulations and the bye-laws of the Company.

Any declaration and payment of future dividends under the Dividend Policy are subject to the Board’s determination that the same would be in best interests of the Group and the shareholders of the Company as a whole. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

Corporate Governance Report (Continued)

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises of three independent non-executive directors, who have reviewed the financial statements for the year ended 31 December 2025. One member has accounting professional qualifications or related financial management expertise. Mr. Wong Tat Cheong, Frederick is the current chairman of the Audit Committee.

No member of the Audit Committee is a member of the former or existing auditor of the Company. The terms of reference of the Audit Committee are available at the Company’s website and on the website of The Stock Exchange of Hong Kong Limited.

Our Audit Committee has primary responsibility for monitoring the quality of risk management and internal control and ensuring that the financial performance of the Company is properly measured and reported on, receiving and reviewing reports from management and the auditors relating to the annual and interim accounts, and monitoring the accounting and risk management and internal control systems in use throughout the Group.

According to the current terms of reference, meetings of the Audit Committee shall be held at least twice a year. Two meetings were held during the year ended 31 December 2025. The attendance of each member is set out as follows:

Name of members of Audit Committee	Number of meetings attended in the financial year ended 31 December 2025
Mr. WONG Tat Cheong, Frederick	2/2
Mr. ZAVATTI Salvatore	2/2
Mr. KRACHT Jurgen Ernst Max	2/2

At the meetings held during the year, in performing its duties in accordance with its terms of reference, the work performed by the Audit Committee included:

- (a) review and supervise the financial reporting process and risk management and internal control systems of the Company and its subsidiaries;
- (b) recommendation to the Board, for the approval by shareholders, of the re-appointment of PricewaterhouseCoopers as the external auditor and approval of their remuneration;
- (c) determination of the nature and scope of the audit; and
- (d) review the financial statements for the relevant periods.

Corporate Governance Report (Continued)

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “Remuneration Committee”) was established on 10 September 2005 comprising the existing three independent non-executive directors and Mr. Lee Sou Leung, Joseph. Mr. Zavatti Salvatore is the current chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are available at the Company’s website and on the website of The Stock Exchange of Hong Kong Limited.

The roles and functions of the Remuneration Committee include consulting the chairman of the Board about their remuneration proposals for other executive directors, making recommendation to the Board on the Company’s remuneration policy and structure for all directors’ and senior management and to review and/or approve matters relating to share schemes and the Remuneration Committee has adopted the approach under E.1.2(c)(ii) of the code provisions to make recommendations to the Board on the remuneration packages of individual executive directors and senior management.

Meeting of the Remuneration Committee shall be held at least once a year. One meeting was held during the year ended 31 December 2025. During the meeting, the committee has reviewed the remuneration policy of the Group and the directors’ remuneration.

The attendance of each member is set out as follows:

Name of members of Remuneration Committee	Number of meetings attended in the financial year ended 31 December 2025
Mr. ZAVATTI Salvatore	1/1
Mr. LEE Sou Leung, Joseph	1/1
Mr. WONG Tat Cheong, Frederick	1/1
Mr. KRACHT Jurgen Ernst Max	1/1

The emolument payable to directors depends on their respective contractual terms under the service contracts and the appointment letters, and as recommended by the Remuneration Committee. Details of the directors’ emolument are set out in Note 34 to the consolidated financial statements. The remuneration of the members of the senior management (other than Directors) by band for the year ended 31 December 2025 is set out below:

HK\$	Number of members of senior management
Not more than HK\$1,000,000	5

Corporate Governance Report (Continued)

NOMINATION COMMITTEE

The nomination committee of the Company (the “Nomination Committee”) comprises Mr. Lee Sou Leung, Joseph (“Mr. Lee”), Ms. Tse Sui Yin, Sally and the existing three independent non-executive directors. Mr. Lee is the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are available at the Company’s website and on the website of The Stock Exchange of Hong Kong Limited.

The main roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship (if necessary), assessing the independence of the independent non-executive directors, assist the Board in maintaining a board skills matrix, and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the chief executive officer. In considering the nomination of new directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in the machinery industry and/or other professional areas.

The procedures for the election and appointment of director(s) are that the Nomination Committee may search for candidates for directors on an extensive scale in the Company, its subsidiaries and the job market, gather information of the preliminary candidates and then shall submit to the board of directors its recommendations on candidates for directors and relevant materials prior to the election of new directors.

Meeting of the Nomination Committee shall be held at least once a year. One meeting was held during the year ended 31 December 2025. Issues concerning the structure, size and composition of the board of directors were discussed.

The attendance of each member is set out as follows:

Name of members of Nomination Committee	Number of meetings attended in the financial year ended 31 December 2025
Mr. LEE Sou Leung, Joseph	1/1
Mr. ZAVATTI Salvatore	1/1
Mr. WONG Tat Cheong, Frederick	1/1
Mr. KRACHT Jurgen Ernst Max	1/1
Ms. TSE Sui Yin, Sally	1/1

Corporate Governance Report (Continued)

ACCOUNTABILITY AND AUDIT

Financial Reporting

The management provides such explanation and information to the Board and reports regularly to the Board on financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other performance of the Company. The directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group. The consolidated financial statements prepared by the directors of the Company are prepared and presented to enable a balanced, clear and comprehensible assessment of the Company's performance, position and prospects. The directors are responsible for overseeing the preparation of consolidated financial statements of each financial period. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern and the Board has prepared the financial statements on a going concern basis. The responsibility of the external auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. A statement by auditor about their reporting responsibility is set out in the Independent Auditor's Report.

Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Company and reviewing their effectiveness. The Board oversees the overall risk management of the Group and endeavours to identify, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The risks and the relevant measures have been disclosed in the report of the directors of this annual report. The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failures to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, the Group's internal audit department and management review the effectiveness of the internal control system of the Company and its subsidiaries. The Audit Committee, reviews the findings and opinions of the Group's internal audit department and management on the effectiveness of the Company's system of internal control, and reports to the Board on such reviews.

The internal audit department of the Group should ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investments and the Group's assets. The main functions of the internal audit department are to audit the operating efficiencies of each of the operating units, to assist the Board in reviewing the effectiveness of the internal control systems of the Group and to review internal control of business processes and conduct project based auditing. Evaluation of the Group's internal controls covering financial, operational compliance controls and risk management functions will be conducted annually by the Board.

The management of the Company has established a set of comprehensive structure, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records and a sound cash management system; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

Corporate Governance Report (Continued)

The Board reviews the risk management and internal controls annually. The Board has conducted a review of, and is satisfied with the effectiveness of the risk management and internal control systems and the internal audit function for the year ended 31 December 2025 as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

With respect to the monitoring and disclosure of inside information, the Company has formulated its guidelines, with an aim to ensure that the insiders abide by the confidentiality requirement and fulfill the disclosure obligation of the inside information.

AUDITORS' REMUNERATION

The amount of fees charged by the Group's auditors in respect of their audit services and non-audit services is disclosed in Note 6 to the consolidated financial statements. The non-audit services were services rendered in relation to the agreed-upon procedures on interim results announcement, tax compliance services and other assurance services. The Audit Committee is responsible for reviewing the remuneration and terms of engagement of the external auditors and for making recommendation to the Board regarding any non-audit services to be provided to the Group by the external auditors.

COMPANY SECRETARY

Mr. Chan Ching Huen, Stanley was appointed as Company Secretary of the Company since 2003. The biographical details of Mr. Chan Ching Huen, Stanley are set out under the section headed "Biographical Details of Directors and Senior Management".

According to Rule 3.29 of the Listing Rules, Mr. Chan has taken no less than 15 hours of relevant professional training during the financial year ended 31 December 2025.

SHAREHOLDERS' RIGHTS

Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the company secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

Shareholder(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting; or (ii) not less than 100 shareholders, can submit a written request to the company secretary of the Company stating the resolution intended to be moved at the general meeting or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

Corporate Governance Report (Continued)

As regards proposing a person for election as a director, please refer to the procedures available on the website of the Company.

The above procedures are subject to the Company's Bye-laws, the Bermuda Companies Act 1981 and applicable legislation and regulation (as amended from time to time). Shareholders who have enquiries about the above procedures or have enquiries to put to the Board may write to the company secretary of the Company at the principal place of business at 1st Floor, Block 1, Golden Dragon Industrial Centre, 152-160 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong or by e-mail to main@leeport.com.hk for the attention of the company secretary.

INVESTOR RELATIONS

Communication with Shareholders

The Company has established a shareholders' communication policy and the Board shall review it on a regular basis to ensure its effectiveness. The Company communicates with the shareholders and/or potential investors mainly by holding of annual general meeting ("AGM") and special general meeting which shall be convened for specific purposes (if any) which provide opportunities for the shareholders to communicate with the Board, by publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and the availability of information of the Group on the Company's website at www.leeport.com.hk.

Shareholders and investors are welcome to visit the Company's website where contact details are available on the Company's website for enquiries.

The chairman of the 2025 AGM and the chairman/members of the Board Committees and the external auditor or independent financial adviser were available at the 2025 AGM to answer questions from the shareholders. The procedures for conducting a poll have been explained during the meetings.

Shareholder communication is effective during the year because shareholders can raise questions to the management of the Company at the 2025 AGM and contact details are available for shareholders and stakeholders to contact the Company directly. The Board reviewed the implementation and effectiveness of the shareholders' communication policy and the results were satisfactory.

During the year ended 31 December 2025, there had been no change in the Company's constitutional documents. The bye-laws is available on the websites of the Company and of the Stock Exchange.

Environmental, Social and Governance Report

ABOUT THIS REPORT

Leeport Group (“the Group”) is pleased to present our Environmental, Social and Governance (“ESG”) Report (the Report”) to outline our strategies and performance on our sustainable development.

REPORTING PERIOD AND SCOPE

Unless otherwise stated, the Report covers the business segments of trading of machine tools machinery, metalworking machinery, measuring instruments, cutting tools and electronics equipment in the PRC, Hong Kong and other countries and territories (principally Singapore, Germany, Malaysia, Indonesia and Taiwan) for the period from 1 January 2025 to 31 December 2025.

BOARD STATEMENT ON ESG MATTERS

The Board of the Group (“the Board”) is responsible for management of the ESG matters of the Group’s operations. The Board is responsible for providing guidance for the development of the Group’s ESG policies, approaches, strategies and values. The Board is also responsible for reviewing the identification, evaluation and management of ESG matters. In addition, the Board needs to review and monitor the progress made against ESG related goals and targets. The preparation of the ESG Report is delegated to the executive management to ensure balanced disclosure of ESG performance and compliance with all applicable Listing Rules.

The Board leads the Group to assess, identify and prioritise the ESG matters and their importance to the Group and its stakeholders through engagement with internal and external stakeholders. ESG initiatives and measures are developed and implemented in accordance with the assessed materiality of various ESG matters, and reported in the ESG Report.

Environmental, Social and Governance Report (Continued)

REPORTING PRINCIPLES

The reporting principles (namely materiality, quantitative, balance and consistency) outlined in the ESG Reporting Guide have been adopted during the preparation of the Report. Those reporting principles are applied in the Group as follows:

Reporting Principles	Our Application
Materiality	When identifying material sustainability issues of the Group, apart from considering our business nature and concerns of the Group, we also take into account the opinions of various key stakeholders.
Quantitative	The Group discloses its key environmental and social performance indicators with quantitative measures and to provide historical data for comparison.
Balance	The Group has identified and disclosed the ESG issues that have significant impact on the Group's business in this Report, which include our accomplishment and challenges
Consistency	Consistent methodology has been use in the Report with necessary explanation on any changes to the methods used as compared to the previous year. Explanations have also been provided for changes in the reporting scope for the year.

Stakeholder Engagement

The Group has established a number of transparent and diverse communication channels, with the aim to understand the views and needs of various stakeholder groups. The Group gathers and understands their expectations on our sustainability performance and to ensure their opinions are effectively gathered and well considered through regular communication and engagement exercises. The key engagement channels for each stakeholder group are listed as follows:

Stakeholder Groups engaged	Methods of Engagement
Internal Stakeholders	Management
	General Employees
	Regular meetings
	Ongoing engagement
	Small group discussions
	Regular meetings
	Orientation activities
	Bulletin boards
	Annual appraisal meetings
	Employee engagement events
	Staff newsletters

Environmental, Social and Governance Report (Continued)

Stakeholder Groups engaged		Methods of Engagement
External Stakeholders	Community	Hotline and email address in website and WeChat page
	Customers	Guest satisfaction questionnaires Daily communication with front-line staff Customer feedback mechanism Hotlines and email address in website and WeChat page
	Investors/Shareholders	General meetings Annual and interim reports Press Release/announcements
	Industrial Associations	Industry forums and gatherings Showrooms Exhibitions
	Suppliers/Contractors/ Business Partners	On-site assessment visits and meetings Regular meetings

Materiality Assessment

The Group reviews the material sustainability issues related to its business operations regularly. The Group takes the outcome of the stakeholder engagement exercises as the basis for the materiality assessment. The prioritisation of the material topics and the steps taken in our materiality assessment are summarised as follows:

Step 1

ESG TOPICS IDENTIFICATION

Through conducting background review, including stakeholder interviews, documentation review and peer analysis, ESG team of the Group identified sustainability issues in the Group's business operations.

Step 2

RANKING ESG TOPICS

Our ESG team ranked the identified sustainability issues from 1 (not important at all) to 6 (very important) based on their apparent importance to the Group's business operations.

Environmental, Social and Governance Report (Continued)

Step 3

RESULT VALIDATION

The management studied and approved the results of materiality assessment. They also ensured that the identified topics align with the Group's strategy.

The following 15 issues are considered material and are discussed in detail throughout this report:

Environmental

- Environmental Management
- Energy Efficiency
- Greenhouse Gas Emissions
- Waste Management

Operating Practices

- Anti-corruption
- Product and Service Quality
- Customer Privacy
- Customer Feedback Mechanism
- Supply Chain Management

Employees

- Employment Relations
- Employee Retention
- Employee Training and Development
- Occupational Health and Safety
- Labour Standard Compliance

Community

- Community Investment and Engagement

Environmental, Social and Governance Report (Continued)

The Group is committed to reducing environmental impacts for a better future. The Group endeavors to enhance sustainable development of the communities by pursuing environmental protection measures which can reduce negative impacts on the environment.

Our environmental policy is implemented step by step ensuring that environmental considerations are vital priority in all our decisions to enhance sustainable development. We identify the potential risks of environmental impacts and adopt appropriate mitigating measures. Aligned with our future development and sustainability plan, the Group will continue to protect the environment by better management on wastes, energy consumption, water usage and natural resources.

EMPLOYEES

The Group complies strictly with all relevant, applicable local laws and regulations, including but not limited with the Employment Ordinance of Hong Kong, the Labor Law of the PRC, and the Special Rules on the Labor Protection of Female Employees of the PRC. We have established procedures to ensure that our operations comply fully with such laws and regulations. The Group enforces local working hours and arranges annual leave, casual leave, sick leave, maternity leave and all official public holidays for staff. As a leading distributor of advanced equipment and precision tools, we work around the clock to provide the best possible service to our valuable customers, so some of our employees are required to work overtime on holidays or after office hours. We pay an overtime salary for such overtime work in accordance with local regulations

The Group regularly develops, reviews and improves its Human Resources administration policies and system. For example, it has implemented a performance appraisal system for all employees, and has established remuneration system based on position, capacity, attitude and performance.

The Group has published staff handbooks for employees in Hong Kong and the PRC, and regularly arranges training courses to ensure that staff members understand the company's policies and their benefits and responsibilities.

Environmental, Social and Governance Report (Continued)

As at 31 December 2025, we had a total of 229 employees and the distribution of employees by gender, geographical region, employment type and age group is outlined below:

By Gender

Male	144
Female	85

Geographical region

Hong Kong	35
Chinese Mainland	183
Others	11

Employment type

Senior management	7
Middle management	34
General employees	188

Age Group

Aged Below 30	5.7%
Between 30-50	73.8%
Above 50	20.5%

EMPLOYEE DISTRIBUTION

Employee Turnover

Staff turnover rate

Male	23.1%
Female	5.9%

Geographical region

Hong Kong	15.8%
Chinese Mainland	4.3%

Age Group

Aged Below 30	50.0%
Between 30-50	14.5%
Above 50	16.0%

Environmental, Social and Governance Report (Continued)

Employee Welfare

The Group complies strictly with laws in connection with social security. Starting from 1 December 2000, the existing employees in Hong Kong were able to elect to join the Mandatory Provident Fund scheme (“MPF Scheme”), and all new employees in Hong Kong have been required to join the MPF Scheme. Prior to 1 December 2000, the Group opened a defined contribution retirement scheme, an Occupational Retirement Scheme, for qualified Hong Kong employees. For our operations in the PRC, we adhere strictly to The Social Insurance Law of the PRC, covering basic pension insurance, basic medical insurance, industrial injury insurance, unemployment insurance and maternity insurance. All our employees in the PRC have joined this national social insurance scheme. The retirement schemes for employees of other overseas subsidiaries follow the local statutory requirements of the respective countries.

Health and Safety

In 2025, the Group recorded three occupational accidents. No occupational diseases were reported. We have maintained effective control over safety hazards related to machine installation, maintenance, and warehouse stock management.

We maintained zero work-related fatalities among our staff. The number of lost days due to work injury in the past three years was as follows:

	No. of lost days		
	2025	2024	2023
No. of lost days	200	—	56

The increase in lost days in 2025 was due to three separate workplace accidents (two involving finger fractures and one arm fracture). No work-related fatalities occurred. The Group has strengthened safety training and risk assessment procedures in response.

In order to have safety working environment, all new staff members are required to attend our in-house safety training course. Staff who are exposed to potentially risky working environments are required to attend regular safety trainings. We also arrange for our qualified engineers to educate new service staff and share their experience.

The Group has created a safe and clean working environment in its offices, and displays warning signs in its warehouse to prevent the mishandling of equipment. Also, we arrange personal protective clothing, gear and equipment for service staff when they work in customers’ factories. The Group has fully satisfied its principal responsibility regarding safety and the prevention of occupational diseases, and implements all relevant local laws and regulations, including but not limited to the Prevention and Control of Occupational Diseases Law of the PRC and the Production Safety Law of the PRC.

Each subsidiary is required to investigate any weaknesses in operational safety and occupational health and to handle any safety issues immediately

Environmental, Social and Governance Report (Continued)

Development and Training

The Group considers that the growth of our employees is key to the success of our business. In 2025, we organised various in house job related training programmes covering team building, leadership, technical skills, and safety. We regularly arrange for our technical staff to attend training programmes and seminars organised by our suppliers at their factories. To ensure that our key PRC staff understand the latest developments in local regulations and laws, we send them to seminars arranged by local authorities. We also offer training subsidies to encourage employees to pursue career development opportunities within the Group.

The Group provides regular training to salespeople on product knowledge, the sales order system, new company policies, and expense reimbursement procedures. These training sessions are conducted by our suppliers, senior managers, and department heads.

In addition to internal training, we encourage the Board and our employees to participate in external training and other educational events, such as conferences and seminars, to enhance their skills and observe diverse market practices. The Group subsidises tuition as well as related application and examination fees on a case by case basis.

The training participation and average hours completed by gender and employee category are summarised below.

	% of employees trained by gender
Male	61.0%
Female	39.0%

	% of employees trained by employment type
Senior management	2.8%
Middle management	12.1%
Below middle management	85.1%

Training hours (Average)

Male	9.9 total hours/total employee
Female	10.5 total hours/total employee
Senior management	8.6 total hours/total employee
Middle management	4.9 total hours/total employee
Below middle management	11.1 total hours/total employee

Environmental, Social and Governance Report (Continued)

Labour Standards

The Group is committed to protecting human rights and complying with all relevant labour regulations and laws as stipulated by local authorities. We have no tolerance for the use of forced labour or child labour in our business operations, and we expect our business partners to behave in the same way.

Caring for Employees

To maintain long-term relationships with our employees, the Group has established a friendly and comprehensive working environment for our employees. All relevant employment practices of the Group are in line with the industrial benchmark and are regularly reviewed.

We aim to grow alongside with our employees and provide the support they need. Employees have access to a wide choice of training programs and materials, in addition to obtaining professional and close assistance from their superiors. These advantages are critical to the Group's ability to deliver high-quality services.

Recruitment, Retention and Benefits

As a responsible employer, the Group is committed to offering equal opportunity and valuing ones' experience, capability and skills in its recruitment and promotion. We have put in place an organised and fair system to ensure transparent and fair employment practices and hence protect our employees' rights.

The Group strictly prohibited the use of child and forced labour. We impose stringent background check on applicants during the hiring process. We will immediately terminate the concerned employment relationship and penalise the employees involved in the related hiring processes.

We strive to retain employees by offering them competitive remuneration packages to maintain our long term relationships with employees. For example, discretionary bonus and yearly salary increment subject to performance are provided for employees of our business. We also value our employees' career and personal developments, assisting them to reach their full potentials through various training and performance enhancement programmes. Climate-related considerations are currently not factored into our remuneration policies, and we will consider to integrate the climate-related considerations into our remuneration policies where appropriate.

Our Employee Handbook outlines the general roles and obligations of employees, as well as the applicable norms for workplace behaviours and other employment related issues. Meanwhile, we value our employees' views and suggestions. We collect their comment and consider them in creating a supportive and pleasant workplace.

Environmental, Social and Governance Report (Continued)

Employee Engagement

The Group endeavors to maintain an open and harmonious workplace and foster a culture of work-life balance by conducting active employee engagement activities and communication. Due to the social distancing regulations, we did not organize any festival celebrations and annual dinners in Hong Kong during 2025, to avoid gathering of employees. Instead, we organised staff conference by Voov Meeting and published newsletters to enhance internal communication. While the pandemic was relatively stable, we arranged Christmas party for employees to connect again after a long time. Moreover, in recognition of employees' contributions and loyalty to the Group over the years, we honour Best Staff Awards.

With the aim to improve the overall working experience, we emphasise mutual respect and understanding and therefore value our employees' feedback and views. To this end, various communication channels have been established for employees to express their concerns or suggestions. Regular staff meetings, half year staff conference and annual questionnaires are several examples, while a formal grievance mechanism is in place for employees to voice out any issues over the workplace and employment practices to their immediate supervisors and the management. The management must then coordinate follow-up actions and respond to the enquiries within a given timeframe.

PRODUCT RESPONSIBILITY

The Group is committed to provide an excellent customer experience and ensuring that our products and services are safe, user-friendly and environmentally friendly. We always think ahead on behalf our customers and work to satisfy their needs. We value customer service highly and have established a comprehensive after-sales service system. After a machine is installed, we provide a maintenance and training service. Our after-sales service team sends a questionnaire to customers, and takes the initiative to seek their feedback. If customers encounter any problems in connection with our machines or services, our professional technical staff solve the problem and ensure that our machines are operated effectively and are customized to meet our customers' requirements. We run a customized, online service systems, which improves the quality of our after-sales service, builds our corporate brand image, and increase customers' satisfaction with and loyalty to the Group's products and services.

During periodical review meetings with suppliers, we consolidate our technical knowledge and our customers' feedback, and provide professional advice to suppliers about product enhancements so that we keep pace with the rapid developments in the marketplace.

We adhere to applicable laws in relation to health and safety standards, as well as those related to advertising and labeling. We strive to safeguard and protect intellectual property rights, and comply with local relevant privacy regulations.

In 2025, the Group was not involved in any material litigation or complaints due to product quality or service provision.

Environmental, Social and Governance Report (Continued)

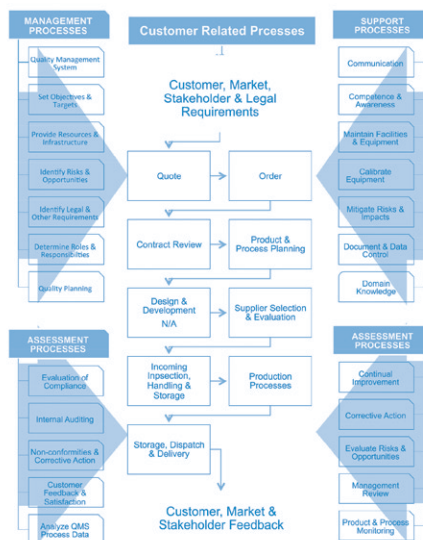
ISO

The Group operates in accordance with the ISO 9001:2015 Quality Management System. The quality policy covers different areas including computer data control, document information procedure, customer satisfaction monitoring procedure, customer complaint and CAR Management procedure, tender management procedure and etc.



This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract. An electronic certificate can be authenticated [online](#). Printed copies can be obtained at [member@bsigroup.com](#) or telephone (852) 3189 3300. Further certifications regarding the scope of the certificate and the applicability of ISO 9001:2015 requirements may be obtained by consulting the organization.

ISO Certificate



Example: Customer Related Process

Environmental, Social and Governance Report (Continued)

Dispute Resolution

All disputes between the two parties in connection with contract or the execution thereof shall be settled through friendly negotiations. Where no settlement can be reached, the disputes shall be submitted for arbitration. The arbitration shall take place in Beijing and be conducted by China International Economic and Trade Arbitration Commission, Beijing Commission in accordance with its Rules of Arbitration. The decision of the Arbitration Commission shall be accepted as final and binding upon both parties. Neither party shall be seeking recourse to a law court or other authorities appeal for revision of the decision. Arbitration expense shall be borne by the losing party.

Customer Feedback

The Group believes the opinions from customers can drive our continuous improvement and are essential in our pursuit of excellence. We welcome the opinions from customers by establishing various communication channels with customers including email, Wechat, etc. After the completion of job, we will conduct a survey to find out what our customers think of our service and improvement to meet their needs.

Data Protection and Privacy

The Group places great importance on data protection of customers. We have strictly complied with the relevant provisions of the Personal Data (Privacy) Ordinance in Hong Kong. The Group stipulated the terms and conditions relating to confidentiality of information in the employment contracts, requiring employees to undertake not to disclose any information to any third parties without written consent of the Group. Employee who breaches the terms is subject to instant dismissal without compensation or other legal actions necessary.

ANTI-CORRUPTION AND ANTI-MONEY LAUNDERING

The Group is committed to upholding a high standard of ethics, responsibility and integrity in our business operations. We refuse to accept or tolerate a form of bribery or corruption in connection with our business activities. All of our employees and directors are regularly advised of our policy against corruption. All new employees and directors are required to read our anti-corruption and bribery policy and are expected to commit themselves to complying with such policy.

We also provide channels for our stakeholders to report any suspicious case of corruption, fraud, dishonest practices and any similar matters in confidential manner, while every effort will be made to protect the whistle-blowers. All reported cases will be investigated thoroughly by a team led by Chief Financial Officer, department heads or senior management, and appropriate corrective, disciplinary or legal measures will be taken according to the investigation result. No legal case regarding corruption has incurred in FY2025 and FY2024.

Environmental, Social and Governance Report (Continued)

SUPPLY CHAIN MANAGEMENT

There are growing expectations of stakeholders (including the government, customers, shareholders, employees, etc.) to take responsibility for its supplier's environmental, social and ethical practices. The Group is increasingly making responsible sourcing an integral part of its procurement and supply chain management processes to understand and manage these risks in the supply chain. The Group has formulated the Group Purchasing Policy (GPP) to include responsible business in the various processes and criteria for suppliers' selection and management.

Supplier Selection and Monitoring

To enable us to continuously improve quality management in our procurement process and achieve the highest standard of business practices and service offering.

All the potential suppliers are evaluated under stringent evaluation procedures. Potential suppliers are required to complete the vendor registration form, which assesses the suppliers on various aspects, such as quality assurance and corporate governance. Upon completion of the form, our purchasing department investigates the background of the company, focusing on their financial credibility. The department also conducts an assessment of the supplier's quality of delivery, environmental and social compliance and internal control.

In 2025, 370 suppliers were based in Chinese Mainland, 19 were based in Hong Kong and 36 were based outside China.

THE ENVIRONMENT

The Group has made continuous efforts to build a more sustainable business and help address the threat of climate change. As such, the Group adhere strictly to local environment protection laws and regulations. Moreover, we have developed a green office policy, which has been applied extensively in all our offices located in Hong Kong, PRC, Taiwan, Singapore and elsewhere.

ENERGY, AIR AND GHG EMISSION

The source of our air, GHG emission and energy consumption mainly originates from purchased electricity consumed for daily office operations. Extreme climate events are significantly affect the globe. We recognize the importance of enhancing energy efficiency in our daily business operation through measures highlighted below:

- Turning off electrical appliances including lights, computers and printer before leaving office
- Setting the temperature of air conditioners at designated degrees
- Using LED lights
- Steadily phase out legacy equipment by using energy saving system
- Cleaning the filters of air-conditioners regularly to maintain the cooling performance in lower energy mode
- Using glass doors prevent cool air from spreading wastefully to other office area
- Our building in Shanghai has been designed to make good use of natural light and natural air

Environmental, Social and Governance Report (Continued)

Use of Water

Water management is not a material area for the Group. Much of our water consumption is for basic cleaning, sanitation and catering purposed in our office. It is our policy that we always remind our staff to use water responsibly.

Waste Management

The Group has set up a paperless data-storage system, which our staff use for the data warehousing and retrieval of electronic documents. A CRM system for the service department has been developed so that various departments can share and retrieve documents relate to service orders. A staff attendance record system has been developed so that staff members can apply online for leave, which reduces paper usage and optimized the approval process. A recycle paper tray is placed near every copier or printer, so that our staff members can easily re-use printing paper. Also all staff members are encouraged to print doublesided documents to reduce paper usage.

The Group is also committed to recycling resources used in its offices, to minimize or prevent the generation of waster during its operations. All empty ink cartridges, copier toner containers and printing consumables are sent to recycling factories. Waste-separation bins are placed in every office for the collection of recyclable items, e.g., disposed plastic items, metallic containers and waste paper. For our PRC offices, we have selected a qualified supplier to refill ink cartridges which extends the life of items.

Environmental and Natural Resources

The Group also promotes environmental awareness among our staff members and their families. We encourage our employees and their families to take the initiative to protect the environment. Employees and their families often share their views and suggestions about how we can go green and protect our natural environment.

The Group has a policy of encouraging customers to go green alongside us. We invite them to join us to maximise the social responsible utilization of resources. With the support of our professional and experienced technical team, we are able to provide a special repair service to customers so that they do not need to purchase a new Printed Circuit Board ("PCB"). The life of a PCB can be extended and a customer can resume operations more quickly, at a lower cost, and at the same level of quality. Electrical rubbish can also be eliminated

We also provide a service package for customers, whereby our experienced technical people will periodically visit a customer's office or factory to check the machines on site and make sure they are operating optimally. This helps to extend the life of the machines and reduces the consumption of electricity during daily operations.

Environmental, Social and Governance Report (Continued)

Overview of Environmental Performance Data

Environmental Performance	Unit	Total 2025	Total 2024
Greenhouse Gas Emissions¹			
Scope 1	tCO ₂ e	9.7	N/A
Scope 2	tCO ₂ e	204	213
Scope 3	tCO ₂ e	41,228	N/A
Energy			
Electricity consumption	KWh	374,154	393,340
Electricity Intensity	KWh per staff day	4.5	4.8
Water			
Water Consumption	M ³	2,003	1,905
Water Intensity	M ³ per staff month	0.7	0.7
Waste			
Paper ²	Kg	2,323	2,633
Paper Intensity	Kg per Staff month	0.9	0.9

Note: 1. The Group adopted the GHG Protocol Corporate Accounting and Reporting Standard for the first time in 2025 to classify greenhouse gas emissions into Scope 1, Scope 2 and Scope 3. In 2025, Scope 3 emissions include additional categories such as transportation (upstream and downstream), business travel and employee commuting, which were not measured or reported in 2024. Accordingly, 2024 Scope 1 and Scope 3 are shown as "N/A". The 2024 Scope 2 figure has been restated under the improved calculation methodology to ensure consistency with the 2025 disclosure. As a result, the 2024 total GHG emissions shown above reflects only Scope 2 emissions, which is comparable year-on-year with the 2025 Scope 2 figure. The Group will continue to refine its Scope 3 measurement methodology and provide consistent year-on-year data in future reporting cycles.

2. The Group has refined its approach to tracking paper consumption in 2025, applying a more standardized methodology across all operations. For consistency, the 2024 figures have been recalculated using this enhanced methodology to enable meaningful year-on-year comparison.

Environmental, Social and Governance Report (Continued)

TARGETS FOR ENVIRONMENTAL IMPROVEMENT

The Group is aware of the global trends of environmental issues so we continuously endeavor to mitigate our environmental impacts by established environmental targets.

The Group has set an appropriate baseline for mid-term reduction targets after conducting a baseline assessment of our environmental performance.

Key Aspects	Timeframe	Targets
Greenhouse Gases Emissions*	Mid-term	Reduce greenhouse gases emissions intensity by 10% by 2030 with 2021 as baseline year
Energy*	Mid-term	To incorporate energy efficiency as one of the criteria for the procurement of office equipment (e.g. Grade 1 energy label), aiming to reduce energy intensity by 10% by 2030 with 2021 as the baseline year.
Water	Mid-term	Reduce water consumption and water intensity by 10% by 2030 with 2021 as baseline year
Waste	Mid-term	Target 1: 5% reduction on paper consumption intensity by 2025 as compared with 2021 Target 2: Staff continue to reduce the consumption of single-use plastics and aim to achieve zero plastic bottles by 2025

* Using the emission factor stated in the 2024 Sustainability Reports of The Hong Kong Electric Investments, which short term target is yearly average GHG emissions not to exceed 0.6 kg of CO₂ e per kWh of electricity sold by 2024. Mid-term target is to reduce Scope 1 GHG emissions by 68.4% per kWh of electricity generated by 2035 from a 2019 base year.

CLIMATE CHANGE AND RESILIENCE

Governance

The Board of Directors has primary oversight of climate-related risks and opportunities. It meets annually to review the Group's climate strategy, monitor progress against established targets, and ensure that climate considerations are integrated into the Company's overall strategy. The Board is supported by the senior management, which reports semi-annually on ESG performance, including climate-related matters. The senior management comprises directors and heads of corporate departments, and is responsible for setting emissions targets, coordinating cross-departmental climate risk management, and reviewing resource efficiency initiatives.

The Group did not apply a carbon price in decision-making during the Reporting Period, and will explore the applicability of implementation in the future.

The Board and senior management maintain the necessary competence to oversee climate-related strategies through regular updates on regulatory developments, industry practices, and climate risk management. Where appropriate, the Group engages external advisors to support its understanding of emerging climate-related issues and disclosure requirements.

Environmental, Social and Governance Report (Continued)

Strategy

Climate change risk is an integral component of the Group's overall risk profile. We assess potential impacts by considering factors across operations, markets, and the value chain. The diversity of our business activities and global footprint helps mitigate short-term climate impacts, while strategic planning enables us to address longer-term challenges and opportunities.

- Short term: Addressing climate risks and pursuing sustainability initiatives requires upfront investment, including enhancing operational efficiency, adopting cleaner technologies, and strengthening facility and supply chain resilience.
- Medium term: Following initial implementation, the effectiveness of investments and strategies will be evaluated to determine whether to scale successful initiatives, reallocate resources, or adjust approaches.
- Long term: Proactive management of climate-related issues will enhance corporate reputation, strengthen stakeholder relationships, and improve access to capital. Integrating climate considerations into strategic planning will also identify opportunities for sustainable growth, such as efficiency gains, new markets, and product innovations.

To enhance understanding of climate-related risks and opportunities, the Group has undertaken a climate scenario analysis in line with TCFD recommendations. Authoritative data from the IPCC and NGFS were used, and two scenarios were selected:

- Low Emissions Scenario (Paris-aligned): Global action limits warming to below 2°C, associated with higher transition risks but lower physical risks.
- High Emissions Scenario (Business-as-usual): Current policies persist, leading to warming of at least 3°C, associated with higher physical risks but lower transition risks.

The analysis considered short-, medium-, and long-term horizons to capture the evolving nature of climate risks. This initial assessment has identified potential risks, financial impacts, and mitigation measures, serving as a foundation for more detailed evaluations in the future.

Environmental, Social and Governance Report (Continued)

During the reporting period, the Group identified significant climate-related physical and transition risks that may impact our business and strategy in (i) operations, products and services, (ii) supply chain and value chain, (iii) adaptation and mitigation activities, (iv) investment in research and development, and (v) financial planning. The risks and corresponding management steps are as follows:

Risk Type	Risk Description	Time Horizon	Financial Impact	Mitigation Strategy
Physical Risk – Acute	Extreme weather events (e.g., typhoons, floods) may damage warehousing facilities, disrupt logistics, and delay equipment delivery.	Short- to Medium-term	Disruptions in logistics and warehouse damage lead to higher logistics costs and inventory losses; delayed deliveries may reduce revenue and cause compensation expenses.	Due to rising extreme weather risks, the company diversifies transportation channels, develops and tests Business Continuity Plans (BCP), and reinforces warehousing facilities against disasters.
Physical – Chronic	Rising average temperatures and frequent heatwaves increase cooling demand in warehouses and offices.	Medium- to Long-term	Increased cooling demand raises electricity costs; employee health and productivity losses may result in higher indirect labor costs.	Due to long-term temperature increases, the company implements energy efficiency upgrades (optimized HVAC, green warehousing) and introduces heat-stress protection measures for staff.
Transition – Market & Reputational	Clients and investors increasingly consider ESG performance; failure to act may affect market share and brand value.	Medium- to Long-term	Loss of clients and investors reduces revenue; reputational damage may affect financing and talent attraction.	Due to growing market and reputational risks, the company discloses ESG strategies transparently, engages with clients and investors, and sets and reviews environmental targets to build trust.

Environmental, Social and Governance Report (Continued)

Risk Type	Risk Description	Time Horizon	Financial Impact	Mitigation Strategy
Transition – Policy & Legal	Stricter carbon taxes and emission regulations, coupled with rising demand for low-carbon equipment.	Medium- to Long-term	Compliance requirements increase operating costs; R&D investment rises to develop low-energy machine tools; unmet requirements may lead to order losses.	Monitor policy developments, invest in low-energy machine tool R&D, conduct supplier ESG audits.
Transition – Technology Substitution	Emerging green technologies (e.g., smart manufacturing, low-carbon machine tools) may replace traditional equipment.	Medium- to Long-term	Failure to adopt or develop new technologies may reduce market share and revenue.	Increase R&D investment, explore green manufacturing technologies, collaborate with research institutions.

In addition to managing risks, the Group identifies and pursues climate-related opportunities that can generate financial benefits or strengthen strategic positioning. The primary opportunities identified during the reporting period are summarised below.

Opportunity Type	Opportunity Description	Financial Impact
Resource Efficiency	Implementing energy-saving measures (green warehousing, smart logistics) to enhance operational efficiency	Reduced energy consumption lowers operating costs, thereby improving profit margins.
Products & Services	Developing low-energy machine tools and green product lines to meet client demand.	Increased demand generates revenue growth and expands market share.
Resilience	Integrating climate risk into business continuity planning to strengthen supply chain stability.	Reduced disruption enhances operational stability and protects brand reputation.

The Group is in the early stages of quantifying the financial impacts of climate-related risks and opportunities. While the potential for increased operating costs and capital expenditure is recognised, the Group does not currently have sufficient historical data to provide quantitative estimates. The Group will continue to develop its measurement capabilities in future reporting cycles.

Environmental, Social and Governance Report (Continued)

Risk Management

The Group is in the early stages of developing a formal process to identify and manage climate-related risks. Management has initiated preliminary reviews of physical and transition risks, drawing on available national data, local information, and historical incident records to understand how climate change may compound existing operational risks or create new ones.

To build on this foundation, the Group plans to adopt a structured risk assessment framework that will include the following steps:

- **Establish the context** – Define objectives, scope, and time horizons; select relevant climate scenarios (including key climate variables).
- **Identify existing risks** – Review historical climate hazards and assess current risk management strategies.
- **Identify future risks and opportunities** – Explore climate projections for selected time frames and emission scenarios; identify potential hazards and new risks or opportunities that may emerge.
- **Analyse and evaluate risks** – Identify decision areas or systems (e.g., geographical regions, operations, assets, supply chain) that may be at risk in the future.

As the Group's understanding of climate-related risks matures, it intends to further integrate climate considerations into the overall enterprise risk management framework in future reporting cycles.

Metrics and Targets

The Group uses key metrics to measure and manage climate-related risks and opportunities. Energy consumption and greenhouse gas (GHG) emissions are the primary indicators we consider material to our operations and critical for assessing our climate impact. The Group's environmental performance targets, including reductions in GHG emissions, energy and water intensity, are set out in the "Targets for Environmental Improvement" section

OUR COMMUNITY

The Group is committed to fostering harmonious relationships with the communities where we operate, and has consistently kept its responsibility to return to society and endeavored to achieve sharing and winwin relationship between the Group and its stakeholders. We participate in a variety of charitable events every year.

Environmental, Social and Governance Report (Continued)

Charitable Contributions

The Group provides support to charitable organizations and community projects across our operating regions. In particular, we have participated in **The Community Chest** fundraising initiatives, which aim to provide resources for social welfare services in Hong Kong. By contributing to this long-standing charity, The Group helps address the needs of disadvantaged groups and supports programs that improve social well-being.

Beyond financial donations, we also recognize the importance of sustained involvement in charitable causes. Our contributions are directed towards education, healthcare, and social services, areas that resonate with our corporate values. By aligning our charitable giving with community needs, we ensure that our support generates long-term benefits and strengthens social cohesion.

Employee Participation

Beyond corporate donations, The Group encourages employees to actively participate in community service and public campaigns. Through such participation, employees not only contribute to public health but also strengthen their sense of social responsibility.

We believe that employee involvement in community activities enhances team spirit and fosters a culture of care within the Group. Employees are encouraged to volunteer their time and expertise, whether through health awareness campaigns, educational workshops, or environmental initiatives. By empowering employees to take part in social causes, we create a workplace culture that values compassion, inclusiveness, and shared responsibility.

Community Health and Well-being

The Group places emphasis on promoting health and well-being in the communities we serve. In addition to participating in public health campaigns, we encourage employees and stakeholders to adopt healthy lifestyles.

We support initiatives that raise awareness of preventive healthcare, nutrition, and wellness. For example, we promote workplace wellness programs and encourage participation in community health checks. By contributing to public health awareness, we help build healthier and more resilient communities.

The Group will continue to strengthen its community engagement strategy by identifying areas where our expertise and resources can make the greatest difference. We remain committed to building long-term partnerships with community organizations, fostering inclusivity, and contributing to sustainable development.

Independent Auditor's Report

To the shareholders of Leeport (Holdings) Limited

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Leeport (Holdings) Limited (the "Company") and its subsidiaries (the "Group") set out on pages 62 to 154, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 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 ("HKSAAs") 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

The key audit matter identified in our audit is related to assessment on recoverability of trade and bills receivables.

Independent Auditor's Report (Continued)

Key audit matter

How our audit addressed the key audit matter

Recoverability of trade and bills receivables

As at 31 December 2025, the Group had trade and bills receivables with a carrying amount of HK\$213.2 million, net of losses allowance of HK\$2.3 million. The gross amount of trade and bill receivables of HK\$215.5 million represented 31.8% of the total assets of the Group.

The Group adopted HKFRS 9 *Financial Instruments* and the management made an assessment for expected credit loss ("ECL") under simplified approach for its trade and bills receivables. An impairment analysis is performed at each reporting date using a model which involves the determination of probability of default with reference to credit rating comparable to the debtors as adjusted for forward looking information.

Due to uncertainty in global macroeconomics, significant accounting estimation, judgement and assumption are required in determining the expected credit losses. In addition, the carrying amount of the trade and bills receivables is significant to the Group. Therefore, it is considered as a key audit matter.

Disclosures in relation to trade and bills receivables are included in Notes 3, 21 and 32 to the financial statements.

Our audit procedures included, (i) With the assistance of our internal specialist, evaluated the reasonableness and appropriateness of the management's expected credit loss provisioning methodology, key data input and the assumptions, including the determination of probability of default and forward-looking adjustments, used to determine the expected credit losses considering the payment history, ageing of the trade and bills receivable and other relevant information on a sampling basis; (ii) Tested the accuracy of the underlying source of information used in the assessment of assumptions in (i) above, such as the ageing classification of receivables, on a sampling basis; (iii) Evaluated the reasonableness and appropriateness of data source used in the calculation of forward-looking adjustments, such as the external data sources and other available information; and (iv) Evaluated the sufficiency of disclosures of ECL in accordance with the requirements of HKFRS 7.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

Independent Auditor's Report (Continued)

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 of the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Group are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 (Continued)

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

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

Independent Auditor's Report (Continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Ka Wing (practising certificate number: P07059).

Ernst & Young

Certified Public Accountants

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

31 March 2026

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	4	552,889	560,626
Cost of sales	6	(411,799)	(422,077)
Gross profit		141,090	138,549
Other income and gains, net	5	987	18,669
Selling and distribution expenses	6	(16,212)	(19,143)
Administrative expenses	6	(94,091)	(96,835)
Net (impairment losses)/reversal of impairment losses on financial assets		(332)	1,263
Operating profit		31,442	42,503
Finance income	8	1,486	1,160
Finance expenses	8	(5,030)	(9,414)
Finance expenses, net		(3,544)	(8,254)
Share of post-tax losses of a joint venture	16	(496)	–
Share of post-tax losses of associates	17	(6,605)	(9,573)
PROFIT BEFORE TAX		20,797	24,676
Income tax expense	9	(4,701)	(3,769)
PROFIT FOR THE YEAR		16,096	20,907
Profit attributable to:			
Owners of the Company		16,097	20,909
Non-controlling interests		(1)	(2)
		16,096	20,907
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted earnings per share (HK cents)	10	HK7.00 cents	HK9.09 cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
PROFIT FOR THE YEAR		16,096	20,907
OTHER COMPREHENSIVE LOSS			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on revaluation of land and buildings	12	(7,862)	(7,249)
Movement of deferred tax	28	1,419	1,431
Change in value of financial assets at fair value through other comprehensive income, net of tax		3,600	(3,600)
		(2,843)	(9,418)
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(750)	(6,620)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(3,593)	(16,038)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,503	4,869
Total comprehensive income attributable to owners of the company		12,513	5,203
Total comprehensive loss attributable to non-controlling interests		(10)	(334)
		12,503	4,869

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Plant and equipment	12	6,554	8,336
Right-of-use assets	12	167,880	177,729
Investment properties	13	70,796	73,643
Investment in a joint venture	16	4	–
Investments in associates	17	31,341	35,817
Loan to an associate	31(c)	19,114	16,803
Financial assets at fair value through other comprehensive income	19	10,989	7,389
Financial assets at fair value through profit or loss	20	6,915	76,718
Deferred income tax assets	28	3,333	4,534
Total non-current assets		316,926	400,969
CURRENT ASSETS			
Inventories	22	58,812	69,993
Trade and bills receivables	21	213,178	206,372
Other receivables, prepayments and deposits	21	37,645	28,639
Restricted bank deposits	23	210	5,297
Cash and cash equivalents	23	51,906	26,048
Total current assets		361,751	336,349
CURRENT LIABILITIES			
Trade and bills payables	26	82,438	76,678
Other payables, accruals and contract liabilities	26	72,332	47,291
Borrowings	27	68,346	128,071
Lease liabilities	14	751	98
Tax payable		5,412	11,314
Total current liabilities		229,279	263,452
NET CURRENT ASSETS		132,472	72,897
TOTAL ASSETS LESS CURRENT LIABILITIES		449,398	473,866
NON-CURRENT LIABILITIES			
Lease liabilities	14	1,260	–
Deferred income tax liabilities	28	27,399	28,818
Total non-current liabilities		28,659	28,818
NET ASSETS		420,739	445,048

Consolidated Statement of Financial Position (Continued)

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	24	23,007	23,007
Other reserves	25	205,574	210,639
Retained earnings		197,019	216,253
		<u>425,600</u>	<u>449,899</u>
Non-controlling interests		(4,861)	(4,851)
Total equity		<u>420,739</u>	<u>445,048</u>

LEE Sou Leung, Joseph
Director

POON Yiu Ming
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the Company					Total equity HK\$'000
	Share capital (Note 24) HK\$'000	Other reserves (Note 25) HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2025	23,007	210,639	216,253	449,899	(4,851)	445,048
Profit for the year	-	-	16,097	16,097	(1)	16,096
Loss on revaluation of land and buildings	-	(7,862)	-	(7,862)	-	(7,862)
Movement of deferred tax	-	1,419	-	1,419	-	1,419
Change of value of financial assets at fair value through other comprehensive income	-	3,600	-	3,600	-	3,600
Currency translation differences	-	(741)	-	(741)	(9)	(750)
Total other comprehensive loss, net of tax	-	(3,584)	-	(3,584)	(9)	(3,593)
Total comprehensive income	-	(3,584)	16,097	12,513	(10)	12,503
Transfer of revaluation reserve to retained earnings on depreciation of right-of-use assets	-	(1,481)	1,481	-	-	-
Transaction with owners of the Company recognised directly in equity						
Dividend paid relating to 2024	-	-	(6,902)	(6,902)	-	(6,902)
Interim dividend paid	-	-	(6,902)	(6,902)	-	(6,902)
Special dividend paid	-	-	(23,008)	(23,008)	-	(23,008)
Total transaction with owners, recognised directly in equity	-	-	(36,812)	(36,812)	-	(36,812)
At 31 December 2025	<u>23,007</u>	<u>205,574</u>	<u>197,019</u>	<u>425,600</u>	<u>(4,861)</u>	<u>420,739</u>

Consolidated Statement of Changes in Equity (Continued)

Year ended 31 December 2025

	Attributable to owners of the Company				Non- controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
	(Note 24) HK\$'000	(Note 25) HK\$'000	HK\$'000	HK\$'000		
At 1 January 2024	23,007	282,485	177,167	482,659	(4,517)	478,142
Profit for the year	-	-	20,909	20,909	(2)	20,907
Loss on revaluation of land and buildings	-	(7,249)	-	(7,249)	-	(7,249)
Movement of deferred tax	-	1,431	-	1,431	-	1,431
Change of value of financial assets at fair value through other comprehensive income	-	(3,600)	-	(3,600)	-	(3,600)
Release of revaluation reserve upon disposal and transfer of right-of-use assets	-	(56,821)	56,821	-	-	-
Currency translation differences	-	(6,288)	-	(6,288)	(332)	(6,620)
Total other comprehensive loss, net of tax	-	(72,527)	56,821	(15,706)	(332)	(16,038)
Total comprehensive income	-	(72,527)	77,730	5,203	(334)	4,869
Transfer of revaluation reserve to retained earnings on depreciation of right-of-use assets	-	681	(681)	-	-	-
Transaction with owners of the Company recognised directly in equity						
Dividend paid relating to 2023	-	-	(8,053)	(8,053)	-	(8,053)
Interim dividend paid	-	-	(6,902)	(6,902)	-	(6,902)
Special dividend paid	-	-	(23,008)	(23,008)	-	(23,008)
Total transaction with owners, recognised directly in equity	-	-	(37,963)	(37,963)	-	(37,963)
At 31 December 2024	23,007	210,639	216,253	449,899	(4,851)	445,048

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	29	62,733	36,937
Interest paid		(4,981)	(9,414)
Income tax paid		(8,228)	(926)
Net cash generated from operating activities		49,524	26,597
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	12	(433)	(759)
Capital injection in a joint venture		(500)	–
Increase in a loan to an associate		–	(2,575)
Interest received		514	1,160
Proceeds from disposal of financial asset at fair value through profit or loss		68,119	–
Proceeds from disposal of right-of-use assets		–	53,000
Net cash generated from investing activities		67,700	50,826
CASH FLOWS FROM FINANCING ACTIVITIES			
New borrowings	29(a)	329,870	253,701
Repayment of borrowings	29(a)	(389,751)	(295,788)
Dividends paid to the Company's shareholders		(36,812)	(37,963)
Decrease/(increase) in restricted bank deposits		5,087	(238)
Principal elements of lease liabilities		(534)	(51)
Net cash used in financing activities		(92,140)	(80,339)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		25,084	(2,916)
Cash and cash equivalents at beginning of the year		26,048	29,795
Effect of the exchange rate for the year		774	(831)
CASH AND CASH EQUIVALENTS AT END OF YEAR		51,906	26,048
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Balance included in cash and cash equivalents	23	51,906	26,048

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Leeport (Holdings) Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the trading of metalworking machinery, measuring instruments, cutting tools and electronic equipment.

The Company is a limited liability company incorporated in Bermuda and domiciled in Hong Kong. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for certain right-of-use assets, investment properties and financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Basis of consolidation (Continued)

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

The Group has adopted the following amended HKFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to HKAS 21	<i>Lack of Exchangeability</i>
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	<i>Disclosures about Uncertainties in the Financial Statements</i>

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

- (a) Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, associates and a joint venture for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.
- (b) The HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective HKFRS Accounting Standards

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 21 <i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	<i>Translation to a Hyperinflationary Presentation Currency²</i> Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

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

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective HKFRS Accounting Standards (Continued)

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Group is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Group's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective HKFRS Accounting Standards (Continued)

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Issued but not yet effective HKFRS Accounting Standards (Continued)

- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 *Statement of Cash Flows*:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 Material Accounting Policies

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Investments in associates and joint ventures (Continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

The Group measures its certain right-of-use assets, investment properties, financial assets through other comprehensive income and financial assets through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Impairment of non-financial assets (Continued)

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

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Related parties (Continued)

A party is considered to be related to the Group if: *(Continued)*

- (b) the party is an entity where any of the following conditions applies: *(Continued)*
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to profit or loss. Any subsequent revaluation surplus is credited to profit or loss to the extent of the deficit previously charged. An annual transfer from the revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	10%
Plant, machinery, furniture and equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

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

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with HKAS 16 *Property, Plant and Equipment*.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land and buildings	20 to 50 years
Properties	20 to 50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Investments and other financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised in profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Derecognition of financial assets (Continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis, comprising all direct costs of purchase. Net realisable value is based on estimated selling prices in the ordinary course of business, less any applicable variable selling expenses.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Income tax (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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sales of goods

The Group principally derives revenue from trading of metalworking machinery, measuring instruments, cutting tools and electronic equipment. Revenue from sale of products is recognised at a point in time when control of the products is transferred, being when the Group has delivered the products to the customers and the customers have accepted the products. The customers have full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the product. Delivery occurs when the products have been transported to the specified location.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Commission income

Commission income is recognised when technical support and agency services in respect of trading between certain business partners are rendered and the commission fee is agreed by the customers, which is generally the time when the Group and its customers come into agreements. The Group recognises the relevant revenue from commission income at a point in time.

(c) Service income

The Group provides after-sales services to customers, where the Group recognises revenue at a point in time when the services are rendered.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operates in the Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to Financial Statements (Continued)

31 December 2025

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Material Accounting Policies (Continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Notes to Financial Statements (Continued)

31 December 2025

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

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

Recoverability of trade and bills receivables

The measurement of impairment losses under HKFRS 9 on trade and bills receivables requires judgement and estimates, in particular, the determination of the probability of default and the loss given default with reference to credit rating comparable to the debtors and the forward looking information when determining impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The assessment of the forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables is disclosed in Note 21 to the financial statements.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis, comprising all direct costs of purchase. Net realisable value is based on estimated selling prices in the ordinary course of business, less any applicable variable selling expenses.

The management of the Group periodically reviews inventories for slow-moving inventories, obsolescence or declines in market value. This review requires them to estimate the net realisable value based upon assumptions about future demand and market conditions. If the estimate of net realisable value is below the cost of inventories or the carrying amount, the Group will record a write-down of inventories for the difference between cost or carrying amount and net realisable value, which will result in a corresponding increase in cost of sales. The carrying amount of inventories was HK\$58,812,000 as at 31 December 2025 (2024: HK\$69,993,000) (see Note 22).

Notes to Financial Statements (Continued)

31 December 2025

4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker, represented by the Board of Directors (“Board”), that are used to make strategic decisions.

The Board considers the business from a geographic perspective. Geographically, management considers the performance in the People’s Republic of China (“Chinese Mainland”), Hong Kong and other countries and territories.

The Group is principally engaged in the trading of metalworking machinery, measuring instruments, cutting tools and electronic equipment in three main geographical areas, namely Chinese Mainland, Hong Kong and other countries and territories (principally Singapore, Taiwan, Malaysia and Indonesia). The “Chinese Mainland” segment, for the purpose of the consolidated financial statements, excludes Hong Kong and Taiwan.

The Board assesses the performance of the operating segments based on a measure of segment results, total assets, total liabilities, and total capital expenditure. The Group primarily operates in Hong Kong and Chinese Mainland. The Group’s revenue by geographical location is determined by the country in which the customer is located.

	For the year ended 31 December 2025			
	Chinese Mainland HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Total HK\$'000
Revenue	525,926	5,202	21,761	552,889
Segment results	25,745	2,105	3,592	31,442
Finance income				1,486
Finance expenses				(5,030)
Share of post-tax losses of a joint venture				(496)
Share of post-tax losses of associates				(6,605)
Profit before tax				20,797
Income tax expenses				(4,701)
Profit for the year				16,096

Notes to Financial Statements (Continued)

31 December 2025

4. SEGMENT INFORMATION (CONTINUED)

	For the year ended 31 December 2024			
	Chinese Mainland HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Total HK\$'000
Revenue	<u>522,847</u>	<u>15,281</u>	<u>22,498</u>	<u>560,626</u>
Segment results	<u>37,647</u>	<u>2,783</u>	<u>2,073</u>	42,503
Finance income				1,160
Finance expenses				(9,414)
Share of post-tax losses of associates				<u>(9,573)</u>
Profit before income tax				24,676
Income tax expenses				<u>(3,769)</u>
Profit for the year				<u>20,907</u>

Disaggregation of revenue

Revenue is derived from the sale of goods, provision of agency services and other after-sales services, and is recognised at point in time.

Revenue recognised during the year is disaggregated as follows:

	2025 HK\$'000	2024 HK\$'000
Sales of goods	465,819	464,800
Commission income	80,222	89,698
Service income	6,848	6,128
	<u>552,889</u>	<u>560,626</u>

During the year ended 31 December 2025, revenues of approximately HK\$113,404,000 (2024: HK\$89,536,000) was derived from one customer (2024: one customer), which accounted for over 10% of the Group's total revenue.

Contract liabilities of HK\$46,981,000 (2024: HK\$29,503,000) were classified within "other payables, accruals and contract liabilities". It represents advance payments received from customers for goods that have not been transferred to the customers. During the year ended 31 December 2025, all brought-forward contract liabilities at the beginning of the financial year were fully recognised as revenue. The Group has applied the practical expedient in HKFRS 15 not to disclose the transaction prices allocated to the remaining performance obligations for the contracts existed at the end of the reporting period that have an original expected duration of one year or less.

Notes to Financial Statements (Continued)

31 December 2025

4. SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue (Continued)

The provision for slow moving inventories charged for the year ended 31 December 2025 was HK\$1,643,000 (2024: reversal of provision for slow moving inventories of HK\$1,563,000).

The net impairment losses on financial assets charged for the year ended 31 December 2025 were HK\$332,000 (2024: reversal of net impairment losses on financial assets of HK\$1,263,000).

The total depreciation of plant and equipment and right-of-use assets for the year ended 31 December 2025 was HK\$7,020,000 (2024: HK\$7,307,000).

Segment assets

	2025 HK\$'000	2024 HK\$'000
Chinese Mainland	426,755	382,717
Hong Kong	194,840	290,351
Other countries and territories (Note (a))	57,082	64,250
	678,677	737,318

Segment assets are allocated according to the principal markets in which the Group and its associates and its joint venture operate.

Segment liabilities

	2025 HK\$'000	2024 HK\$'000
Chinese Mainland	208,241	207,087
Hong Kong	38,335	59,154
Other countries and territories (Note (a))	11,362	26,029
	257,938	292,270

Segment liabilities are allocated according to the principal markets in which the Group operates.

Notes to Financial Statements (Continued)

31 December 2025

4. SEGMENT INFORMATION (CONTINUED)

Capital expenditure

	2025 HK\$'000	2024 HK\$'000
Chinese Mainland	386	660
Hong Kong	47	–
Other countries and territories (Note (a))	–	99
	433	759

Capital expenditure is allocated based on where the assets are located and consists of additions of plant and equipment.

Non-current assets

	2025 HK\$'000	2024 HK\$'000
Chinese Mainland	93,359	100,410
Hong Kong	181,378	260,165
Other countries and territories (Note (a))	42,189	40,394
	316,926	400,969

Note:

(a) Other countries and territories include Taiwan, Singapore, Indonesia and Malaysia.

Notes to Financial Statements (Continued)

31 December 2025

5. OTHER INCOME AND GAINS, NET

	2025 HK\$'000	2024 HK\$'000
Rental income	4,428	3,653
Reward income	465	451
Net fair value losses on investment properties (Note 13)	(3,136)	(7,347)
Net fair value (losses)/gains on financial assets at fair value through profit or loss ("FVPL")	(2,059)	21,539
Government grants (Note i)	434	244
Others	855	129
	987	18,669

Note:

- (i) Government grants were granted by the respective governmental authorities in Chinese Mainland. During the year ended 31 December 2025, HK\$434,000 (2024: HK\$244,000) were granted by Chinese Mainland government for import encouragement and support to the enterprises. There are no unfulfilled conditions and other contingencies attached to the receipts of these subsidies

Notes to Financial Statements (Continued)

31 December 2025

6. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	2025 HK\$'000	2024 HK\$'000
Auditors' remuneration		
– Audit services	1,300	1,163
– Non-audit services	380	530
Cost of sales	409,113	421,837
Depreciation on plant and equipment	2,248	2,198
Depreciation on right-of-use assets	4,772	5,109
Short-term leases	721	1,136
Provision/(reversal of provision) for slow moving inventories	1,643	(1,563)
Provision/(reversal of provision) for impairment of trade and bills receivables	180	(1,679)
Provision for impairment of other receivables, prepayments and deposits	152	40
Provision for impairment of a loan to an associate	–	376
Foreign exchange losses, net	3,126	5,200
Employee benefit expenses (including directors' remuneration) (Note 7)	59,008	59,364
Other expenses	39,459	44,344
Total cost of sales, selling and distribution expenses and administrative expenses	<u>522,102</u>	<u>538,055</u>

7. EMPLOYEE BENEFIT EXPENSES

	2025 HK\$'000	2024 HK\$'000
Wages and salaries	49,966	50,534
Pension costs - defined contribution plans (Note (a))	9,042	8,830
	<u>59,008</u>	<u>59,364</u>

Notes to Financial Statements (Continued)

31 December 2025

7. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Pensions - defined contribution plans

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

The Group is obligated to make long service payment to qualifying employees in Hong Kong with a minimum of 5 years’ employment period upon retirement or termination of employment under certain circumstances, in accordance with the Hong Kong Employment Ordinance (the “Employment Ordinance”). Long service payment is calculated based on the last monthly salary of the employee and the number of years of service. There are provisions under the Employment Ordinance permitting employers to offset employees’ long service payment against the accrued benefits attributable to employers’ contributions to the MPF Scheme. In 2022, the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Bill 2022 (the “Amendment Bill”) was enacted, such that the Group can no longer use accrued benefits arising from MPF mandatory employer contributions to offset employees’ long service payment accrued as from the transition date (i.e., 1 May 2025). The enactment of the Amendment Bill is treated as a plan amendment. Except for the statutory right to offset as described above, the long service payment benefits are unfunded.

The net long service payment obligations are exposed to interest rate risk, the risk arising from changes in employees’ average longevity at retirement or termination of employment, expected rate of future salary increase and market risk associated with investment returns of employees’ MPF Scheme.

Employees in the subsidiaries operating in the Chinese Mainland are required to participate in defined contribution retirement schemes operated by the local municipal governments. The retirement schemes for employees of the overseas subsidiaries follow the local statutory requirements of the respective countries. Contributions are made to the schemes based on a certain percentage of the applicable employee payroll.

There is no forfeited contributions utilised during the year (2024: Nil).

Notes to Financial Statements (Continued)

31 December 2025

7. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2024: three) directors whose emoluments are reflected in the analysis shown in Note 34. The emoluments payable to the remaining two (2024: two) non-director individuals during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and benefits in kind	1,250	1,252
Pension costs - defined contribution plans	36	36
	<u>1,286</u>	<u>1,288</u>

The emoluments of the non-director individuals fell within the following bands:

	Number of individuals	
	2025	2024
Not more than HK\$1,000,000	2	2
HK\$1,000,001 to HK\$1,500,000	-	-
	<u>2</u>	<u>2</u>

8. FINANCE INCOME AND EXPENSES

	2025 HK\$'000	2024 HK\$'000
Finance expenses		
Interest expense on:		
– trust receipt loans and bank borrowings	(4,981)	(9,413)
– lease liabilities	(49)	(1)
	<u>(5,030)</u>	<u>(9,414)</u>
Finance income		
Interest income on short-term bank deposits	213	350
Interest income on loan to an associate	1,273	810
	<u>1,486</u>	<u>1,160</u>
Finance expenses - net	<u>(3,544)</u>	<u>(8,254)</u>

Notes to Financial Statements (Continued)

31 December 2025

9. INCOME TAX EXPENSE

The amount of taxation charged to profit or loss represents:

	2025 HK\$'000	2024 HK\$'000
Current income tax – Hong Kong profits tax		
Charge for the year	3,535	2,591
Current income tax – PRC and overseas taxation		
Charge for the year	–	55
Overprovision in prior years	(35)	–
Deferred income tax (Note 28)	1,201	1,123
	4,701	3,769

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profit for the year.

Enterprise income tax (“EIT”) in PRC has been provided at the rate of 25% (2024: 25%) on the estimated assessable profit for the year with certain preferential provisions.

Taxation on other overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the subsidiaries of the Group operate.

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2025 HK\$'000	2024 HK\$'000
Profit before tax	20,797	24,676
Share of post-tax losses of a joint venture	496	–
Share of post-tax losses of associates	6,605	9,573
Adjusted profit before income tax	27,898	34,249
Tax calculated at domestic tax rates applicable to profit in the respective countries	3,621	2,142
Income not subject to taxation	(2,771)	(5,003)
Expenses not deductible for taxation purposes	3,578	851
Tax losses for which no deferred income tax asset was recognised	3,519	9,508
Utilisation of previous unrecognised temporary difference	(3,451)	(4,229)
Withholding tax	205	500
Income tax expense	4,701	3,769

Notes to Financial Statements (Continued)

31 December 2025

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to equity owners of the Company, and the number of ordinary shares of 230,076,000 (2024: 230,076,000) outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

The calculation of basic earnings per share is based on:

	2025	2024
Profit attributable to owners of the Company (HK\$'000)	16,097	20,909
Number of ordinary shares in issue (in thousands)	230,076	230,076
Basic earnings per share attributable to equity owners of the Company (HK cents per share)	7.00	9.09

11. DIVIDENDS

A final dividend in respect of the year ended 31 December 2025 of HK3.0 cents (2024: HK3.0 cents), per share, amounting to a total dividend of HK\$6,902,000 (2024: HK\$6,902,000), is to be proposed at the annual general meeting on 15 June 2026 (2024: 25 June 2025). These financial statements do not reflect this dividend payable.

	2025 HK\$'000	2024 HK\$'000
Special dividend, paid, HK10.0 cents during the year (2024: HK10.0 cents) per ordinary share	23,008	23,008
Interim dividend, paid, HK3.0 cents (2024: HK3.0 cents) per ordinary share	6,902	6,902
Final dividend, proposed, HK3.0 cents (2024: HK3.0 cents) per ordinary share	6,902	6,902
	36,812	36,812

Notes to Financial Statements (Continued)

31 December 2025

12. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Right-of-use assets			Plant and equipment			
	Land and buildings HK\$'000	Properties HK\$'000	Total HK\$'000	Leasehold improvements HK\$'000	Plant, machinery, furniture and equipment	Motor vehicles	Total HK\$'000
					HK\$'000	HK\$'000	
At 1 January 2025:							
Cost or valuation	177,631	98	177,729	30,916	44,722	1,458	77,096
Accumulated depreciation	-	-	-	(23,823)	(43,720)	(1,217)	(68,760)
Net book amount	177,631	98	177,729	7,093	1,002	241	8,336
Year ended 2025							
Opening net book amount	177,631	98	177,729	7,093	1,002	241	8,336
Exchange differences	386	(8)	378	18	15	-	33
Revaluation (Note 25)	(7,862)	-	(7,862)	-	-	-	-
Additions	-	2,407	2,407	52	381	-	433
Depreciation (Note 6)	(4,259)	(513)	(4,772)	(1,567)	(533)	(148)	(2,248)
Closing net book amount	165,896	1,984	167,880	5,596	865	93	6,554
At 31 December 2025:							
Cost or valuation	165,896	1,984	167,880	31,140	45,243	1,470	77,853
Accumulated depreciation	-	-	-	(25,544)	(44,378)	(1,377)	(71,299)
Net carrying amount	165,896	1,984	167,880	5,596	865	93	6,554

Notes to Financial Statements (Continued)

31 December 2025

12. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

	Right-of-use assets			Plant and equipment			
	Land and buildings HK\$'000	Properties HK\$'000	Total HK\$'000	Leasehold improvements HK\$'000	Plant, machinery	Motor vehicles HK\$'000	Total HK\$'000
					furniture and equipment HK\$'000		
At 1 January 2024							
Opening net book amount	242,116	45	242,161	8,044	1,401	363	9,808
Exchange differences	4,095	-	4,095	(14)	(19)	-	(33)
Revaluation (Note 25)	(7,249)	-	(7,249)	-	-	-	-
Transfer to investment properties	(3,271)	-	(3,271)	-	-	-	-
Additions	-	102	102	580	179	-	759
Depreciation (Note 6)	(5,060)	(49)	(5,109)	(1,517)	(559)	(122)	(2,198)
Disposal	(53,000)	-	(53,000)	-	-	-	-
Closing net book amount	177,631	98	177,729	7,093	1,002	241	8,336
At 31 December 2024:							
Cost or valuation	177,631	98	177,729	30,916	44,722	1,458	77,096
Accumulated depreciation	-	-	-	(23,823)	(43,720)	(1,217)	(68,760)
Net carrying amount	177,631	98	177,729	7,093	1,002	241	8,336

The Group's land and buildings were revalued at 31 December 2025 by an open market valuation performed by Jones Lang LaSalle Limited, a member of the Hong Kong Institute of Surveyors.

The valuation was derived using the direct comparison approach, assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by reference to comparable sales transactions as available in the relevant market.

The fair value measurement of these land and buildings are categorised into level 3 in the fair value hierarchy based on the inputs to valuation techniques used.

The Group's policy is to recognise transfer into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no such transfer during the year.

Notes to Financial Statements (Continued)

31 December 2025

12. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

Below is a summary of the key inputs to the valuation of land and buildings for own use:

	Significant unobservable input	Market price per square foot (weighted average)	Relationship of unobservable inputs to fair value
As at 31 December 2025			
Land and buildings in Hong Kong	Market price per square foot	HK\$3,905 - HK\$24,581 (HK\$14,882)	The higher the price per square foot, the higher the fair value
Land and buildings in the PRC		HK\$1,246 - HK\$2,001 (HK\$1,780)	
Land and building in Indonesia		HK\$1,730	
As at 31 December 2024			
Land and buildings in Hong Kong	Market price per square foot	HK\$4,111 - HK\$24,581 (HK\$14,782)	The higher the price per square foot, the higher the fair value
Land and buildings in the PRC		HK\$1,355 - HK\$2,363 (HK\$1,961)	
Land and building in Indonesia		HK\$1,871	

The valuations of the Group's properties under right-of-use assets are estimated by reference to market rates of similar leases and the fair value measurements are categorised into level 3 in the fair value hierarchy.

Notes to Financial Statements (Continued)

31 December 2025

12. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

The valuations of the Group's properties under right-of-use assets are as below.

Right-of-use assets	2025			2024		
	Land HK\$'000	Buildings HK\$'000	Total HK\$'000	Land HK\$'000	Buildings HK\$'000	Total HK\$'000
Located in Hong Kong	98,970	4,830	103,800	101,370	4,830	106,200
Located in PRC	44,173	15,279	59,452	53,023	15,551	68,574
Located in other areas	–	2,644	2,644	–	2,857	2,857
Total	<u>143,143</u>	<u>22,753</u>	<u>165,896</u>	<u>154,393</u>	<u>23,238</u>	<u>177,631</u>

Depreciation expense of HK\$7,020,000 (2024: HK\$7,307,000) has been charged in administrative expenses (Note 6).

If land and buildings were stated at the historical cost, the amounts would be as follows:

	2025 HK\$'000	2024 HK\$'000
Cost	53,185	53,185
Accumulated depreciation	(16,431)	(15,085)
Net book amount	<u>36,754</u>	<u>38,100</u>

Bank borrowings are secured on land and buildings with a carrying amount of HK\$64,682,000 (2024: HK\$68,398,000).

Notes to Financial Statements (Continued)

31 December 2025

13. INVESTMENT PROPERTIES

At fair value	2025 HK\$'000	2024 HK\$'000
Opening balance at 1 January	73,643	77,722
Transfer from right-of-use assets (Note 12)	–	3,271
Net loss from fair value adjustment (Note 5)	(3,136)	(7,347)
Exchange difference	289	(3)
Closing balance at 31 December	70,796	73,643

Amounts recognised in the consolidated income statement for investment properties

	2025 HK\$'000	2024 HK\$'000
Rental income	4,428	3,653

The investment properties situated in Hong Kong and Singapore are held on leases of between 10 to 50 years.

The investment properties located in Hong Kong and Beijing were revalued as at 31 December 2025 (2024: Hong Kong and Beijing) by Jones Lang LaSalle Limited, a member of the Hong Kong Institute of Surveyors. The investment property of the Group located in Singapore was revalued as at 31 December 2025 by PropNex Reality Ltd., an independent firm of professional valuers (2024: PropNex Reality Ltd., an independent firm of professional valuers).

The valuations were derived using the direct comparison approach, assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by reference to comparable sales transactions as available in the relevant market.

The fair value measurement of the Group's investment properties are categorised into level 3 in the fair value hierarchy based on the inputs to valuation techniques used.

The Group's policy is to recognise transfer into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no such transfers during the year.

Notes to Financial Statements (Continued)

31 December 2025

13. INVESTMENT PROPERTIES (CONTINUED)

Below is a summary of the key inputs to the valuation of investment properties:

	Significant unobservable input	Market price per square foot (Weighted average)	Relationship of unobservable inputs to fair value
As at 31 December 2025			
Land and buildings in Hong Kong	Market price per square foot	HK\$2,722 - HK\$7,242 (HK\$5,862)	The higher the price per square foot, the higher the fair value
Land and buildings in PRC	Market price per square foot	HK\$2,550	The higher the price per square foot, the higher the fair value
Land and buildings in Singapore	Market price per square foot	HK\$1,086	The higher the price per square foot, the higher the fair value
As at 31 December 2024			
Land and buildings in Hong Kong	Market price per square foot	HK\$2,861 - HK\$7,614 (HK\$6,163)	The higher the price per square foot, the higher the fair value
Land and buildings in PRC	Market price per square foot	HK\$2,902	The higher the price per square foot, the higher the fair value
Land and buildings in Singapore	Market price per square foot	HK\$1,025	The higher the price per square foot, the higher the fair value

Bank borrowings were secured by investment properties with a carrying amount of HK\$16,860,000 as at 31 December 2024.

Notes to Financial Statements (Continued)

31 December 2025

14. LEASES

Lease liabilities

This note provides information of leases where the Group is a lessee.

	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1 January	98	46
New leases	2,407	102
Accretion of interest recognised during the year	49	1
Payments	(534)	(51)
Accumulated depreciation	(9)	–
Carrying amount at 31 December	<u>2,011</u>	<u>98</u>
Analysed into:		
Current	751	98
Non- current	<u>1,260</u>	<u>–</u>
Analysed into:		
Current	751	98
In the second year	541	–
In the third to fifth years, inclusive	<u>719</u>	<u>–</u>
	<u>2,011</u>	<u>98</u>

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

	2025 HK\$'000	2024 HK\$'000
Interest expenses on lease liabilities	49	1
Depreciation charge on right-of-use assets - land and buildings	4,259	5,060
Depreciation charge on right-of-use assets - properties	513	49
Expenses relating to short-term leases	<u>721</u>	<u>1,136</u>
Total amount recognised in profit or loss	<u>5,542</u>	<u>6,246</u>

For the year ended 31 December 2025, the total cash outflow for leases amounted to HK\$1,255,000 (2024: HK\$1,187,000).

The Group's leasing activities

The Group leases various offices, warehouses, showrooms, car park spaces and staff quarters. Rental contracts for properties and land and buildings are typically made for fixed periods of 1-5 years and 30-68 years respectively.

Lease terms for properties are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Notes to Financial Statements (Continued)

31 December 2025

15. SUBSIDIARIES

The following is a list of principal subsidiaries at 31 December 2025:

Company name	Place of incorporation/ registration and kind of legal entity	Principal activities and place of operation	Issued/ registered and fully paid capital	Percentage of equity interest attributable to the Company	
				2025	2024
Shares held directly by the Company					
Leeport Group Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	US\$50,000	100%	100%
Shares held indirectly by the Company					
Leeport Machinery (Taiwan) Co., Limited	Taiwan, limited liability company	Trading of metal forming machines and tools in Taiwan	NT\$8,000,000	100%	100%
Leeda Machinery Limited	Hong Kong, limited liability company	Inactive	HK\$10,000	100%	100%
Leeport Cutting Tools Corporation	British Virgin Islands, limited liability company	Inactive	US\$10,000	100%	100%
Leeport Electronics Limited	Hong Kong, limited liability company	Trading of electronic equipment in Hong Kong	HK\$2,000,000	100%	100%
Leeport Machine Tool Company Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	HK\$10,000,000	100%	100%
Leeport (Malaysia) Sdn. Bhd.	Malaysia, limited liability company	Inactive	RM350,000	100%	100%
Leeport Machine Tool (Shenzhen) Company Limited	PRC, limited liability company	Trading of machines, tools and measuring instruments in the Chinese Mainland	HK\$10,000,000	100%	100%
Leeport Machine Tool Trading (China) Limited	PRC, limited liability company	Trading of machines, tools and measuring instruments in the Chinese Mainland	RMB22,000,000	100%	100%

Notes to Financial Statements (Continued)

31 December 2025

15. SUBSIDIARIES (CONTINUED)

The following is a list of principal subsidiaries at 31 December 2025: (continued)

Company name	Place of incorporation/ registration and kind of legal entity	Principal activities and place of operation	Issued/ registered and fully paid capital	Percentage of equity interest attributable to the Company	
				2025	2024
Shares held indirectly by the Company (continued)					
Leeport (Singapore) Pte. Ltd.	Singapore, limited liability company	Trading of machine tools and related products in Singapore	S\$1,000,000	100%	100%
Leeport Machinery (Shanghai) Company Limited	PRC, limited liability company	Trading of machines, tools and measuring instruments in the Chinese Mainland	US\$1,000,000	100%	100%
Leeport Metalforming Machinery Limited	Hong Kong, limited liability company	Trading of metalforming machines in Hong Kong	HK\$500,000	100%	100%
Leeport Precision Machine Tool Company Limited	Hong Kong, limited liability company	Trading of metalcutting machines in Hong Kong	HK\$1,000,000	100%	100%
Leeport Technology Limited	Hong Kong, limited liability company	Trading of Measuring instruments in Hong Kong	HK\$5,000,000	100%	100%
Leeport Tools Limited	Hong Kong, limited liability company	Trading of cutting tools in Hong Kong	HK\$1,000,000	100%	100%
Rapman Limited	Hong Kong, limited liability company	Trading of rapid prototypes in Hong Kong	HK\$1,000,000	100%	100%
World Leader Limited	Hong Kong, limited liability company	Property holding in Hong Kong and the Chinese Mainland	HK\$1	100%	100%

Notes to Financial Statements (Continued)

31 December 2025

15. SUBSIDIARIES (CONTINUED)

The following is a list of principal subsidiaries at 31 December 2025: (continued)

Company name	Place of incorporation/ registration and kind of legal entity	Principal activities and place of operation	Issued/ registered and fully paid capital	Percentage of equity interest attributable to the Company	
				2025	2024
Shares held indirectly by the Company (continued)					
Leeport International (BVI) Company Limited	British Virgin Islands, limited liability company	Investment holding in British Virgin Islands	HK\$50,000	100%	100%
Leeport International (Hong Kong) Company Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	HK\$10,000	100%	100%
Leeport Automation Company Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	HK\$1	100%	100%
Screw & Fastener (Hong Kong) Co., Ltd.	Hong Kong, limited liability company	Trading of screw and machine cutting tools in Hong Kong	HK\$10,000	100%	100%
深圳市螺總機械設 備有限公司	PRC, limited liability company	Trading of screw and machine cutting tools in the Chinese Mainland	RMB2,000,000	100%	100%
Pt. Leeport Machine Tool Indonesia	Indonesia, limited liability company	Investment holding in Indonesia	Rp4,050,900,000	100%	100%
Ricoseiki Limited	Hong Kong Limited liability company	Inactive	HK\$10,000	75%	75%
Vaski Leeport (Shenzhen) Smart System Inc. (formerly known as 德勝格科技 (深圳)有限公司)	PRC, limited liability company	Inactive	HK\$1,000,000	100%	100%

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

Notes to Financial Statements (Continued)

31 December 2025

16. INVESTMENT IN A JOINT VENTURE

Movements of the investment in a joint venture are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	–	–
Investment in a joint venture	500	–
Share of post-tax losses of a joint venture	(496)	–
At 31 December	<u>4</u>	<u>–</u>

Set out below is the joint venture held by the Group. The joint venture has share capital consisting solely of ordinary shares.

Details of the investment in a joint venture as at 31 December 2025 and 2024 are as follows:

Company name	Place of business/ country of incorporation	Effective % of ownership interest		Principal activities and place of operation
		2025	2024	
Vaski Looport (International) Company Limited (“Vaski”)	Hong Kong/ Hong Kong	50%	N/A	Original Equipment Manufacturer (OEM) manufacturing and research and development

There are no contingent liabilities relating to the Group’s investment in the joint venture.

Notes to Financial Statements (Continued)

31 December 2025

17. INVESTMENTS IN ASSOCIATES

Movements of investments in associates are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	35,817	47,061
Share of post-tax losses of associates	(6,605)	(9,573)
Currency translation difference	2,129	(1,671)
At 31 December	31,341	35,817

Set out below are the associates held by the Group. The associates have share capital consisting solely of ordinary shares.

Details of investments in associates as at 31 December 2025 and 2024 are as follows:

Company name	Place of business/ country of incorporation/ registration	Effective % of ownership interest		Principal activities and place of operation
		2025	2024	
OPS-Ingersoll Holding GmbH ("OPS")	Germany/Germany	33.84	33.84	Manufacturing of metal working machinery
Prima Power Suzhou Co., Ltd. ("Prima")	Chinese Mainland/ PRC	30	30	Manufacturing of metal forming machinery

There are no contingent liabilities relating to the Group's investments in the associates.

Summarised financial information of associates

Set out below is the summarised financial information of OPS and Prima, which in the opinion of the directors, were material to the Group during the year ended 31 December 2025.

Notes to Financial Statements (Continued)

31 December 2025

17. INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised Statement of Financial Position

	OPS		Prima	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Current assets	87,091	114,017	313,525	380,829
Non-current assets	72,693	68,835	37,047	36,210
Current liabilities	(111,758)	(103,580)	(279,238)	(354,213)
Non-current liabilities	(29,710)	(26,958)	(287)	(419)
Non-controlling interests	(7,698)	(19,058)	–	–
Net assets	10,618	33,256	71,047	62,407
Group's share of net assets	3,610	11,236	21,315	18,722
Goodwill	4,421	3,913	1,995	1,946
Carrying amount	8,031	15,149	23,310	20,668

Summarised Statement of Profit or Loss and Other Comprehensive Income

	OPS		Prima	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Revenue	171,610	185,224	251,200	300,295
Profit/(loss) for the year	(38,924)	(35,351)	6,959	(5,404)
Group's share of profit/(loss) for the year	(8,693)	(7,952)	2,088	(1,621)

Notes to Financial Statements (Continued)

31 December 2025

18. FINANCIAL INSTRUMENTS BY CATEGORY

	Financial assets at amortised cost HK\$'000	Financial assets at fair value through other comprehensive income ("FVOCI") HK\$'000	Financial asset at FVPL HK\$'000	Total HK\$'000
Assets as per consolidated statement of financial position				
At 31 December 2025				
Trade and bills receivables (Note 21)	213,178	–	–	213,178
Other receivables and deposits	4,427	–	–	4,427
Loan to an associate	19,114	–	–	19,114
Financial assets at fair value through other comprehensive income (Note 19)	–	10,989	–	10,989
Financial asset at fair value through profit or loss (Note 20)	–	–	6,915	6,915
Restricted bank deposits (Note 23)	210	–	–	210
Cash and cash equivalents (Note 23)	51,906	–	–	51,906
Total	<u>288,835</u>	<u>10,989</u>	<u>6,915</u>	<u>306,739</u>
Assets as per consolidated statement of financial position				
At 31 December 2024				
Trade and bills receivables (Note 21)	206,372	–	–	206,372
Other receivables and deposits	9,384	–	–	9,384
Loan to an associate	16,803	–	–	16,803
Financial assets at fair value through other comprehensive income (Note 19)	–	7,389	–	7,389
Financial asset at fair value through profit or loss (Note 20)	–	–	76,718	76,718
Restricted bank deposits (Note 23)	5,297	–	–	5,297
Cash and cash equivalents (Note 23)	26,048	–	–	26,048
Total	<u>263,904</u>	<u>7,389</u>	<u>76,718</u>	<u>348,011</u>

Notes to Financial Statements (Continued)

31 December 2025

18. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Liabilities at amortised cost HK\$'000	Total HK\$'000
Liabilities as per consolidated statement of financial position		
At 31 December 2025		
Borrowings (Note 27)	68,346	68,346
Trade and bills payables (Note 26)	82,438	82,438
Other payables	16,480	16,480
Lease liabilities	2,011	2,011
Total	<u>169,275</u>	<u>169,275</u>
Liabilities as per consolidated statement of financial position		
At 31 December 2024		
Borrowings (Note 27)	128,071	128,071
Trade and bills payables (Note 26)	76,678	76,678
Other payables	11,149	11,149
Lease liabilities	98	98
Total	<u>215,996</u>	<u>215,996</u>

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVOCI comprise equity securities which are not held for trading and were recognised under such category at initial recognition as the Group has irrevocably elected to do so. These are strategic investments and the Group considers this classification to be more relevant. The equity investments at FVOCI comprise the following investments:

	2025 HK\$'000	2024 HK\$'000
Unlisted securities		
– Equity securities – Europe	<u>10,989</u>	<u>7,389</u>

All of these investments were also held in the previous year.

Unlisted equity securities were included in level 3 in the fair value hierarchy.

As at 31 December 2025 and 2024, valuations were undertaken by APAC Appraisal and Consulting Limited, an independent qualified professional valuer. The revaluation gains or losses are included in other comprehensive income in the consolidated statement of profit or loss and other comprehensive income.

Notes to Financial Statements (Continued)

31 December 2025

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

The Group's policy is to recognise transfer in/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There was no transfer between levels 1, 2 and 3 during the year.

The following table presents the changes in unlisted securities with fair value measurements using significant unobservable inputs (level 3) for the years ended 31 December 2025 and 2024.

	2025 HK\$'000	2024 HK\$'000
Opening balance	7,389	10,989
Net gain/(loss) from fair value adjustment	3,600	(3,600)
Closing balance	10,989	7,389

The Group's finance department reviews the valuations performed by the independent valuer for financial reporting purposes. Verifications of major inputs, comparisons of prior year valuation report and discussions with independent valuer were performed at each year end.

Valuation techniques

Fair values of unlisted securities of the Group are generally determined by the market approach. The key unobservable data includes price-to-revenue ratios of the comparable companies and discount for lack of marketability.

Key unobservable input

	Value	
	2025	2024
Price-to-revenue ratios of the comparable companies	4.74	3.49
Discount for lack of marketability	25%	25%

Notes to Financial Statements (Continued)

31 December 2025

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Financial assets at fair value through profit or loss		
– Unlisted equity securities – Europe	–	70,000
– Key management insurance contracts	<u>6,915</u>	<u>6,718</u>
	<u>6,915</u>	<u>76,718</u>

Unlisted investments represent unlisted key management insurance contracts which are debt instruments and unlisted equity securities which are not held for trading. They are classified as financial assets at FVPL.

During the year ended 31 December 2023, the Group completed the acquisition of a 2.5% equity interest in Femto S.à.r.l. (“Femto”), a limited liability company incorporated under the laws of Luxembourg, which indirectly held 100% equity interests in Prima Industrie S.p.A., the issuer of listed equity securities previously invested by the Group. On 1 August 2025, a share redemption agreement was entered to repurchase the entire shares held by the Group at a cash consideration of EUR7,500,000 (equivalent to approximately HK\$68,119,000). The completion of the share redemption took place on 1 August 2025.

Unlisted equity securities and unlisted key management insurance contracts were included in level 3 in the fair value hierarchy.

The Group’s policy is to recognise transfer in/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There was no transfer between levels 1, 2 and 3 during the year.

As at 31 December 2025 and 2024, the fair value of unlisted key management insurance contracts that was not traded in an active market was considered to be the cash surrender value of the insurance policy.

Notes to Financial Statements (Continued)

31 December 2025

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The Group's finance department reviews the valuations performed by the independent valuer for financial reporting purposes. Verifications of major inputs, comparisons of prior year valuation report and discussions with independent valuer were performed at each year end.

Valuation techniques

Fair values of unlisted securities of the Group as at 31 December 2024 were determined by the market approach. The key unobservable data included enterprise value-to-earnings before interest, taxes, depreciation, and amortisation (EV-to-EBITDA) of comparable companies of 11.26% and discount for lack of marketability of 25%.

The following table presents the changes in unlisted securities with fair value measurements using significant unobservable inputs (level 3) for the years ended 31 December 2025 and 2024.

	2025 HK\$'000	2024 HK\$'000
Opening balance	76,718	55,179
Net (loss)/gain from fair value adjustment (Note 29)	(2,804)	21,539
Disposal	(68,119)	–
Exchange difference	1,120	–
Closing balance	<u>6,915</u>	<u>76,718</u>

Bank borrowings are secured by financial assets at FVPL with a carrying amount of HK\$6,915,000 (2024: HK\$6,718,000) (Note 27).

Notes to Financial Statements (Continued)

31 December 2025

21. TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2025 HK\$'000	2024 HK\$'000
Current assets		
Trade and bills receivables	215,530	208,732
Less: Provision for impairment (Note 32(a))	(2,352)	(2,360)
Trade and bills receivables - net	<u>213,178</u>	<u>206,372</u>
Other receivables, prepayments and deposits	37,711	28,752
Less: Provision for impairment (Note 32(a))	(66)	(113)
Other receivables, prepayments and deposits - net	<u>37,645</u>	<u>28,639</u>
	<u>250,823</u>	<u>235,011</u>

The carrying amounts of trade and bills receivables, other receivables and deposits approximated their fair values.

As at 31 December 2025 and 2024, the ageing analysis of trade and bills receivables by invoice date was as follows:

	2025 HK\$'000	2024 HK\$'000
Within 3 months	137,256	145,397
4 to 6 months	3,312	31,902
7 to 12 months	29,807	1,795
Over 12 months	<u>45,155</u>	<u>29,638</u>
	215,530	208,732
Less: Provision for impairment (Note 32(a))	<u>(2,352)</u>	<u>(2,360)</u>
	<u>213,178</u>	<u>206,372</u>

Notes to Financial Statements (Continued)

31 December 2025

21. TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

As at 31 December 2025 and 2024, the ageing analysis of trade and bills receivables by payment due date was as follows:

	2025 HK\$'000	2024 HK\$'000
Current	206,667	196,041
1 to 3 months	5,377	9,266
4 to 6 months	1,508	611
7 to 12 months	72	501
Over 12 months	1,906	2,313
	215,530	208,732
Less: Provision for impairment (Note 32(a))	(2,352)	(2,360)
	213,178	206,372

The Group generally grants credit terms of a range of 30 to 90 days to its customers. Longer payment terms might be granted to those customers who have good payment history and long-term business relationship with the Group.

Retention receivables of HK\$8,156,000 (2024: HK\$29,266,000) are included in trade and bills receivables, which are expected to be recovered within 12 months. Retention receivables are settled in accordance with the terms of respective contracts. The terms and condition in relation to the release of retention vary from contract to contract, which is subject to the expiry of the defect liability period or a pre-agreed time period.

The carrying amounts of the Group's trade and bills receivables, and financial assets included in other receivables, prepayments and deposits were denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
EUR	3,012	1,349
HK\$	1,994	1,231
JPY	116,328	110,605
US\$	2,392	1,413
RMB	92,764	100,189
Other currencies	1,115	969
	217,605	215,756

Notes to Financial Statements (Continued)

31 December 2025

21. TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

As at 31 December 2025, trade receivables of HK\$2,352,000 (2024: HK\$2,360,000) were provided for impairment. Movements of provision for impairment of trade and bills receivables were as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of the year	2,360	5,918
Write off of receivables	(188)	(1,879)
Provision/(reversal of provision) for impairment of trade and bills receivables (Note 6)	180	(1,679)
At end of the year	<u>2,352</u>	<u>2,360</u>

The provision for impaired receivables and its reversal have been included in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying values of all classes of receivables mentioned above. The Group does not hold any collateral as security.

22. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Trading stock	90,349	99,562
Less: Provision for impairment of inventories	(31,537)	(29,569)
Inventories, net	<u>58,812</u>	<u>69,993</u>

The provision for slow moving inventories charged for the year ended 31 December 2025 was HK\$1,643,000 (2024: reversal of provision for slow moving inventories of HK\$1,563,000) (Note 6).

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$409,113,000 (2024: HK\$421,837,000) (Note 6).

Notes to Financial Statements (Continued)

31 December 2025

23. RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Restricted bank deposits (Note (a))	210	5,297
Cash at bank and in hand (Note (b))	51,906	26,048

(a) Restricted bank deposits of the Group are pledged to secure banking facilities granted to the Group. The effective interest rate on restricted bank deposits was 0.05% in 2025 (2024: 3.73%) and the deposit was placed until expiry date in 2025 (2024: had an average renewal period of 46 days). The Group's restricted bank deposits were mainly denominated in RMB in 2025 (2024: HK\$).

(b) The table below shows the bank deposit balance as of 31 December 2025 and 2024.

	2025 HK\$'000	2024 HK\$'000
Cash at banks and bank deposits	51,876	26,033
Cash in hand	30	15
Cash and cash equivalents	51,906	26,048

The carrying amounts of the Group's cash at bank and in hand were denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
EUR	87	111
HK\$	3,383	2,267
JPY	431	5,009
US\$	1,479	1,258
RMB	43,960	15,657
Other currencies	2,566	1,746
	51,906	26,048

Renminbi is not a freely convertible currency in the international market. The conversion of Renminbi into foreign currencies and remittance of Renminbi out of the PRC are subject to the rules and regulations of foreign exchange control promulgated by the government of the PRC.

Notes to Financial Statements (Continued)

31 December 2025

24. SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
Authorised:		
1,000,000,000 ordinary shares of HK\$0.10 each	<u>100,000</u>	<u>100,000</u>
	Number of shares (in thousand)	Share capital HK\$'000
Issued and fully paid:		
At 1 January 2024 and 31 December 2024 and 2025	<u>230,076</u>	<u>23,007</u>

Share options

As at 31 December 2025, 31 December 2024 and at the date of this report, the Group had no share option scheme.

No share options were granted, cancelled, exercised or lapsed during the years ended 31 December 2025 and 2024.

Notes to Financial Statements (Continued)

31 December 2025

25. OTHER RESERVES

	Share premium HK\$'000	Revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserve HK\$'000	Merger reserve HK\$'000	Total HK\$'000
At 1 January 2024	37,510	242,676	(12,350)	3,339	11,310	282,485
Currency translation differences	-	4,478	(10,766)	-	-	(6,288)
Revaluation of right-of-use assets (Note 12)	-	(7,249)	-	-	-	(7,249)
Movement of deferred tax (Note 28)	-	1,431	-	-	-	1,431
Transfer of property revaluation reserve to retained earnings on depreciation of right-of-use assets	-	681	-	-	-	681
Change of value of financial assets at fair value through other comprehensive income (Note 19)	-	-	-	(3,600)	-	(3,600)
Release of revaluation reserve upon disposal and transfer of right-of-use assets	-	(56,821)	-	-	-	(56,821)
At 1 January 2025 and 31 December 2024	37,510	185,196	(23,116)	(261)	11,310	210,639
Currency translation differences	-	282	(1,023)	-	-	(741)
Revaluation of right-of-use assets (Note 12)	-	(7,862)	-	-	-	(7,862)
Movement of deferred tax (Note 28)	-	1,419	-	-	-	1,419
Transfer of property revaluation reserve to retained earnings on depreciation of right-of-use assets	-	(1,481)	-	-	-	(1,481)
Change of value of financial assets at fair value through other comprehensive income (Note 19)	-	-	-	3,600	-	3,600
At 31 December 2025	37,510	177,554	(24,139)	3,339	11,310	205,574

Notes to Financial Statements (Continued)

31 December 2025

26. TRADE AND BILLS PAYABLES, OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Current liabilities		
Trade and bills payables	82,438	76,678
Other payables, accruals and contract liabilities (Note)	72,332	47,291
	154,770	123,969

The carrying amounts of trade and bill payables, other payables, accruals and contract liabilities approximate their fair values.

Note:

Details of contract liabilities are as follows:

	31 December 2025 HK\$'000	31 December 2024 HK\$'000	1 January 2024 HK\$'000
<i>Short-term advances received from customers</i>			
Sales of goods	35,485	29,503	23,369
Commission income	10,895	–	–
Service income	601	–	144
Total	46,981	29,503	23,513

Contract liabilities of HK\$46,981,000 (2024: HK\$29,503,000) were classified within "other payables, accruals and contract liabilities". It represented advanced payments received from customers for goods that have not been transferred to the customers.

The increase (2024: increase) in contract liabilities in 2025 was mainly due to the increase (2024: increase) in deposits received from customers in relation to the increase (2024: increase) of orders on hand.

Notes to Financial Statements (Continued)

31 December 2025

26. TRADE AND BILLS PAYABLES, OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES (CONTINUED)

As at 31 December 2025 and 2024, the ageing analysis of trade and bills payables by invoice date were as follows:

	2025 HK\$'000	2024 HK\$'000
Within 3 months	74,900	65,652
4 to 6 months	3,186	6,103
7 to 12 months	1,003	140
Over 12 months	3,349	4,783
	<u>82,438</u>	<u>76,678</u>

The carrying amounts of the trade and bills payables, and financial liabilities included in other payables, accruals and contract liabilities were denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
JPY	46,024	14,586
EUR	787	2,033
US\$	4,806	8,406
RMB	77,346	78,024
HK\$	13,928	11,119
Others	3,008	3,162
	<u>145,899</u>	<u>117,330</u>

27. BORROWINGS

As at 31 December 2025 and 2024, the Group's borrowings were repayable as follows:

	2025 HK\$'000	2024 HK\$'000
Current		
Trust receipt loans	34,609	75,963
Term loans from banks due for repayment within one year	33,737	52,108
Total borrowings	<u>68,346</u>	<u>128,071</u>

Notes to Financial Statements (Continued)

31 December 2025

27. BORROWINGS (CONTINUED)

As at 31 December 2025, certain land and buildings and a financial asset at fair value through profit or loss in Hong Kong and Chinese Mainland with an aggregate carrying value of approximately HK\$71,597,000 (2024: HK\$97,273,000) were pledged to secure the banking facilities of the Group.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are all within one year.

The fair values of the Group's borrowings approximated their carrying amounts at the end of the reporting period.

The effective interest rates per annum at the end of the reporting period are as follows:

	2025			2024		
	HK\$	JPY	RMB	HK\$	JPY	RMB
Trust receipts loans	4.73%	2.8%	–	5.60%	2.52%	–
Bank loans	4.13%	–	2.97%	5.98%	–	3.55%

The carrying amounts of the borrowings are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
HK\$	29,949	95,150
JPY	13,709	19,963
RMB	24,688	12,958
	68,346	128,071

The Group has complied with the financial covenants of its borrowing facilities during the years ended 31 December 2025 and 2024.

Notes to Financial Statements (Continued)

31 December 2025

28. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to the same tax jurisdiction. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

The deferred income tax assets and liabilities are to be recovered/settled as follows:

	2025 HK\$'000	2024 HK\$'000
Deferred income tax assets to be recovered/settled after more than 12 months	3,333	4,534
Deferred income tax liabilities to be recovered/settled after more than 12 months	<u>(27,399)</u>	<u>(28,818)</u>

The movements of net deferred income tax assets/(liabilities) are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	(24,284)	(24,592)
Charged to profit or loss	(1,201)	(1,123)
Credited directly to equity (Note 25)	<u>1,419</u>	<u>1,431</u>
At 31 December	<u>(24,066)</u>	<u>(24,284)</u>

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets

	Tax loss HK\$'000
At 1 January 2024	5,657
Charged to profit or loss	<u>(1,123)</u>
At 31 December 2024	4,534
Charged to profit or loss	<u>(1,201)</u>
At 31 December 2025	<u>3,333</u>

Notes to Financial Statements (Continued)

31 December 2025

28. DEFERRED INCOME TAX (CONTINUED)

Deferred income tax liabilities

	Accelerated depreciation HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
At 1 January 2024	(1,187)	(29,062)	(30,249)
Credited directly to equity (Note 18)	–	1,431	1,431
At 31 December 2024	(1,187)	(27,631)	(28,818)
Credited directly to equity (Note 18)	–	1,419	1,419
At 31 December 2025	<u>(1,187)</u>	<u>(26,212)</u>	<u>(27,399)</u>

The deferred income tax credited to equity during the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Revaluation of land and building	<u>1,419</u>	<u>1,431</u>

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK\$15,628,000 (2024: HK\$19,527,000) in respect of losses amounting to HK\$68,057,000 (2024: HK\$87,505,000) that can be carried forward against future taxable income.

	2025 HK\$'000	2024 HK\$'000
Tax losses with no expiry date	<u>24,133</u>	<u>63,357</u>

Notes to Financial Statements (Continued)

31 December 2025

29. CASH GENERATED FROM OPERATIONS

	2025 HK\$'000	2024 HK\$'000
Profit before tax	20,797	24,676
Adjustments for:		
– Depreciation of plant and equipment (Note 12)	2,248	2,198
– Depreciation of right-of-use assets (Note 12)	4,772	5,109
– Fair value loss of investment properties (Note 13)	3,136	7,347
– Net fair value loss/(gain) on financial asset at FVPL (Note 20)	2,804	(21,539)
– Interest income (Note 8)	(1,486)	(1,160)
– Interest expense (Note 8)	5,030	9,414
– Unrealised exchange loss/(gain)	(11,044)	5,200
– Provision/(reversal of provision) for slow moving inventories (Note 6)	1,643	(1,563)
– Net impairment losses/(reversal of impairment losses) on financial assets	332	(1,263)
– Share of losses of a joint venture (Note 16)	496	–
– Share of losses of associates (Note 17)	6,605	9,573
Operating cash inflow before working capital changes:	35,333	37,992
Changes in working capital (excluding the effects of exchange differences on consolidation):		
– Inventories	10,170	11,147
– Trade and bills receivables, other receivables, prepayments and deposits	(12,829)	(5,381)
– Trade and bills payables, other payables, accruals and contract liabilities	30,059	(6,821)
Cash generated from operations	<u>62,733</u>	<u>36,937</u>

Notes to Financial Statements (Continued)

31 December 2025

29. CASH GENERATED FROM OPERATIONS (CONTINUED)

Note:

(a) Reconciliation of liabilities arising from financing activities

This section sets out an analysis of liabilities arising from financing activities and the movements in liabilities arising from financing activities for each of the years presented.

	Dividend payables HK\$'000	Lease liabilities HK\$'000	Borrowing due within 1 year HK\$'000	Total HK\$'000
As at 1 January 2025	—	98	128,071	128,169
Cash flows used in financing activities	(36,812)	(534)	(59,811)	(97,157)
Non-cash transactions:				
Dividends declared	36,812	—	—	36,812
Addition of lease liabilities	—	2,407	—	2,407
Exchange difference	—	40	86	126
As at 31 December 2025	—	2,011	68,346	70,357

	Dividend payables HK\$'000	Lease liabilities HK\$'000	Borrowing due within 1 year HK\$'000	Total HK\$'000
As at 1 January 2024	—	46	172,146	172,192
Cash flows used in financing activities	(37,963)	(51)	(42,087)	(80,101)
Non-cash transactions:				
Dividends declared	37,963	—	—	37,963
Addition of lease liabilities	—	102	—	102
Exchange difference	—	1	(1,988)	(1,987)
As at 31 December 2024	—	98	128,071	128,169

Notes to Financial Statements (Continued)

31 December 2025

30. CONTINGENT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Letters of guarantee given to customers	1,523	3,811

Certain subsidiaries have given undertakings to banks that they will perform certain contractual non-financial obligations to third parties. In return, the banks have provided letters of guarantee to third parties on behalf of these subsidiaries.

31. RELATED PARTY TRANSACTIONS

The Group is controlled by Peak Power Technology Limited (incorporated in the British Virgin Island), which owns 62.8% of the Company's issued shares. The remaining 37.2% of the Company's shares are widely held.

In addition to those disclosed elsewhere in the financial statements, the following were related party transactions:

(a) Key management compensation

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

	2025 HK\$'000	2024 HK\$'000
Salaries and other short-term employee benefits	7,785	8,101
Pension costs – defined contribution plans	54	63
	7,839	8,164

Notes to Financial Statements (Continued)

31 December 2025

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Purchase of goods:

	2025 HK\$'000	2024 HK\$'000
Purchase of goods from associates		
– Prima	1,367	5,379

The transactions were conducted in the normal course of business at price and terms mutually agreed between both parties.

(c) Loan to an associate

The balance represents a loan made to an associate – OPS. The loan is arranged for best support OPS to maximise benefit of all shareholders. It is unsecured, interest-bearing at 6% per annum and will not be repaid within the next twelve months from the reporting date (2024: 6% per annum). During the year, interest from OPS amounted to HK\$1,273,000 (2024: HK\$810,000).

As at 31 December 2025, the carrying value of the loan to an associate was HK\$19,114,000 (2024: HK\$16,803,000). Expected credit loss of HK\$1,000,000 (2024: HK\$1,000,000) was recognised as of 31 December 2025.

(d) Disposal of property to a key management

On 10 May 2024, the Group entered into a sale and purchase agreement to sell a property to a key management for a consideration of HK\$53,000,000. The disposal generated additional working capital for the Group, reduced gearing and finance costs of the Company and allowed the Group to allocate more resources to the other existing businesses. Details of the transaction were disclosed in the Company's announcement dated 10 May 2024 and in the Company's circular dated 3 June 2024.

Notes to Financial Statements (Continued)

31 December 2025

32. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risks), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the executive directors. The executive directors identify, evaluate and manage financial risks in close co-operation with the Group's operating units.

Foreign exchange risk

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency by using forward contracts. The functional currency of the entity should primarily be determined with reference to the primary economic environment in which an entity operates and this will normally be the one in which it primarily generates and expends cash.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Foreign exchange risk arises when future commercial transactions and net monetary assets and liabilities are denominated in a currency that is not the entity's functional currency.

The foreign exposure of group entities with functional currency of HK\$ is mainly exposed to Japanese Yen ("JPY") and Renminbi ("RMB").

As at 31 December 2025, a 5% strengthening/weakening of the HK\$ against JPY and RMB would have decreased/increased the post-tax profit of the year by HK\$2,779,000 (2024: HK\$4,213,000) and by HK\$2,596,000 (2024: HK\$1,524,000) respectively, mainly as a result of foreign exchange gains/losses on translation of trade and other receivables, trade and other payables, borrowings and cash and bank balances which were not denominated in HK\$.

This sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Notes to Financial Statements (Continued)

31 December 2025

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group's exposures to changes in interest rates are mainly attributable to its borrowings.

Borrowings at variable rates exposed the Group to cash flow interest rate risk. Borrowings at fixed rates exposed the Group to fair value interest rate risk. Details of the Group's borrowings have been disclosed in Note 27.

During the year end, the borrowings of the Group at variable rates were denominated in HK\$, JPY, RMB and no borrowings were at fixed rate. The Group endeavored to maintain the borrowings on a relatively short term basis which would be refinanced when considered as appropriate. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The impact on post-tax profit for the year of a 50 basis-point decrease/increase in interest rate would have been an increase/decrease of HK\$285,000 (2024: HK\$513,000) for the year ended 31 December 2025.

Credit risk

As at 31 December 2025, the Group had concentration of credit risk for trade receivables as 53% (2024: 56%) of the balance was from the largest two (2024: two) customers of the Group. The Group's credit risk arises from cash and cash equivalents, restricted bank deposits, trade and bills receivables as well as other receivables (including a loan to an associate). The Group considers its maximum exposure to credit risk at the reporting date is the carrying value of all classes of financial assets as disclosed in Note 18.

To manage the counter party risk and credit risk in respect of cash and cash equivalents and restricted bank deposits, cash and deposits are mainly placed with reputable banks which are all high-credit-quality financial institutions. In addition, the Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and an appropriate percentage of down payment made and to perform periodic credit evaluations of its customers or otherwise made in cash. Collection of outstanding receivable balances and authorisation of credit limits to individual customers are closely monitored on an ongoing basis. The Group reviews the recoverable amount of each individual trade receivables to ensure that adequate impairment loss is made for irrecoverable amounts.

Notes to Financial Statements (Continued)

31 December 2025

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

Credit risk (Continued)

The credit risk of the Group's financial assets, which mainly comprise cash and cash equivalents, trade, bills and other receivables, a loan to an associate, with a maximum exposure equal to the carrying amounts of these instruments.

(i) Credit risk of cash and cash equivalents

To manage this risk arising from bank balances, they are all placed with those reputable banks which are high-credit quality financial institutions.

(ii) Credit risk of trade and bills receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivables.

Based on shared credit risk characteristics, the assessment of expected credit losses is performed on either an individual basis or a collective basis, by estimating the probability of default and loss given default based on the credit ratings of comparable companies, as determined by customer/counterparty and by industry, respectively, in the current period.

The expected credit loss rates are adjusted to reflect probability of default and loss given default, current and forward-looking information, on macroeconomic factors affecting the ability of the customers to settle the receivables.

The trade receivables relating to customers with known financial difficulties or with significant doubt on collection of receivables are assessed individually for provision for impairment allowance. As at 31 December 2025, these customers are fully impaired and the balance of loss allowance in respect of individually assessed receivables was HK\$1,866,000.

Notes to Financial Statements (Continued)

31 December 2025

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

Credit risk (Continued)

(ii) Credit risk of trade and bills receivables (Continued)

Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for the likelihood of loss allowance for each group. As at 31 December 2025, the balance of loss allowance in respect of collectively assessed receivables was HK\$486,000. The probability of default applied ranged from 0.25% to 1.6% (2024: 0.26% to 1.62%) and the loss given default was estimated to be 39.2% (2024: 39.4%).

Provision for impairment	Gross balance HK\$'000	Provision for impairment HK\$'000	Net balance HK\$'000
As at 31 December 2024			
Credit-impaired	2,013	(2,013)	–
Not yet credit-impaired	206,719	(347)	206,372
Total	<u>208,732</u>	<u>(2,360)</u>	<u>206,372</u>
As at 31 December 2025			
Credit-impaired	1,866	(1,866)	–
Not yet credit-impaired	213,664	(486)	213,178
Total	<u>215,530</u>	<u>(2,352)</u>	<u>213,178</u>

(iii) Credit risk of other receivables and a loan to an associate

The credit quality of the financial assets included in other receivables and the loan to an associate is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

For other receivables and loan to an associate, the Group recognises a loss allowance equal to 12-month expected credit losses unless there has been a significant increase in credit risk of the financial assets since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime expected credit losses. As at 31 December 2025, the balances of loss allowance on other receivables and the loan to an associate, determined based on the 12-month expected credit losses, were HK\$66,000 (2024: HK\$113,000) and HK\$1,000,000 (2024: HK\$1,000,000) respectively. The probability of default applied ranged from 1.26% to 1.6% (2024: 4.36% to 4.43%) and the loss given default was estimated to be 58.4% (2024: 58.2%).

Notes to Financial Statements (Continued)

31 December 2025

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

Credit risk (Continued)

(iv) Movements of the impairment on financial assets

The movements of loss allowances for other receivables, a loan to an associate and trade and bills receivables as at 31 December 2025 and 2024 were as follows:

	Loan to an associate HK\$'000	Other receivables HK\$'000	Trade and bills receivables HK\$'000	Total HK\$'000
Loss allowance as at 1 January 2024	624	73	5,918	6,615
Increase/(decrease) in loss allowance recognised in profit or loss	376	40	(1,679)	(1,263)
Write-off of impaired trade and bills receivables	–	–	(1,879)	(1,879)
Loss allowance as at 31 December 2024 and 1 January 2025	1,000	113	2,360	3,473
Increase in loss allowance recognised in profit or loss	–	152	180	332
Write-off of impaired trade and bills receivables	–	–	(188)	(188)
Write-off of impaired other receivables	–	(199)	–	(199)
Loss allowance as at 31 December 2025	1,000	66	2,352	3,418

Trade and bills receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Notes to Financial Statements (Continued)

31 December 2025

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

Credit risk (Continued)

(iv) Movements of the impairment on financial assets (Continued)

During the year ended 31 December 2025, management assessed the collectability of long-aged trade receivables and has written off trade receivables in the aggregate amount of approximately HK\$188,000 (2024: HK\$1,879,000).

Impairment losses on trade and bills receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available from banks.

The Group had the following banking facilities with banks:

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Banking facilities available	216,892	226,538
Banking facilities utilised	(113,271)	(140,281)
Undrawn banking facilities	<u>103,621</u>	<u>86,257</u>

The table below analyses the Group's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to Financial Statements (Continued)

31 December 2025

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (Continued)

Liquidity risk (Continued)

	On demand or less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000
At 31 December 2025			
Trust receipt loans and interest payment	34,736	–	–
Term loan from bank and interest payment	34,352	–	–
Trade and bills payables (Note 19)	82,438	–	–
Other payables	16,480	–	–
Lease liabilities	751	541	719
	<u>168,757</u>	<u>541</u>	<u>719</u>
At 31 December 2024			
Trust receipt loans and interest payment	76,480	–	–
Term loan from bank and interest payment	52,757	–	–
Trade and bills payables (Note 19)	76,678	–	–
Other payables	11,328	–	–
Lease liabilities	98	–	–
	<u>217,341</u>	<u>–</u>	<u>–</u>

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less restricted bank deposits and cash and cash equivalents.

Notes to Financial Statements (Continued)

31 December 2025

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management (Continued)

The gearing ratios at 31 December 2025 and 2024 were as follows:

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
Total Borrowings (Note 27)	68,346	128,071
Less: Restricted bank deposits (Note 23)	(210)	(5,297)
Less: Cash and cash equivalents (Note 23)	(51,906)	(26,048)
Net debt	16,230	96,726
Total equity	420,739	445,048
Gearing ratio	3.9%	21.7%

(c) Fair value estimation

The carrying amounts of the Group's financial assets including trade and bills receivables, other receivables, a loan to an associate, restricted bank deposits and cash and bank balances; and financial liabilities including trade and bills payables, other payables and borrowings approximate their fair values due to their short maturities. The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques.

The method by which the fair values of financial instruments are categorised as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data.

See Notes 12 and 13 for disclosure of the right-of-use assets and investment properties that are measured at fair value.

Notes to Financial Statements (Continued)

31 December 2025

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

The Group's financial assets that were measured at fair values at 31 December 2025:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Financial assets at fair value through other comprehensive income				
– unlisted securities	–	–	10,989	10,989
Financial asset at fair value through profit or loss				
– unlisted key management insurance	–	–	6,915	6,915
	–	–	17,904	17,904

The Group's financial assets that were measured at fair values at 31 December 2024:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Assets				
Financial assets at fair value through other comprehensive income				
– unlisted securities	–	–	7,389	7,389
Financial asset at fair value through profit or loss				
– unlisted securities	–	–	70,000	70,000
– unlisted key management insurance	–	–	6,718	6,718
	–	–	84,107	84,107

Notes to Financial Statements (Continued)

31 December 2025

32. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (Continued)

The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and key management insurance. The fair value estimation of unlisted securities is disclosed in Notes 19 and 20 to the consolidated financial statements.

There were no significant transfers of financial assets between level 1 and level 2 fair value hierarchy classifications.

Notes to Financial Statements (Continued)

31 December 2025

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	As at 31 December	
	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	92,327	92,327
Amounts due from subsidiaries	68,657	74,948
	<u>160,984</u>	<u>167,275</u>
CURRENT ASSETS		
Other receivables and prepayments	395	315
Cash and cash equivalents	158	110
	<u>553</u>	<u>425</u>
CURRENT LIABILITIES		
Other payables	1,473	755
NET CURRENT LIABILITIES	<u>(920)</u>	<u>(330)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>160,064</u>	<u>166,945</u>
Net assets	<u>160,064</u>	<u>166,945</u>
EQUITY		
Capital and reserves attributable to the owners of the Company		
Share capital	23,007	23,007
Other reserves	Note (a) 131,761	131,761
Retained earnings	Note (a) 5,296	12,177
Total equity	<u>160,064</u>	<u>166,945</u>

Notes to Financial Statements (Continued)

31 December 2025

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note (a) Reserve movement of the Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2024	37,510	91,445	(1,676)	4,482	665	132,426
Profit for the year	-	-	-	-	49,475	49,475
Dividend paid	-	-	-	-	(37,963)	(37,963)
At 31 December 2024	37,510	91,445	(1,676)	4,482	12,177	143,938
At 1 January 2025	37,510	91,445	(1,676)	4,482	12,177	143,938
Profit for the year	-	-	-	-	29,931	29,931
Dividend paid	-	-	-	-	(36,812)	(36,812)
At 31 December 2025	37,510	91,445	(1,676)	4,482	5,296	137,057

Notes to Financial Statements (Continued)

31 December 2025

34. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES)

(a) Directors' and Group chief executive officer's emoluments

The remuneration of directors is set out below:

For the year ended 31 December 2025

Name of director	Fees HK\$'000	Salary (Note i) HK\$'000	Discretionary bonuses HK\$'000	Allowances and benefits in kind (Note ii) HK\$'000	Employer's contribution to retirement benefit scheme HK\$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the Company and its subsidiary undertakings HK\$'000	Total HK\$'000
<i>Chairman and Group chief executive officer</i>							
Lee Sou Leung, Joseph	-	1,200	-	1,174	-	-	2,374
<i>Executive directors</i>							
Chan Ching Huen, Stanley	-	1,548	246	372	18	-	2,184
Poon Yiu Ming	-	1,920	185	-	18	-	2,123
<i>Non-executive director</i>							
TSE, Sui Yin, Sally	150	-	-	-	-	-	150
<i>Independent Non-executive directors</i>							
Zavatti Salvatore	150	-	-	-	-	-	150
Wong Tat Cheong, Frederick	150	-	-	-	-	-	150
Kracht Jurgen Ernst Max	150	-	-	-	-	-	150
Total	600	4,668	431	1,546	36	-	7,281

Notes to Financial Statements (Continued)

31 December 2025

34. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES) (CONTINUED)

(a) Directors' and Group chief executive officer's emoluments (Continued)

For the year ended 31 December 2024

Name of director	Fees HK\$'000	Salary (Note i) HK\$'000	Discretionary bonuses HK\$'000	Allowances and benefits in kind (Note ii) HK\$'000	Employer's contribution to retirement benefit scheme HK\$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the Company and its subsidiary undertakings HK\$'000	Total HK\$'000
<i>Chairman and Group chief executive officer</i>							
Lee Sou Leung, Joseph	-	1,200	-	1,254	-	-	2,454
<i>Executive directors</i>							
Chan Ching Huen, Stanley	-	1,556	320	364	18	-	2,258
Poon Yiu Ming	-	1,920	240	-	18	-	2,178
<i>Independent Non-executive directors</i>							
Zavatti Salvatore	150	-	-	-	-	-	150
Wong Tat Cheong, Frederick	150	-	-	-	-	-	150
Kracht Jurgen Ernst Max	150	-	-	-	-	-	150
Total	450	4,676	560	1,618	36	-	7,340

Notes to Financial Statements (Continued)

31 December 2025

34. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(a) Directors' and Group chief executive officer's emoluments (Continued)

Notes:

- (i) Salary paid to a director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company and its subsidiary undertakings.
- (ii) Includes housing allowances and sundry expenses borne by the Group and estimated value of other non-cash accommodation benefits provided by the Group.
- (iii) Zavatti Samuel changed his name to Zavatti Salvatore on 29 April 2024.

There was no remuneration paid or receivable in respect of accepting office as director and director's other services in connection with the management of the affairs of the Company and its subsidiary during the year (2024: Nil). None of the directors have waived any of the emoluments during the years ended 31 December 2025 and 2024.

(b) Directors' material interests in transactions, arrangement or contracts

No significant transactions, arrangements and contracts in related to the Group's business 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 (2024: Nil).

(c) Directors' retirement benefits

None of the directors received or will receive any retirement benefits under the defined benefit scheme during the year (2024: Nil).

(d) Directors' termination benefits

None of the directors received or would receive any termination benefits during the year (2024: Nil).

(e) Consideration provided to third parties for making directors' services available

During the year ended 31 December 2025, the Company did not pay consideration to any third parties for making directors' services available (2024: Nil).

Notes to Financial Statements (Continued)

31 December 2025

34. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES) (CONTINUED)

(f) Information about loans, quasi-loans and other dealings in favour of directors or controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2025, there was no loans, quasi-loans and other dealing arrangements in favour of directors or controlled bodies corporate by and connected entities with such directors (2024: Nil).

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2026.

Five Year Financial Summary

The following table summarises the consolidated results, assets and liabilities of the Group for the five years ended 31 December:

	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Results					
Revenue	552,889	560,626	701,552	874,011	707,752
Profit/(loss) before income tax	20,797	24,676	13,669	11,543	(35,122)
Income tax expense	(4,701)	(3,769)	(1,915)	(3,355)	(4,625)
Profit/(loss) for the year	16,096	20,907	11,754	8,188	(39,747)
Profit/(loss) attributable to equity shareholders	16,097	20,909	11,288	8,317	(38,984)
Non-controlling interest	(1)	(2)	466	(129)	(763)
Assets					
Property, plant and equipment	6,554	8,336	9,808	10,805	11,893
Right-of-use assets	167,880	177,729	242,161	249,227	260,962
Prepayments for acquisition of a financial asset	–	–	–	42,095	–
Financial assets at fair value through other comprehensive income	10,989	7,389	10,989	8,389	8,689
Financial asset at fair value through profit or loss	6,915	76,718	55,179	6,408	–
Investment in a joint venture	4	–	–	–	–
Investments in associates	31,341	35,817	47,061	62,243	63,009
Loan to an associate	19,114	16,803	15,792	16,673	17,717
Current assets	361,751	336,349	356,414	524,564	451,813
Investment properties	70,796	73,643	77,722	77,123	69,789
Deferred income tax assets	3,333	4,534	5,657	–	–
Assets classified as held for sale	–	–	–	–	1,451
Total assets	678,677	737,318	820,783	997,527	885,323
Liabilities					
Current liabilities	229,279	263,452	312,392	496,131	383,529
Non-current liabilities	28,659	28,818	30,249	31,506	34,772
Liabilities directly associated with assets classified as held for sale	–	–	–	–	277
Total liabilities	257,938	292,270	342,641	527,637	418,578
Net assets	420,739	445,048	478,142	469,890	466,745