



**PROSPEROUS INDUSTRIAL
(HOLDINGS) LIMITED**

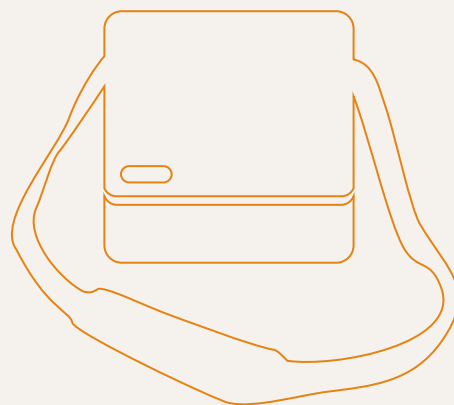
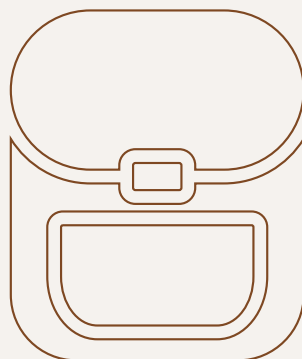
其利工業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1731

2025

Annual Report





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Corporate Information

EXECUTIVE DIRECTORS

Mr. Yeung Shu Kin (*Chairman*)
Mr. Yeung Shu Kai
Mr. Yeung Wang Tony

NON-EXECUTIVE DIRECTORS

Mr. Chau Chi Ming
Mr. Shih Chih-Hung

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chiu Che Chung Alan
Ms. Sze Tak On

AUDIT COMMITTEE

Ms. Sze Tak On (*Committee Chairman*)
Mr. Chiu Che Chung Alan

NOMINATION COMMITTEE

Mr. Yeung Shu Kin (*Committee Chairman*)
Mr. Chiu Che Chung Alan
Ms. Sze Tak On

REMUNERATION COMMITTEE

Mr. Chiu Che Chung Alan (*Committee Chairman*)
Ms. Sze Tak On
Mr. Yeung Shu Kin

CHIEF EXECUTIVE OFFICER

Mr. Yeung Shu Hung

COMPANY SECRETARY

Ms. Zhang Xiao

AUTHORISED REPRESENTATIVES

Mr. Yeung Wang Tony
Ms. Zhang Xiao

AUDITOR

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

REGISTERED OFFICE

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1-2, 1/F, Join-In Hang Sing Centre
71-75 Container Port Road
Kwai Chung, New Territories
Hong Kong

COMPANY'S WEBSITE

www.pihl.hk

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited

PRINCIPAL BANKER

Shanghai Commercial Bank Limited

STOCK CODE

1731

Financial Highlights

	2025	2024
Key financial information		
Revenue (US\$'000)	238,751	243,612
Gross profit (US\$'000)	58,111	60,754
Profit for the year (US\$'000)	24,545	29,842
Basic and diluted earnings per share (US cents)	2.19	2.66
Total assets (US\$'000)	243,689	220,556
Total equity (US\$'000)	190,003	170,908
Key financial ratios		
Gross profit margin (%)	24.3	24.9
Current ratio ⁽¹⁾	4.2	3.8
Quick ratio ⁽²⁾	3.4	3.0
Gearing ratio (%) ⁽³⁾	–	–

Notes:

1. Current ratio was calculated as total current assets divided by total current liabilities.
2. Quick ratio was calculated as total current assets less inventories, and divided by total current liabilities.
3. Gearing ratio was calculated as total debt, excluding lease liabilities, divided by total equity.



Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of Prosperous Industrial (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), I am pleased to present the annual results of the Company for the year ended 31 December 2025 (the “**Year**”).

The global business environment in 2025 was constrained by heightened geopolitical tensions and renewed trade friction between major economies. The escalation of tariff measures in certain jurisdictions posed challenges to the Group's production operations and supply chain management, while inflationary pressures and regional conflicts further clouded demand visibility.

Despite these headwinds, the Group delivered stable financial performance underpinned by the resilience of its multi regional manufacturing platform. Our production facilities in Mainland China, Vietnam and Cambodia complemented one another, enabling us to mitigate regional risks, reallocate capacity with agility and respond promptly to customer needs. This diversified footprint is particularly valuable during periods of market volatility and remains one of the Group's core competitive strengths.

The Board remains committed to pursuing growth opportunities that create sustainable, long term value for our shareholders. In line with this commitment, the Group will further develop its land parcel in Panyu, Guangdong, PRC, together with the Group's existing industrial facilities on it, into the Glorieux Intelligent Manufacturing Industrial Park 澤榮智造產業園 (the “**Industrial Park Project**”). The Industrial Park Project is expected to progressively enhance the Group's asset base and expand opportunities for future business development. As the surrounding district evolves into a hub for advanced manufacturing and innovation, the Project positions the Group to capture emerging opportunities and strengthen long term growth prospects.

Looking ahead, regional conflicts – particularly developments in the Middle East – add further uncertainty to global supply chains, energy and raw materials markets, and customer procurement behavior. These factors may continue to affect industrial demand and cost structures in the near term. The Group remains cautious and will continue to focus on enhancing operational efficiency, exercising prudent capital management, and strengthening collaboration with customers. We will closely monitor global development and adjust production planning and risk management measures as necessary. The Board will ensure that the Industrial Park Project progresses in a disciplined and value enhancing manner.

ACKNOWLEDGEMENTS

On behalf of the Board, I express my sincere appreciation to our investors, customers and business partners for their continued trust and support. I also extend heartfelt thanks to our management team and all employees for their professionalism, dedication and unwavering commitment. Your efforts underpin the quality of our work and the strength of our customer relationships. Together, we will continue to navigate the challenges ahead and strive to deliver sustainable value to the shareholders of the Company.

Yours sincerely,

Yeung Shu Kin

Chairman

Hong Kong
20 March 2026

Biographies of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. YEUNG Shu Kin (“Mr. Herman Yeung”), aged 77, was first appointed as a director of the Company (“**Director**”) on 12 May 2004. He was appointed as the chairman of the Board on 15 December 2017 and was re-designated as an executive Director on 29 March 2018. Mr. Herman Yeung is also a director and supervisor of certain subsidiaries of the Group. Mr. Herman Yeung is mainly responsible for providing overall management and strategic development of the Group and has over 40 years of experience in the manufacturing industry.

Mr. Herman Yeung graduated from Moral Training English College in Hong Kong in November 1969. He joined the Group as a managing director between April 1985 and June 2004, mainly responsible for providing overall management and strategic development. In July 2004, he was redesignated as the chief operation officer for the Hong Kong region and mainly responsible for providing overall management and strategic development.

Mr. Herman Yeung is the brother of Mr. Yeung Shu Hung, the Chief Executive Officer, and Mr. Yeung Shu Kai, an executive Director, the brother-in-law of Mr. Yeung Ming Sum Richard (“**Mr. Yeung**”), a substantial shareholder of the Company, and the uncle of Mr. Yeung Wang Tony, an executive Director, and Mr. Yeung Theodore Tat, the senior management of the Company.

Mr. YEUNG Shu Kai (“Mr. Philip Yeung”), aged 66, was appointed as a Director on 1 August 2017 and was re-designated as an executive Director on 29 March 2018. Mr. Philip Yeung is also a director of certain subsidiaries of the Group. Mr. Philip Yeung is responsible for overseeing the quality control function of the factories in the PRC and has over 42 years of experience in the manufacturing industry.

He worked as an export assistant at Milagros (Far East) Limited between January 1983 and March 1985. Between April 1985 and June 2004, Mr. Philip Yeung was employed by a subsidiary of the Group as a senior director and was mainly responsible for setting quality assurance policies and procedures for products manufactured. From July 2004, he was employed by another subsidiary of the Group as a senior director for the quality assurance department and was mainly responsible for setting quality assurance policies and procedures for products manufactured.

Mr. Philip Yeung received a diploma in business administration and an advanced diploma in business administration from The Society of Business Practitioners in October 2000 and February 2002, respectively.

Mr. Philip Yeung is the brother of Mr. Yeung Shu Kin, the Chairman and an executive Director, and Mr. Yeung Shu Hung, the Chief Executive Officer, the brother-in-law of Mr. Yeung, a substantial shareholder of the Company, and the uncle of Mr. Yeung Wang Tony, an executive Director, and Mr. Yeung Theodore Tat, the senior management of the Company.

Mr. YEUNG Wang Tony (“Mr. Tony Yeung”), aged 52, joined the Group in January 2000 and appointed as an executive Director on 31 March 2020. He is also a director of certain subsidiaries of the Group. He has been a project director of the Company since 1 September 2017 and is responsible for overseeing the retail business and projects of the Group.

Mr. Tony Yeung obtained his bachelor’s degree in science from the Babson College in the United States in May 1995. Mr. Tony Yeung is the son of Mr. Yeung, the substantial shareholder of the Company, the brother of Mr. Yeung Theodore Tat, the senior management of the Company and the nephew of Mr. Herman Yeung, the Chairman and an executive Director, Mr. Philip Yeung, an executive Director and Mr. Edmond Yeung, the Chief Executive Officer.

Biographies of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. CHAU Chi Ming (“Mr. Chau”), aged 62, was appointed as non-executive Director on 31 March 2020. He is an executive director, the chief financial officer and a senior director of Finance & Treasury Department of Yue Yuen Industrial (Holdings) Limited (“**Yue Yuen**”) a company listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 551), responsible for daily financial management and treasury functions. He is also a director of certain subsidiaries of Yue Yuen. He was the company secretary of Yue Yuen from 12 January 2014 to 23 March 2016 and 31 July 2019 to 11 August 2023. Mr. Chau had worked in an international bank and gained corporate banking experience before joining Yue Yuen in 1993.

Mr. Chau graduated from The Chinese University of Hong Kong with a Bachelor of Business Administration Degree, majoring in Finance. He is a member of The Hong Kong Institute of Certified Public Accountants and a fellow of The Association of Chartered Certified Accountants of the United Kingdom.

Mr. SHIH Chih-Hung (“Mr. Shih”), aged 60, is a vice president of Pou Chen Corporation, a company listed on Taiwan Stock Exchange (stock code: 9904 TSE), responsible for overseeing the global supply chain management function. He is also a director of San Fang Chemical Industry Co., Ltd (a company listed on Taiwan Stock Exchange (stock code: 1307 TSE)) and Nan Pao Resins Chemical Industry Co., Ltd (a company listed on Taiwan Stock Exchange (stock code: 4766 TSE)). Mr. Shih also served as an executive director and the chief financial officer of Yue Yuen Industrial (Holdings) Limited (a company listed on the Stock Exchange (stock code: 551)) from September 2022 to August 2025, an executive director of Eagle Nice (International) Holdings Limited (a company listed on the Stock Exchange (stock code: 2368)) from April 2020 to June 2025, a director of Evermore Chemical Industry Co., Ltd (a company listed on Taiwan Stock Exchange (stock code: 1735 TSE)) from May 2022 to June 2024, and Elitegroup Computer Systems Co., Ltd (a company listed on Taiwan Stock Exchange (stock code: 2331 TSE)) from July 2021 to November 2023. Mr. Shih graduated from Chung Yuan Christian University of Taiwan in 1988 with a Bachelor Degree in Accounting and has extensive experience in corporate governance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHIU Che Chung Alan (“Mr. Chiu”), aged 45, was appointed as the independent non-executive Director, the members of the audit committee and the nomination committee and the chairman of the remuneration committee of the Company on 19 June 2018.

Between November 2008 and October 2010. Mr. Chiu served as a financial planning manager at Centaline Financial Services Limited. From November 2010 to February 2023, Mr. Chiu served as a senior investment manager in Springland (Hong Kong) Limited, an investment holding company, responsible for private fund operation and internal financial analysis. From 2023 to 2025, Mr. Chiu served as a business development manager of City Joiner Limited. Mr. Chiu now serves as the managing director of Chrommerce HK Limited.

Mr. Chiu graduated from York University in Canada with a bachelor of arts, majoring in Economics.

Biographies of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS *(continued)*

Ms. SZE Tak On ("Ms. Sze"), aged 56, was appointed as an independent non-executive Director, the chairman of audit committee and a member of remuneration committee of the Company with effect on 4 August 2023. She is the financial controller and company secretary of Century Legend (Holdings) Limited, a company listed on the Stock Exchange (stock code: 79), responsible for overseeing financial reporting, treasury, internal control, risk management and compliance issues. She is also an independent non-executive director of A.Plus Group Holdings Limited (stock code: 1841) and an independent non-executive director of China Starch Holdings Limited (stock code: 3838), companies listed on the Stock Exchange.

Ms. Sze holds a Master Degree in Corporate Finance and has extensive experience in accounting, auditing and finance. Ms. Sze is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, a member of The Hong Kong Chartered Governance Institute, The Chartered Governance Institute and The Taxation Institute of Hong Kong.

SENIOR MANAGEMENT

Mr. YEUNG Shu Hung ("Mr. Edmond Yeung"), aged 63, joined the Group in February 1997. He has been appointed as the Chief Executive Officer since 1 September 2017 and is mainly responsible for overseeing all aspects of the operations and strategic planning, formulation of corporate policies and new business initiatives and has over 38 years in the manufacturing industry.

Mr. Edmond Yeung obtained his bachelor's degree in science from The University of Alberta in Canada in July 1986. Mr. Edmond Yeung did not hold any directorship in any listed companies during the last three years. Mr. Edmond Yeung is the brother of Mr. Herman Yeung, the Chairman and an executive Director and Mr. Philip Yeung, an executive Director, the brother-in-law of Mr. Yeung, a substantial shareholder of the Company and the uncle of Mr. Tony Yeung, an executive Director, and Mr. Yeung Theodore Tat, the senior management of the Company.

Mr. YEUNG Theodore Tat ("Mr. Theodore Yeung"), aged 45, joined the Group as a quality controller in February 2004. He has been the chief operating officer of the Company from 1 September 2017 to 31 December 2019 and redesignated as the Vice President of Operation from 1 January 2020. He is responsible for overseeing the operational activities of the Group. Mr. Theodore Yeung graduated from the Bentley University (formerly known as Bentley College) in the United States with the degree of bachelor of science in accountancy in May 2003. Mr. Theodore Yeung did not hold any directorship in any listed companies during the last three years. Mr. Theodore Yeung is the son of Mr. Yeung, the substantial shareholder of the Company, the brother of Mr. Tony Yeung, the executive Director, the nephew of Mr. Herman Yeung, the Chairman and an executive Director, Mr. Philip Yeung, the executive Director and Mr. Edmond Yeung, the Chief Executive Officer.

Mr. TANG Wing Yui ("Mr. Tang"), aged 42, is the financial controller of the Company and he joined the Group since April 2017. Mr. Tang holds a bachelor degree of business administration in accountancy from The Chinese University of Hong Kong since December 2007 and he is a certified public accountant of the Hong Kong Institute of Certified Public Accountants since January 2011. He has over 18 years of experience in auditing, accounting and finance. Prior to joining the Group, he worked in a reputable international accounting firm and a Hong Kong listed company. Mr. Tang was the financial controller of a subsidiary of the Company from 10 April 2017 to 31 August 2017 and re-designated to financial controller of the Company from 1 September 2017.



Management Discussion and Analysis

GENERAL OVERVIEW AND BUSINESS REVIEW

The Group is a leading global manufacturer specialising in the design, development and production of high quality recreational bags and packs, with a core focus on backpacks. We also provide premium supply chain management services to renowned multinational sports and lifestyle brands. Our established multi-regional manufacturing platform – spanning the People’s Republic of China (PRC), Vietnam and Cambodia – enables the Group to benefit from preferential import tariffs and favourable international trade policies, while offering customers flexible and efficient shipping solutions.

Throughout the year ended 31 December 2025 (the “**Year**”), heightened geopolitical tensions, renewed trade frictions and escalating tariff measures in certain jurisdictions continued to complicate global trade and supply chain planning, while inflationary pressures and regional conflicts weighed on order visibility. Against this backdrop, the Group delivered a stable operational performance, supported by its diversified manufacturing locations and long standing customer relationships. Our multi-regional manufacturing platform – comprising facilities in the PRC, Vietnam and Cambodia – remained central to our ability to serve customers reliably. Despite tariff pressures, shipments to the USA were roughly on par with last year, while our PRC production base, which primarily serves the China-to-China market, continued to show signs of improvement, with deliveries to the PRC recorded steady growth. At the same time, our Vietnam and Cambodia bases continued to serve as the primary manufacturing hubs for overseas orders and together accounted for around 85% of total production capacity for the Year, preserving flexibility to meet international customer requirements while capturing the rebound in domestic shipments.

OUTLOOK AND PROSPECTS

Looking ahead, tariff related challenges, inflationary pressures and regional conflicts may continue to weaken consumer momentum and disrupt supply chains. The Group remains committed to pursuing growth opportunities that deliver long-term value and promote sustainable development. In the near term, our priorities are to maximise utilisation of existing capacity, streamline production processes and drive efficiency and margin improvement.

As part of our long-term commitment to creating lasting value for the shareholders of the Company, the Group has advanced the proposed further development of its land parcel in Panyu, Guangdong, the PRC into the Glorieux Intelligent Manufacturing Industrial Park 澤榮智造產業園 (the “**Industrial Park Project**”), after careful planning. The Industrial Park Project is being implemented in phases. Phase 1 construction (the “**Phase 1 Construction**”) covers a site area of 21,128 square metres and comprises three main buildings (including a dormitory) with a total gross floor area of 91,901.31 square metres. This phased approach enables the Group to align construction and capital deployment with market demand while progressively enhancing the Group’s asset base. Nevertheless, the Group will continue to adopt prudent and responsible measures to preserve a healthy financial position and sustain operations throughout the development period.

Management Discussion and Analysis

FINANCIAL REVIEW

During the Year, the Group's revenue was generated from sales of bags and packs manufactured for brand-owner customers. Total revenue for the Year remained broadly in line with the 2024 and amounted to approximately US\$238.8 million, representing a slight decrease of approximately US\$4.9 million or 2.0% from approximately US\$243.6 million for 2024. Total sales quantity also decreased slightly from approximately 23.5 million pieces for 2024 to approximately 22.9 million pieces for the Year, representing a decrease of approximately 0.6 million pieces or 2.7%. The sales mix across product categories remained largely stable, with outdoor and sporting bags category continued to contribute more than 80% of the total revenue. The average selling price per piece was US\$10.4, largely unchanged from last year. The breakdown of the revenue, sales quantity and average selling price by product category is set out below:

Product category	2025				2024			
	Revenue		Sales	Average	Revenue		Sales	Average
	US\$'000	%	quantity Pc'000	selling price US\$/pc	US\$'000	%	quantity Pc'000	selling price US\$/pc
Outdoor & sporting	201,947	84.6	18,538	10.9	206,846	84.9	19,388	10.7
Fashion & casual	24,979	10.5	3,727	6.7	24,692	10.1	3,354	7.4
Functional	11,797	4.9	618	19.1	11,203	4.6	643	17.4
Others	28	0.0	5	5.6	871	0.4	134	6.5
Total	238,751	100	22,888	10.4	243,612	100	23,519	10.4

The Group's cost of sales for the Year amounted to approximately US\$180.7 million, representing a decrease of approximately US\$2.2 million or 1.2% from approximately US\$182.9 million for 2024. The decrease in cost of sales was generally in line with the decrease in sales. Gross profit for the Year amounted to approximately US\$58.1 million, representing a decline of approximately US\$2.6 million from approximately US\$60.8 million for 2024, while the gross profit margin for the Year decreased from 24.9% to 24.3%.

Administrative expenses for the Year were approximately US\$18.8 million, increased by approximately US\$0.5 million or 2.8% as compared to 2024. Selling and distribution expenses amounted to approximately US\$13.4 million, an increase of approximately US\$0.2 million or 1.8%. The slight increase in administrative, selling and distribution expenses was mainly attributable to increase in staff cost.

Profit attributable to shareholders for the Year decreased to US\$24.5 million, a decline of approximately US\$5.3 million or 17.8% compared with US\$29.8 million in 2024. Earnings per share decreased by 0.47 US cents to 2.19 US cents (2024: 2.66 US cents).

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL EXPENDITURE

The Group's financial position remained solid throughout the Year. As at 31 December 2025 the Group had time deposits, cash and cash equivalents of approximately US\$85.7 million and no external borrowings. As a result, the gearing ratio of the Group was zero (31 December 2024: zero) as at 31 December 2025, calculated as total debt, excluding lease liabilities, divided by total equity. As at 31 December 2025, the Group also has unutilised banking facilities of approximately RMB193 million, designated solely to finance the Phase 1 Construction of the Industrial Park Project. During the year ended 31 December 2025, the Group incurred capital expenditure of US\$7.7 million, mainly attributable to the acquisition of property, plant and equipment intangible assets and the construction of the Industrial Park Project.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any significant contingent liabilities (31 December 2024: Nil).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group had no material acquisition or disposals of subsidiaries or associates during the year ended 31 December 2025.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2025, the Group had approximately 7,800 employees (2024: approximately 8,400 employees). Salaries and benefits of the Group's employees were kept at a market level and employees were rewarded on a performance-related basis. Remuneration is reviewed annually. Staff benefits include contribution to mandatory contribution fund, discretionary bonus and share options. During the year ended 31 December 2025, no share options were granted to employees of the Group.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2025, there were no significant investments held by the Group (31 December 2024: Nil).

CHARGE ON THE GROUP'S ASSETS

As at 31 December 2025, the existing buildings on the Group's land parcel in Panyu, Guangdong, the PRC, were pledged to secure the banking facilities granted to the Group for financing the Phase 1 Construction of the Industrial Park Project (31 December 2024: Nil).

FOREIGN CURRENCY EXPOSURE

The Group's purchases and operating costs are mainly denominated in Renminbi, Vietnamese Dong and US\$, while most of the Group's sales proceeds are received in US\$. As such, the Group is exposed to foreign currency risk. Any appreciation of Renminbi or Vietnamese Dong against US\$ may adversely affect the profitability. The Group currently does not have a foreign currency hedging policy. The Group will continue to monitor its foreign currency exposure closely and consider hedging significant foreign currency exposure should the need arises.



Directors' Report

The Directors are pleased to present their report (the “**Directors' Report**”) and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 February 2004 under the Companies Law of the Cayman Islands. The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 1 to financial statements.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2025 and the Group's financial position are set out in the financial statements on pages 48 to 126.

The directors have resolved to recommend the payment of a final dividend of HK8.5 cents per share (the “**Final Dividend**”) to the Shareholders whose names appear on the register of members of the Company (the “**Register of Members**”) on Monday, 29 June 2026.

The proposed Final Dividend is subject to the approval by the Shareholders at the annual general meeting to be held on Wednesday, 17 June 2026 (the “**2026 AGM**”). It is expected that the Final Dividend would be paid to the Shareholders on Friday, 17 July 2026.

ANNUAL GENERAL MEETING

The 2026 AGM is scheduled to be held on Wednesday, 17 June 2026. A notice convening the 2026 AGM will be dispatched to the Shareholders requiring a printed copy in due course.

CLOSURE OF REGISTER OF MEMBERS

To determine the eligibility of the Shareholders to attend the 2026 AGM, the Register of Members will be closed from Friday, 12 June 2026 to Wednesday, 17 June 2026, both days inclusive, during which no transfer of shares will be effected. In order to be entitled to attend and vote at the 2026 AGM, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 11 June 2026. The Shareholders whose names appear on the register of members of the Company on Wednesday, 17 June 2026 are entitled to attend and vote at the 2026 AGM.

For the purpose of ascertaining Shareholder's entitlement for the Final Dividend, the Register of Members will be closed from Thursday, 25 June 2026 to Monday, 29 June 2026, both days inclusive. To qualify for the Final Dividend, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 24 June 2026.



Directors' Report

BUSINESS REVIEW

The business review for the year ended 31 December 2025, analysis using key financial performance indicators, important events affecting the Company and future development in the Group's business are set out in the section headed "Management Discussion and Analysis" on pages 8 to 10 of this annual report. These discussions form part of this Directors' Report.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

As an Original Equipment Manufacturer ("OEM") with manufacturing operations across the PRC, Vietnam and Cambodia, the Group faces several principal risks and uncertainties which include: (1) macroeconomic risk in relation to the continued geopolitical frictions, trade tensions and inflationary pressures; (2) customer concentration risk as the Group's customer portfolio is highly concentrated with the five largest customers contributing over 90% of the Group's total revenue for the Year; (3) risk of labour supply shortage as the Group's manufacturing process is labour-intensive, its success depends on its ability to attract, motivate and retain sufficient skilled workers; and (4) risk of ineffective product development and enhancement in relation to meeting customers' rising demand and expectation.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board recognises that the environmental, social and governance ("ESG") matters are fundamental to the Group's longterm resilience, risk management and sustainable value creation. The Board retains overall responsibility for overseeing the Group's ESG strategy, governance framework, risk management and performance. In fulfilling this responsibility, the Board ensures that ESG considerations, including climate related risks and opportunities, are appropriately integrated into the Group's overall business strategy, operational planning and enterprise risk management processes.

For further information of our performance on ESG initiatives, please refer to our ESG report, which is published on the website of the HKEXnews at www.hkexnews.hk and the website of the Company at www.pihl.hk together with this report.

DONATIONS

During the Year, the Group made charitable donations of approximately US\$64,000 to various organizations.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in property, plant and equipment and investment properties of the Group are set out in notes 14 and 15 to financial statements, respectively.

SHARE CAPITAL

As of 31 December 2025, the total amount of the issued share capital of the Company was HK\$11,200,000, divided into 1,120,000,000 shares of HK\$0.01 per share. There were no movements in the Company's share capital during the Year.

Directors' Report

DISTRIBUTABLE RESERVES

At 31 December 2025, the Company's reserves available for distribution amounted to US\$47.4 million, of which US\$12.2 million has been proposed to be distributed as Final Dividend for the Year.

DIVIDEND POLICY

The Company has adopted a dividend policy that aims to enhance the Shareholders' value. The following parameters/factors shall be considered by the Board for declaration of dividend:

- Circumstances under which the Shareholders may or may not expect dividend;
- Financial parameters/factors that shall be considered for declaration of dividend;
- Internal and external factors that shall be considered for declaration of dividend;
- Utilisation of retained earnings; and
- Multiple classes of Shares.

The payment of dividend is also subject to any restrictions under the applicable laws, the Company's Memorandum and Articles of Associations.

The policy shall be reviewed periodically and submitted to the Board for approval if amendments are required.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales for the Year attributable to the Group's major suppliers and customers are as follows:

Purchases

- the largest supplier: 7.6%
- five largest suppliers combined: 22.6%

Sales

- the largest customer: 37.1%
- five largest customers combined: 92.9%

None of the Directors, their associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers and suppliers.



Directors' Report

DIRECTORS

During the Year and up to the date of this Directors' Report, the Directors comprised:

Executive Directors

Mr. Yeung Shu Kin (*Chairman*)

Mr. Yeung Shu Kai

Mr. Yeung Wang Tony

Non-executive Directors

Mr. Chau Chi Ming

Mr. Lin Wang-Chyan (*resigned on 31 July 2025*)

Mr. Shih Chih-Hung (*appointed on 31 July 2025*)

Independent Non-executive Directors

Mr. Wong Kwun Ho (*resigned on 18 November 2025*)

Mr. Chiu Che Chung Alan

Ms. Sze Tak On

DIRECTORS' BIOGRAPHIES

Biographies of the Directors are set out on pages 5 to 7 of this annual report.

CHANGES TO DIRECTORS AND CHIEF EXECUTIVE'S INFORMATION

Save as disclosed in this annual report, the Directors confirm that in relation to their profile, no information is required to be disclosed pursuant to Rules 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").



Directors' Report

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Yeung Shu Kin and Mr. Yeung Shu Kai, all are executive Directors, entered into a service contract with the Company for a term of three years commencing from 13 July 2018. Mr. Yeung Wang Tony, an executive Director, entered into a service contract with the Company for a term of three years commencing from 31 March 2020. The above service contracts may be terminated by not less than three months' notice in writing served by either party on the other and are renewable for successive terms of three years.

Mr. Chau Chi Ming, a non-executive Director, entered into a letter of appointment with the Company for a term of one year commencing from 31 March 2020. Mr. Shih Chih-Hung, a non-executive Director, entered into a letter of appointment with the Company for a term of one year commencing from 31 July 2025. The above letters of appointment may be terminated by not less than one months' notice in writing served by either party on the other and are renewable for successive terms of one year.

Mr. Chiu Che Chung Alan and Ms. Sze Tak On, all are independent non-executive Directors, entered into a letter of appointment with the Company for a term of one year commencing from 19 June 2018 and 4 August 2023, respectively. The above letters are renewable for successive terms of one year until terminated by not less than one month's notice in writing served by either party on the other.

No Director has service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 33 to financial statements, no transactions, arrangements and contracts in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year. No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the Group's business were entered into or existed for the Year.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report and in the financial statements, no controlling shareholder or any of its subsidiaries has any contracts of significance with the Company or its subsidiaries during the Year.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules, were as follows:

Long positions in the shares and underlying shares of associated corporation of the Company

Name of Director and Chief Executive	Name of associated corporation of the Company	Nature of interest	Number of ordinary shares held	Approximate % of total issued shares ¹
Mr. Yeung Shu Kin	Prosperous Holdings (Overseas) Limited ("Prosperous BVI")	Personal interest	12	12%
Mr. Yeung Shu Kai	Prosperous BVI	Personal interest	6	6%
Mr. Yeung Shu Hung	Prosperous BVI	Personal interest	6	6%

Note:

1. As at 31 December 2025, the total number of issued shares of Prosperous BVI was 100.

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

Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as known to the Directors or chief executive of the Company, as at 31 December 2025, the following corporates and persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares of the Company and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in Shares

Name	Capacity/Nature of interest	Number of shares	Percentage of shareholding in the Company
Prosperous BVI	Beneficial owner	588,000,000	52.5
Mr. Yeung Ming Sum Richard ("Mr. Yeung") ⁽¹⁾	Interest in a controlled corporation	588,000,000	52.5
Great Pacific Investments Limited ("Great Pacific") ⁽²⁾	Beneficial owner	252,000,000	22.5
Pou Hing Industrial Co. Limited ("Pou Hing") ⁽²⁾	Interest in a controlled corporation	252,000,000	22.5
Yue Yuen Industrial (Holdings) Limited ("Yue Yuen") ⁽²⁾	Interest in a controlled corporation	252,000,000	22.5
Wealthplus Holdings Limited ⁽³⁾	Interest in a controlled corporation	252,000,000	22.5
Pou Chen Corporation ⁽³⁾	Interest in a controlled corporation	252,000,000	22.5

Directors' Report

Notes:

- (1) Prosperous BVI is owned as to 58% by Mr. Yeung, 12% by Mr. Yeung Shu Kin, 12% by Mr. Yeung Theodore Tat, 6% by Mr. Yeung Shu Hung, 6% by Mr. Yeung Shu Kai and 6% by Mr. Yeung Chak Fung. Prosperous BVI is the beneficial owner of 588,000,000 shares of the Company.
- (2) Great Pacific is a wholly-owned subsidiary of Yue Yuen and the beneficial owner of 252,000,000 shares of the Company. By virtue of the SFO, Yue Yuen is deemed to be interested in all of the shares of the Company held by Great Pacific as Great Pacific is a wholly-owned subsidiary of Pou Hing and Pou Hing is a wholly-owned subsidiary of Yue Yuen. Yue Yuen is a company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange.
- (3) Pou Chen Corporation is a shareholder of Yue Yuen and, is interested as to 51.36% of Yue Yuen through its two wholly-owned subsidiaries, Wealthplus Holdings Limited (interested as to 48.18% of Yue Yuen) and Win Fortune Investments Limited (interested as to 3.18% of Yue Yuen). By virtue of the SFO and with reference to note (2), Pou Chen Corporation is deemed to be interested in the shares of the Company held by Great Pacific. Pou Chen Corporation is incorporated in Taiwan and is listed on the Taiwan Stock Exchange of the Taiwan Stock Exchange Corporation (stock code: 9904 TSE).

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any persons (other than the Directors and chief executive of the Company) who had any interests or short positions in the shares of the Company or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors was considered to have interests in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme (the "**Scheme**") on 19 June 2018 which is valid and effective for a period of 10 years from 13 July 2018. Accordingly, the Scheme will expire on 12 July 2028 and the remaining life of the scheme is approximately 2.3 years.

The purpose of the Scheme is to give the eligible persons an opportunity to have a personal stake in the Company and help motivate eligible persons to optimise their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executive, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.



Directors' Report

Eligible persons include (a) an executive or an employee; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; (g) an associate of any of the foregoing persons; and (h) any person involved in the business affairs of the Company whom the Board determines to be appropriate to participate in the Scheme.

The maximum number of Shares which may be issued upon exercise of all share options to be granted under the Scheme and any other schemes of the Group shall not in aggregate exceed 10 per cent. of the Shares in issue as at the date of listing of the Shares on the Main Board of the Stock Exchange (the "**Scheme Mandate Limit**") provided that the Company may at any time as the Board may think fit seek approval from its shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all share options to be granted under the Scheme and any other schemes of the Company shall not exceed 10 per cent. of the Shares in issue as at the date of approval by the shareholders of the Company in general meeting where the Scheme Mandate Limit is refreshed. Share options previously granted under the Scheme and any other schemes of the Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Scheme or any other schemes of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

Notwithstanding the foregoing, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the shares in issue of the Company from time to time.

The maximum number of Shares issued and to be issued upon exercise of the share options granted to any one eligible person (including exercised and outstanding share options) in any 12-month period shall not exceed 1 per cent. of the Shares in issue from time to time. Where any further grant of share options to such an eligible person would result in the Shares issued and to be issued upon exercise of all share options granted and to be granted to such eligible person (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent. of the Shares in issue, such further grant shall be separately approved by the shareholders of the Company in general meeting with such eligible person and his close associates (or his associates if such eligible person is a connected person) abstaining from voting.

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than ten years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised.

Directors' Report

There is no minimum period for which a share option must be held before it can be exercised and there is no performance target which need to be achieved by the grantee before the share option can be exercised.

A consideration of HK\$1 is payable on acceptance of the grant of an option. An option may be exercised in whole or in part by the grantee within the option period as determined and notified by the Board to the grantee.

The subscription price in respect of any particular share option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant share option but the subscription price shall not be less than whichever is the highest of (a) the nominal value of a Share; (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date.

Since the date of adoption of the Scheme, no share option was granted. The total number of Shares available under the Scheme is 112,000,000 Shares, representing 10% of the Company's issued share (excluding treasury shares, if any) as at the date of this annual report.

Accordingly, the number of options available for grant under the Scheme mandate at the beginning and the end of the Year and at 1 January 2025 and 31 December 2025 are all 112,000,000. The number of shares that may be issued in respect of the share options granted under all schemes of the Company (i.e. the Share Option Scheme) during the Year divided by the weighted average number of shares in issue (excluding treasury shares) is nil.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "Share Option Scheme" and "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Associated Corporation" above, at no time during the Year did there subsist any arrangements to which the Company or the Company's subsidiary or holding company or a subsidiary of the Company's holding company is a party, being arrangements whose objects are, or one of whose objects is, to enable Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Hong Kong Companies Ordinance (Chapter 622, Laws of Hong Kong) (the "**Companies Ordinance**") when the Report of the Board of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

The Company has taken out and maintained Directors' and officers' liability insurance, which provides appropriate cover for certain legal actions brought against its Directors and officers.

Directors' Report

EQUITY-LINKED AGREEMENT

During the Year, other than the Scheme as set out in the paragraph headed "Share Option Scheme" of this Directors' Report, the Company did not enter into any other equity-linked agreement, nor did any other equity-linked agreement exist during the Year.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As at 31 December 2025, the Company did not hold any treasury shares.

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Related party transactions entered into by the Group during the Year, are disclosed in note 33 to financial statements.

Lease of office premises from China Pacific Trading Company ("China Pacific")

China Pacific is owned as to 25%, 25%, 20%, 10%, 10% and 10% by Mr. Yeung, Mrs. Yeung (deceased), Mr. Herman Yeung, Mr. Philip Yeung, Mr. Edmond Yeung and Mr. Yeung Chak Fung, respectively. Each of Mr. Yeung, Mrs. Yeung (deceased), Mr. Herman Yeung, Mr. Philip Yeung, Mr. Edmond Yeung and Mr. Yeung Chak Fung is the Controlling Shareholder of the Company, and Mr. Herman Yeung and Mr. Philip Yeung are our Directors. China Pacific is therefore a connected person to the Group.

On 28 March 2024, Glorieux International (H.K.) Limited ("**Glorieux HK**"), a wholly-owned subsidiary of the Company, as lessee, entered into an office tenancy agreement with China Pacific for a 3 years term from 1 April 2024 to 31 March 2027 (the "**2024 Office Tenancy Agreement**"), pursuant to which, China Pacific as the lessor will lease out certain office premise and car parking spaces (the "**Office Premises**") at a monthly rental of HK\$160,000, inclusive of management fee and government rates. The terms of the 2024 Office Tenancy Agreement were negotiated on an arm's length basis by reference to the prevailing market rate, including the market rental of other comparable premises in the same building recently, as published/quoted by property agencies.

The Group uses the Office Premises as the headquarter and principal place of business in Hong Kong. The transaction contemplated under the 2024 Office Tenancy Agreement was recognised as the acquisition of right-of-use assets of approximately US\$691,000 which constituted a stand-alone connected transaction of the Group under Chapter 14A of the Listing Rules.

During the Year, the Group had the following non-exempt continuing connected transactions, certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules. Save as disclosed, none of the related party transactions set out in note 33 to financial statements constitute connected transactions that are not fully exempt under the Listing Rules.

Directors' Report

Lease of factory premises from Pou Sung Vietnam Co., Ltd (“Pou Sung Vietnam”)

Pou Sung Vietnam is a wholly-owned subsidiary of Yue Yuen, a substantial shareholder of the Company. Pou Sung Vietnam is therefore an associate of Yue Yuen and accordingly, a connected person of the Company.

Starite International Vietnam Limited (“**Starite Vietnam**”), a wholly-owned subsidiary of the Company, as lessee, leased certain buildings which are primarily used as factories, office premises and warehouse for the Vietnam Production Base from Pou Sung Vietnam. The terms of the lease agreements (“**Vietnam Lease Agreements**”) are summarised in the table below:

Date	Duration of the lease	Description of the property leased (the “Vietnam Leased Premises”)	Amounts payable
1 May 2011 (as amended by the supplemental agreement dated 15 January 2018)	From 1 May 2011 to 11 January 2055	Factory in Section C of Bau Xeo Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam with a total area of 35,852 square metres	<ul style="list-style-type: none"> (i) Rental: Total rent of VND66,759,151,620 (equivalent to US\$3,188,040) for the duration of the lease paid in two tranches before 30 June 2012, which has been fully paid. (ii) Maintenance: maintenance fees for public facilities of up to VND93,690,000 (equivalent to US\$3,747.60) per month. (iii) Utilities and other charges: Utilities and other ancillary charges will be charged based on actual consumption.
1 October 2012 (as amended by the supplemental agreement dated 15 January 2018)	From 1 October 2012 to 11 January 2055	Factory in Section C of Bau Xeo Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam with a total area of 10,628 square metres	<ul style="list-style-type: none"> (i) Rental: Total rent of VND33,057,193,200 (equivalent to US\$1,581,720) for the duration of the lease paid in two tranches before 31 December 2012, which has been fully paid. (ii) Maintenance: maintenance fees for public facilities of up to VND72,000,000 (equivalent to US\$2,880) per month. (iii) Utilities and other charges: Utilities and other ancillary charges will be charged based on actual consumption.

Directors' Report

Date	Duration of the lease	Description of the property leased (the "Vietnam Leased Premises")	Amounts payable
1 May 2014 (as amended by the supplemental agreement dated 15 January 2018)	From 1 May 2014 to 11 January 2055	Factory in Section C of Bau Xeo Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam with a total area of 21,170 square metres	<ul style="list-style-type: none"> (i) Rental: Total rent of VND55,648,380,094 (equivalent to US\$2,637,639) for the duration of the lease which has been fully paid as of the date of the agreement. (ii) Maintenance: maintenance fees for public facilities of up to VND112,950,000 (equivalent to US\$4,518) per month. (iii) Utilities and other charges: Utilities and other ancillary charges will be charged based on actual consumption.
1 July 2015 (as amended by the supplemental agreement dated 15 January 2018)	From 1 July 2015 to 11 January 2055	Factory in Section E of Bau Xeo Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam with a total area of 3,600 square metres	<ul style="list-style-type: none"> (i) Rental: Total rent of VND6,727,698,864 (equivalent to US\$319,150.95) for the duration of the lease which has been fully paid as of the date of the agreement. (ii) Maintenance: maintenance fees for public facilities of up to VND30,000,000 (equivalent to US\$1,200) per month. (iii) Utilities and other charges: Utilities and other ancillary charges will be charged based on actual consumption.
1 July 2016	From 1 July 2016 to 11 January 2055	Factory in Section C of Bau Xeo Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam with a total area of 9,216 square metres	<ul style="list-style-type: none"> (i) Rental: Total rent of VND82,702,821,817 (equivalent to US\$3,723,132.39) for the duration of the lease which has been fully paid as of the date of the agreement. (ii) Maintenance: maintenance fees for public facilities of US\$768 per month. (iii) Utilities and other charges: Utilities and other ancillary charges will be charged based on actual consumption.

Directors' Report

Each of the Vietnam Lease Agreements has a term commencing from the date of signing to 11 January 2055 with rental to be paid at the beginning of the respective agreement for the entire term. Starite Vietnam would also pay maintenance fees for public facilities, utilities and other ancillary charges to Pou Sung Vietnam on a monthly basis under the Vietnam Lease Agreements. The rental payable and maintenance fees for public facilities under each of the Vietnam Lease Agreements was decided by reference to the market rate at the prevailing time. Utilities and other ancillary charges will be charged based on actual consumption. Starite Vietnam may terminate the Vietnam Lease Agreements by providing Pou Sung Vietnam nine months' prior written notice. However, Pou Sung Vietnam will not return any lease payment to Starite Vietnam if Starite Vietnam will terminate any of the Vietnam Lease Agreements before the end of the term but Starite Vietnam will not be liable to pay any of the maintenance, and utilities and other charges.

During the year ended 31 December 2025, the maintenance fee and utilities and other ancillary charges paid to Pou Sung Vietnam amounted to US\$158,000 and US\$521,000, respectively, which did not exceed the annual cap of US\$160,000 and US\$600,000, respectively, as set out in the Company's announcement dated 19 December 2024.

Property Management Agreement

On 19 December 2024, Starite Vietnam and Pou Sung Vietnam entered into a master property management agreement for a term from 1 January 2025 to 31 December 2025 (the "**2024 Property Management Agreement**"), pursuant to which, Pou Sung Vietnam as the service provider provided property management services to Starite Vietnam as the customer for the Vietnam Leased Properties at a fixed rate per worker at the Vietnam Leased Premises per month.

During the year ended 31 December 2025, property management fees paid to Pou Sung Vietnam amounted to US\$351,000, which did not exceed the annual cap of US\$420,000 as set out in the Company's announcement dated 19 December 2024.

Annual review by the independent non-executive Directors and auditor on the continuing connected transaction

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, being the Company's independent auditor, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" and with reference to Practice Note 740 (Revised) "*Auditor's Letter on Continuing Connected Transactions under the Hone Kong Listing Rules*" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unmodified letter containing their findings and conclusions in respect of the continuing connected transactions related to maintenance fee, utilities and other ancillary charges, and property management fees paid to Pou Sung Vietnam during the year ended 31 December 2025 disclosed above to the Board in accordance with Rule 14A.56 of the Listing Rules.

The Company confirms that it has complied with the disclosure requirements in accordance with chapter 14A of the Listing Rules.



Directors' Report

PERFORMANCE ON THE NON-COMPETITION UNDERTAKING

Each of Prosperous BVI, Mr. Yeung, Mr. Herman Yeung, Mr. Yeung Chak Fung, Mr. Philip Yeung, Mr. Edmond Yeung, Mr. Tony Yeung and Mr. Theodore Yeung (together, the “**Controlling Shareholders**”) and Mrs. Yeung (deceased) has entered into a deed of non-competition (“**Deed of Non-competition**”) dated 26 June 2018 with the Company to the effect that each of them will not directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with the business of the Group from time to time.

Each of the Controlling Shareholders has provided a written confirmation (the “**Confirmation**”) to the Company confirming that he/it has fully complied with the Deed of Non-competition for the Year. Based on the Confirmation, the independent non-executive Directors have reviewed on behalf of the Company the compliance with the Deed of Non-competition and are satisfied that the Controlling Shareholders have fully complied with the terms for the year ended 31 December 2025 and no new competing business was reported by the Controlling Shareholders throughout the Year.

The Company is not aware of any other matters regarding the compliance of the undertakings in the Deed of Non-competition and there has not been any change in the terms of the Deed of Non-Competition during the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within knowledge of the Directors, the Company has maintained a sufficient public float throughout the Year and as at the date of this Directors' report.

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 128. This summary does not form part of the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Memorandum and Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands.



Directors' Report

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 securities.

AUDIT COMMITTEE

The Audit Committee has discussed with the management and the external auditor of the Group and reviewed the annual results of the Group for the Year, including the accounting principles and practices adopted by the Group, and financial related matters.

AUDITOR

Ernst & Young will retire at the conclusion of the 2026 AGM and, being eligible, will offer themselves for re-appointment. A resolution for their re-appointment as auditor of the Company will be proposed at the 2026 AGM.

On behalf of the Board

Yeung Shu Kin
Chairman

Hong Kong
20 March 2026



Corporate Governance Report

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Corporate Governance Code as stated in Appendix C1 to the Listing Rules for the year ended 31 December 2025. The Board and the management of the Group consider that maintaining a well-established corporate governance practices and procedures is the key to success, and firmly believe that the principles of transparency, accountability and independence are essential for upholding the interests of the stakeholders and maximizing Shareholders' value.

The Board is committed to excellence in corporate governance. It is responsible for developing and reviewing the Company's policies and practices on corporate governance as well as compliance with legal and regulatory requirements.

NON-COMPLIANCE WITH RULES 3.10(1), 3.10A, 3.21 AND 3.27A OF THE LISTING RULES

References are made to the announcements of the Company dated 18 November 2025 and 16 February 2026 (the "Announcements"), in relation to, among other things, the resignation of Mr. Wong Kwun Ho ("**Resignation**") as an independent non-executive Director and the resulting non-compliance with Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules.

As disclosed in the Announcements, following the Resignation, (i) the number of the independent non-executive Directors and the composition of the audit committee of the Company fell below the minimum number required under Rules 3.10(1), 3.10A and 3.21 of the Listing Rules; and (ii) the Company also failed to meet the requirement under Rule 3.27A of the Listing Rules that the nomination committee of the Company must be chaired by the chairman of the board or an independent non-executive director and comprising a majority of independent non-executive directors. Pursuant to Rules 3.11, 3.23 and 3.27C of the Listing Rules, the Company shall appoint additional independent non-executive Director within three months after failing to meet the requirements under Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules (i.e. by 17 February 2026), in order to re-comply with the aforesaid requirements.

The Company has used its best effort to identify a suitable candidate to fill the vacancies arising from the Resignation. The Company has applied to and the Stock Exchange has granted, an extension of the grace periods to re-comply with the requirements under Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules to 12 March 2026. The Company will use its best endeavors to ensure that a suitable candidate will be appointed as soon as practicable and will make further announcement(s) as and when appropriate.

On 20 March 2026, the Company appointed Ms. Sze Tak On as a member of the nomination committee of the Company, and re-designated Mr. Herman Yeung as the chairman of the nomination committee of the Company. Since then, the Company has re-complied with Rules 3.27A of the Listing Rules.

CORPORATE CULTURE

As a leading manufacturer with multinational production facilities, the Group strictly adheres to its codes of conduct to ensure its workplaces are environmentally friendly and safe.

The Group conducts business with honesty and integrity; strives to build long-term relationships with its customers through mutual growth; and believes that continued devotion of the people is the key to the success of anything. In high spirits, the Group is gearing up for the next phase of growth and make its vision of becoming the leading player in fulfilling people's bag-carrying needs come true.

Corporate Governance Report

BOARD OF DIRECTORS

Board Composition

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making, which assumes the responsibility for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The Board currently comprises the following Directors:

Executive Directors

Mr. Yeung Shu Kin (*Chairman*) ⁽¹⁾

Mr. Yeung Shu Kai⁽¹⁾

Mr. Yeung Wang Tony⁽¹⁾

Non-executive Directors

Mr. Chau Chi Ming

Mr. Shih Chih-Hung⁽²⁾

Independent Non-executive Directors

Mr. Chiu Che Chung Alan

Ms. Sze Tak On

Notes:

- (1) Mr. Yeung Shu Kin, Mr. Yeung Shu Kai and Mr. Yeung Shu Hung, the chief executive officer of the Company, are brothers. They are also the uncle of Mr. Yeung Wang Tony.
- (2) Mr. Shih Chih-Hung has obtained legal advice under Rule 3.09D of the Listing Rules on 28 July 2025. He has confirmed he understood his obligations as a director of a listed issuer.

The biographical details of all Directors are set out on pages 5 to 7 of this annual report. To the best knowledge of the Company, save as disclosed under the section headed "Biographies of Directors and Senior Management", there is no financial, business, family or other material or relevant relationships among members of the Board.

As at the date of this report, the Chairman is Mr. Yeung Shu Kin, whilst the chief executive officer of the Company (the "**Chief Executive Officer**") is Mr. Yeung Shu Hung. The Company has complied with code provision C.2.1 of Part 2 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules, which stipulates that the chairman and chief executive should be separate and should not be performed by the same individual. The Chairman is responsible for providing overall management and strategic development of the Group. The Chief Executive Officer is responsible for overseeing all aspects of the operations and strategic planning, formulation of corporate policies and new business initiatives.

Corporate Governance Report

Independent Non-executive Directors

During the period from 1 January 2025 to 18 November 2025, the Board met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with Ms. Sze Tak On, one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The role of independent non-executive Directors is to provide independent and unbiased opinions to the Board, giving adequate control and balances for the Group to protect the overall interests of the shareholders and the Group. Independent non-executive Directors serve actively on the Board and the Committees of the Board to provide their independent, constructive and informed comments.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Board Independence Mechanism

The Company recognises that Board independence is pivotal in good corporate governance and Board effectiveness.

The Board has established mechanisms to ensure independent views and input from any Director of the Company are conveyed to the Board for enhancing an objective and effective decision making.

The governance framework and the following mechanisms are reviewed annually by the Board, to ensure their effectiveness:

1. Three out of eight Directors should be independent non-executive Directors, which meets the requirements of the Listing Rules that the Board must have at least three independent non-executive Directors and must appoint independent non-executive Directors representing at least one-third of the Board.
2. The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive Director and the contribution to the diversity of the Board according to the board diversity policy adopted by the Company from time to time before appointment and also the continued independence of existing independent non-executive Directors and their time commitments annually. On an annual basis, all independent non-executive Directors are required to confirm in writing their compliance of independence requirements pursuant to Rule 3.13 of the Listing Rules, and to disclose the number and nature of offices held by them in public companies or organisations and other significant commitments.
3. External independent professional advice is available as and when required by individual Directors.
4. All Directors are encouraged to express freely their independent views and constructive challenges during the Board/Board Committee meetings.
5. No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors.

Corporate Governance Report

6. A Director (including independent non-executive Director) who has a material interest in a contract, arrangement or other proposal shall not vote or be counted in the quorum on any Board resolution approving the same.
7. The chairman of the Board meets with independent non-executive Directors annually without the presence of the executive Director and non-executive Directors.

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. Accordingly, selection of candidates to the Board is based on a range of diversity perspectives, including but not limited to gender, age, length of services, cultural and educational background, or professional experience, having due regard to the Company's own business model and specific needs from time to time.

The Company considers that the Board possesses a balance of skills and experience which are appropriate for the requirements of the business of the Group. A balanced composition of executive, non-executive and independent non-executive Directors also generates a strong independent element on the Board, which allows independent and objective decision making process for the best interest of the Group. The composition of the Board is reviewed by the Company from time to time to ensure the Board has a balance of skills and experience appropriate for the requirements of the business of the Company.

The Board comprises seven members, including three executive Directors, two non-executive Directors and two independent non-executive Directors. The Directors have a balanced mix of experiences, including overall management and strategic development, quality assurance and control, business and risk management, and finance and accounting experiences in addition to manufacturing experiences. Furthermore, the Board has a wide range of age, ranging from 45 years old to 77 years old, the Nomination Committee considers that the composition of the Board satisfies the board diversity policy and achieved gender diversity.

The Group's gender diversity is reflected in the workforce throughout the Group for the year ended 31 December 2025. As of the date of this annual report, 71% of the Group's total workforce (including senior management) are female. The Company targets to maintain a high level of female representation in the Group's workforce.

Appointment and Re-election of Directors

All the non-executive/independent non-executive Directors are appointed for a specific term of one year, subject to renewal after the expiry of the then current term.

The Company's Articles of Association provides that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first annual general meeting after appointment.

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

Corporate Governance Report

Responsibilities of the Directors

The Board is primarily responsible for overseeing and managing the Company's affairs, including the responsibilities for the adoption of long-term strategies and appointing and supervising senior management to ensure that the operation of the Group is conducted in accordance with the objective of the Group.

The Board is also responsible for determining the Company's corporate governance policies which include:

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

During the year ended 31 December 2025, the Board had performed the above-mentioned corporate governance functions by reviewing the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and the senior management, who fulfill their duties within their scope of authority and responsibility. Divisional heads are responsible for different aspects of the businesses. Major functions delegated to management include preparation of annual and interim results; execution of business strategies and initiatives adopted by the Board; implementation of adequate risk management and internal control systems; and compliance with the relevant statutory requirements. The functions and power that are so delegated are reviewed periodically by the Company to ensure that they remain appropriate.

Financial Reporting

The Directors acknowledge their responsibility for preparing, with support from the accounting department, the consolidated financial statements of the Group. In preparing the consolidated financial statements for the Year, the requirements of the Hong Kong Financial Reporting Standards (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Listing Rules and the Hong Kong Companies Ordinance were complied with. The consolidated financial statements of the Group were prepared on a going concern basis. The reporting responsibilities of the Company's external auditor, Ernst & Young, are set out in the Independent Auditor's Report on pages 43 to 47.

Corporate Governance Report

Continuous Professional Development of Directors

Every newly appointed Director will receive an information package from the Company Secretary on the first occasion of his appointment. This information package is a comprehensive, formal and tailored induction on the responsibilities and on-going obligations to be observed by a Director pursuant to the Companies Ordinance, the Listing Rules and the SFO. In addition, this information package includes material which briefly describes the operations and business of the Company. Directors will be continuously updated on major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

The Company provides regular updates and presentations on changes and developments relating to the Group's business and the legislative and regulatory environments to the Directors at regular Board meetings.

The Directors are committed to complying with code provision C.1.4 of Part 2 of the CG Code and all Directors have participated in continuous professional development to develop and refresh their knowledge and skills and provided a record of training they received for the year ended 31 December 2025 to the Company.

The individual training record of each Director received for the Year is summarised as follows:

Directors	Type of continuous professional development programmes
Mr. Yeung Shu Kin	B
Mr. Yeung Shu Kai	B
Mr. Yeung Wang Tony	B
Mr. Chau Chi Ming	A
Mr. Shih Chih-Hung	A
Mr. Chiu Che Chung Alan	A/B
Ms. Sze Tak On	A

Notes:

A: attending seminars/forums/workshops/conferences/training course relevant to the business or directors' duties.

B: reading regulatory updates.

Corporate Governance Report

Board Meetings

Pursuant to code provisions of the CG Code, meetings of the Board should be held at least four times a year at approximately quarterly intervals and notice of at least 14 days should be given of a regular board meeting. Agendas and accompanying papers shall be sent not less than 3 days before the date of Board meeting to ensure that the Directors are given sufficient time to review the documents.

The Board is responsible for the approval and monitoring of the Company's overall strategies and policies, approval of business plans, evaluating the performance of the Group and oversight of management. It is also responsible for promoting the success of the Company and its businesses by directing and supervising the Company's affairs.

Notice of the Board meeting, agenda and Board papers were sent to the Directors in a timely manner before the meeting.

Appropriate insurance cover has been arranged by the Company in respect of relevant actions against its Directors.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the HKEXnews website and are available to Shareholders upon request.

Audit Committee

The Audit Committee consists of two independent non-executive Directors namely Ms. Sze Tak On and Mr. Chiu Che Chung Alan. The chairperson of the Audit Committee, Ms. Sze Tak On, possesses appropriate professional qualifications in finance and accounting and meets the requirements of Rule 3.21 of the Listing Rules.

The duties of the Audit Committee are:

- (a) to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
- (b) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgments contained in them;
- (c) to review the Company's financial controls, risk management and internal control systems; and
- (d) to discuss the risk management and internal control system with management to ensure that management has performed its duty to have effective systems.

Corporate Governance Report

During the year ended 31 December 2025, the Audit Committee passed several written resolutions and held 2 meetings with the external auditor and without the presence of the executive Directors. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditor.

The major works performed during the Year are as follows:

- reviewing and recommending for the Board's approval the financial results and reports for the year ended 31 December 2024;
- reviewing and recommending for the Board's approval the interim report for the six months ended 30 June 2025;
- recommending to the Board of the re-appointment of external auditor for the year ended 31 December 2025;
- reviewing the Company's performance in achieving agreed corporate goals and objectives;
- reviewing certain aspects of the internal control systems and recommending for the Board's approval of the Group; and
- assisting the Board in meeting its responsibilities for evaluating, establishing and maintaining effective risk management and internal control systems of the Group.

The Group's annual results for the year ended 31 December 2025 have been reviewed by the Audit Committee.

Remuneration Committee

The Remuneration Committee consists of one executive Director, being Mr. Yeung Shu Kin, and two independent non-executive Directors, being Mr. Chiu Che Chung Alan (Committee Chairman) and Ms. Sze Tak On.

The duties of the Remuneration Committee are:

- (a) to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for development of such policy;
- (b) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (c) to determine the remuneration packages of individual executive Directors and senior management, which should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) to determine the remuneration of non-executive Directors; and
- (e) the remuneration packages are determined with reference to the time commitment and responsibilities of each individual, the Company's performance and the prevailing market conditions.

Regular reviews are conducted on Directors' remuneration package with reference to companies with comparable business or scale and appropriate adjustments are proposed.

Corporate Governance Report

During the year ended 31 December 2025, the Remuneration Committee passed two written resolutions and held one meeting to consider and approving the following:

- reviewing and determining the 2024 performance/discretionary bonus to the senior management; and
- reviewing the policy and structure of the remuneration packages for Directors and senior management of the Company.

The remuneration of the Directors and the members of senior management for the Year by band is set out below:

	Number of Individuals
Nil – HK\$2,000,000	6
HK\$2,000,001 – HK\$4,000,000	3
HK\$4,000,001 – HK\$6,000,000	2

Further particulars in relation to Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in notes 9 and 10 to the financial statements respectively.

Nomination Committee

The Nomination Committee consists of one executive Director, being Mr. Yeung Shu Kin (Committee Chairman), and two independent non- executive Directors, being Mr. Chiu Che Chung Alan and Ms. Sze Tak On.

The duties of the Nomination Committee are:

- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis (at least annually) and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (c) to assess the independence of independent non-executive Directors; and
- (d) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the Chief Executive Officer.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, length of service, cultural and educational background, or professional experience. 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.

Corporate Governance Report

During the year ended 31 December 2025, the Nomination Committee held one meeting to consider and approving the following:

- reviewing the structure, size and composition of the Board;
- assessing the independence of the independent non-executive Directors of the Company; and
- reviewing and making recommendations to the Board on the re-election of Directors who are subject to retirement from office by rotation at the forthcoming annual general meeting of the Company.

DIRECTOR APPOINTMENT POLICY

Director Appointment Policy of the Group (the “**Director Appointment Policy**”) is in place and was adopted in writing by the Board on 1 March 2018. The Director Appointment Policy sets out the procedures, process and criteria for identifying and recommending candidates for election to the Board.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each of the Directors at the Board meetings, and meetings of the committees for the year ended 31 December 2025 is set out as follows:

Name of Directors	Board Meeting	Attended/Eligible to attend			Annual General Meeting
		Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	
Number of meetings held	4	2	1	1	1
Executive Directors					
Mr. Yeung Shu Kin	4/4	N/A	1/1	1/1	1/1
Mr. Yeung Shu Kai	4/4	N/A	N/A	N/A	1/1
Mr. Yeung Wang Tony	4/4	N/A	N/A	N/A	1/1
Non-executive Directors					
Mr. Chau Chi Ming	4/4	N/A	N/A	N/A	1/1
Mr. Lin Wang-Chyan (<i>resigned on 31 July 2025</i>)	1/1	N/A	N/A	N/A	0/1
Mr. Shih Chih-Hung (<i>appointed on 31 July 2025</i>)	3/3	N/A	N/A	N/A	N/A
Independent Non-executive Directors					
Mr. Chiu Che Chung Alan	4/4	2/2	1/1	1/1	1/1
Ms. Sze Tak On	4/4	2/2	1/1	N/A	1/1
Mr. Wong Kwun Ho (<i>resigned on 18 November 2025</i>)	3/3	2/2	N/A	1/1	1/1

In addition, the Chairman held meeting with the non-executive Directors and the independent non-executive Directors, without the presence of executive Directors, in March 2025.



Corporate Governance Report

Risk Management and Internal Control Systems

The Board acknowledges its responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining sound and effective risk management and internal control systems to safeguard the interests of shareholders and the Group's assets. The Board also acknowledges its responsibility for overseeing the Group's risk management, financing reporting, and internal control systems on an ongoing basis and reviewing their effectiveness at least annually through the Audit Committee. The Audit Committee assists the Board in fulfilling its oversight and corporate governance roles in the Group's financial, operational, compliance, risk management and internal controls, and the resourcing of the finance and internal audit functions.

To this end, appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. Besides, management continues to allocate resources for the risk management and internal control systems to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.

The Board, through the Audit Committee, has delegated the internal audit function to an independent external assurance provider, who has conducted a review on the adequacy and effectiveness of the Group's risk management and internal control systems for the year 2025. The Audit Committee reviewed the effectiveness of the Group's risk management and internal control systems by reviewing the reports issued by the Group's internal audit function, and internal control self-assessment from management.

The Audit Committee reviewed and concurred with the management's confirmation that for the year ended 31 December 2025: (i) the Group's risk management and internal control systems were effective; and (ii) the Group had complied satisfactorily with the requirements of the Corporate Governance Code in respect of risk management and internal control systems.

The Board, through the Audit Committee, leads and provides direction to management by laying down strategies and overseeing their implementation by management, monitors the Group's operational and financial performance, and ensures that sound risk management and internal control systems are in place.

The Board reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programmes, on the Group's accounting, financial reporting and internal audit functions.

The Board, through delegation of its authority to an environmental, social and governance working group, is also responsible for reviewing the Company's corporate social responsibility strategies, principles and policies; setting guidelines, direction and overseeing practices and procedures; and monitoring progress on the Company's corporate social responsibility and related activities.

The following highlights the key risk management measures under the Group's "Three Lines of Defence" model and enhancements made by the Group for the year 2025.

Corporate Governance Report

1st line of defence – Risk management

- Management conducted an annual Internal Control Self-Assessment for the year 2025. Management confirmed that appropriate internal control policies and procedures have been established and complied with.
- Various policies, procedures and guidelines are in place with defined authority for effective segregation of duties, controls and risk management, and they are subject to regular review.
- The Group's anti-bribery and anti-corruption guidelines are in place to set out minimum standards in recognizing circumstances which may lead to or give the appearance of involving corruption or unethical business conduct, to help avoid conduct which is clearly prohibited, and to encourage everyone in the Group to seek appropriate guidance promptly when needed.
- The Group's whistleblowing policy is in place to facilitate internal reporting of any malpractice and unethical conduct within the Group without fear of reprisal and victimization.

2nd line of defence – Risk oversight

- The Group's Enterprise Risk Management ("**ERM**") Policy is developed to outline the principles, governance, roles and responsibilities, and approach within a coherent risk management framework that addresses and prioritises risks that are material and relevant to the Group's corporate goals.
- The Group's ERM Framework aims to help management assess and manage risks arising from and associated with new business activities and environments, including emerging risks. An integrated risk assessment approach was adopted to address risks across various subsidiaries of the Group, to assess those risks on an integrated group-wide basis.

3rd line of defence – Independent assurance

- The external assurance provider takes up the internal audit function, who is responsible for conducting independent reviews of the adequacy and effectiveness of the Group's internal control systems and reporting the review results regularly to the Board through the Audit Committee.

For internal audit, a risk-based approach is adopted. The three years' work plan of external assurance provider for internal audit, is subject to review annually, covers major activities and processes of the Group's operations, businesses and service units. The results of these audit activities are communicated to the Audit Committee and key members of senior management of the Group. Audit issues are tracked, followed up for proper implementation, and their progress are reported to the Audit Committee and senior management of the Group (as the case may be) periodically. The external assurance provider for internal audit provides independent assurance to the Board, the Audit Committee and the senior management of the Group on the adequacy and effectiveness of internal controls for the Group.



Corporate Governance Report

The Group's ERM Policy is established by the Board as an effective and adequate approach to be applied across the Group to manage the risks associated with its business and operations. This policy is designed to enhance enterprise risk management of the Group through a holistic and integrated framework so that all material risks faced by the Group are identified and appropriately managed to:

- i. promote consistent risk identification, measurement, reporting and mitigation;
- ii. set a common risk language to avoid any conflicting terminology or confusion in risk reporting;
- iii. develop and communicate policies on enterprise risk management and controls aligned with the business strategy; and
- iv. enhance reporting to provide transparency of risks across the Group.

The Company has adopted policies and procedures for assessing and, where prudent, improving the effectiveness of its risk management and internal control systems, including requiring the management of the Group at least annually to assess whether the risk management and internal control systems are functioning effectively in the belief that this will enhance the corporate governance of the Company and its business practices in the future. The Company regulates the handling and dissemination of inside information as set out in the Code of Conduct to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

GOING CONCERN

The Directors, having made appropriate enquiries, are of the view that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis in preparing the financial statements.

MODEL CODE OF CONDUCT OF DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' transactions in securities of the Company. After specific enquiry made by the Company, all of the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2025.

Corporate Governance Report

AUDITOR'S REMUNERATION

The remuneration paid to the external auditor of the Company, Ernst & Young, in respect of audit and non-audit services provided to the Group during the year ended 31 December 2025 was analysed below:

Services Category	Fees paid/ payable US\$'000
Audit services	
– Annual Audit	315
Non-audit services	
– Agree-upon procedures on interim financial information	64
– Other non-assurance services	10
– Tax compliance	18
	<hr/>
	407

COMPANY SECRETARY

Ms. Zhang Xiao (“**Ms. Zhang**”) has been appointed as the Company Secretary since 29 June 2020. Ms. Zhang has taken no less than 15 hours of relevant professional training for the Year in compliance with Rule 3.29 of the Listing Rules. Ms. Zhang is delegated by an external service provider and the primary corporate contact person in the Company is Mr. Tang Wing Yui, the financial controller of the Company.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the HKEXnews after each general meeting.

Convening an Extraordinary General Meeting and Putting Forward Proposals at General Meetings

Extraordinary general meetings may be convened by Directors on requisition of one or more shareholders holding, at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such requisition shall be made in writing to the Board or the Company Secretary by mail to Unit 1–2, 1/F, Join-In Hang Sing Centre, 71–75 Container Port Road, Kwai Chung, New Territories, Hong Kong, to require an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.



Corporate Governance Report

Shareholders who propose new resolutions at the general meetings can also follow the above procedures.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Unit 1–2, 1/F, Join-In Hang Sing Centre, 71–75 Container Port Road, Kwai Chung, New Territories, Hong Kong (marked for the attention of the Board of Directors or the Company Secretary)

Email: pihl@pihl.hk

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has adopted a shareholders' communication policy which aims to set out the provisions with the objective of ensuring that the Company's Shareholders, both individual and institutional, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

The Board of Directors shall maintain an on-going dialogue with Shareholders and the investment community, and will regularly review this policy to ensure its effectiveness.

Information shall be communicated to Shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meeting and other general meetings that may be convened, as well as by making available all the disclosures submitted to the HKEXnews website and its corporate communications and other corporate publications on the Company website.

Effective and timely dissemination of information to Shareholders and the investment community shall be ensured at all times. Any question regarding this policy shall be directed to the Company Secretary.



Corporate Governance Report

Having considered and reviewed the various existing channels of communication and the feedbacks from the Shareholders, investors and analysts, the Board considers that the Shareholders' communication policy has been properly implemented and effective during the year ended 31 December 2025.

Pursuant to a special resolution of the Shareholders passed on 19 June 2023, the existing Memorandum and Articles of Association of the Company were adopted. During the year ended 31 December 2025, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Articles of Association is also available on the website of the Company at www.pihl.hk and the website of the HKEXnews at www.hkexnews.hk.

Independent Auditor's Report



To the shareholders of Prosperous Industrial (Holdings) Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Prosperous Industrial (Holdings) Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 48 to 126, 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 (“**HKSAs**”) as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Independent Auditor's Report

KEY AUDIT MATTERS *(continued)*

Key audit matter

How our audit addressed the key audit matter

Valuation of investment properties at fair values

As at 31 December 2025, the aggregate carrying amounts of completed investment properties and investment properties under development of the Group measured at fair value were approximately US\$8,461,000 and approximately US\$11,769,000, respectively, with a fair value gain of approximately US\$4,915,000 in total being recognised for the year ended 31 December 2025. Significant management estimations are involved to determine the fair values of investment properties. The Group engaged an independent external valuer to perform valuations of completed investment properties and investment properties under development of the Group to support management's determination of the fair values.

Our audit procedures included, among others, (i) evaluating the independent external valuer's competence, capabilities and objectivity; and (ii) involving our internal valuation specialists to assist us to evaluate the valuation methodologies, key assumptions and parameters applied in the valuations by benchmarking market comparables and normal market practice.

Relevant disclosures are included in notes 2.4, 3 and 15 to the consolidated financial statements.



Independent Auditor's Report

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.

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 Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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



Independent Auditor's Report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional 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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(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 Fok Lai Ching (practising certificate number: P06559).

Ernst & Young

Certified Public Accountants

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

20 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 US\$'000	2024 US\$'000
REVENUE	5	238,751	243,612
Cost of sales		(180,640)	(182,858)
Gross profit		58,111	60,754
Other income and gains, net	6	5,174	5,635
Selling and distribution expenses		(13,415)	(13,173)
Administrative expenses		(18,814)	(18,310)
Impairment losses under expected credit loss model		(50)	(40)
Other expenses, net		(1,177)	(1,494)
Finance costs	7	(262)	(247)
PROFIT BEFORE TAX	8	29,567	33,125
Income tax expense	11	(5,022)	(3,283)
PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		24,545	29,842
OTHER COMPREHENSIVE INCOME/(LOSS)			
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>			
– Exchange differences on translation of foreign operations		1,120	(868)
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>			
Fair value gains of right-of-use assets upon transfer to investment properties	15	4,554	–
Income tax effect	26	(1,139)	–
Defined benefit plan			
– Actuarial gain	27(a)	4	49
– Income tax effect	26	(1)	(10)
Change in fair value of equity investment at fair value through other comprehensive income		–	115
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		3,418	154
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		4,538	(714)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		29,083	29,128
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	13		
Basic and diluted (US cent)		2.19	2.66

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 US\$'000	2024 US\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	10,739	12,239
Investment properties	15	20,230	8,615
Right-of-use assets	16(a)	16,143	12,678
Intangible assets	17	96	149
Equity investments at fair value through other comprehensive income	18	1,572	1,572
Prepayments, deposits and other receivables	21	3,271	4,581
Financial assets at fair value through profit or loss	22	219	195
Deferred tax assets	26	509	379
Total non-current assets		52,779	40,408
CURRENT ASSETS			
Inventories	19	37,897	41,600
Trade receivables	20	61,518	55,828
Prepayments, deposits and other receivables	21	5,382	5,501
Financial assets at fair value through profit or loss	22	327	508
Income tax recoverable		42	97
Time deposits	23	8,557	5,696
Cash and cash equivalents	23	77,187	70,918
Total current assets		190,910	180,148
CURRENT LIABILITIES			
Trade and bills payables	24	21,803	23,710
Other payables and accruals	25	16,609	15,577
Lease liabilities	16(b)	1,735	1,117
Income tax payables		5,480	6,541
Total current liabilities		45,627	46,945
NET CURRENT ASSETS		145,283	133,203
TOTAL ASSETS LESS CURRENT LIABILITIES		198,062	173,611

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 US\$'000	2024 US\$'000
NON-CURRENT LIABILITIES			
Other payables and accruals	25	73	28
Defined benefit obligations	27(a)	33	50
Lease liabilities	16(b)	5,481	1,383
Deferred tax liabilities	26	2,472	1,242
Total non-current liabilities		8,059	2,703
Net assets		190,003	170,908
EQUITY			
Share capital	28	1,436	1,436
Reserves	30(a)	188,567	169,472
Total equity		190,003	170,908

Yeung Shu Kin
Director

Yeung Shu Kai
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

		Attributable to shareholders of the Company									
		Share	Capital	Defined	Exchange	Asset	Fair value	Statutory	Retained	Total	
		Share	reserve	benefit	fluctuation	revaluation	reserve –	reserves	profits	equity	
Note	Share	premium	Capital	plan	reserve	reserve	financial	reserves	profits	equity	
	capital	account	reserve	reserve	reserve	reserve	assets	reserves	profits	equity	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
		(note 30(b))						(note 30(c))			
Year ended 31 December 2025											
	At 1 January 2025	1,436	28,633	19,052	617	(1,341)	3,910	(530)	458	118,673	170,908
	Profit for the year	-	-	-	-	-	-	-	-	24,545	24,545
	Other comprehensive income for the year:										
	- Exchange differences on translation of foreign operations	-	-	-	-	1,120	-	-	-	-	1,120
	- Actuarial gain of a defined benefit plan, net of tax	-	-	-	3	-	-	-	-	-	3
	- Fair value gains on right-of-use assets upon transfer to investment properties, net of tax	-	-	-	-	-	3,415	-	-	-	3,415
	Total comprehensive income for the year	-	-	-	3	1,120	3,415	-	-	24,545	29,083
	Transfer from retained profits	-	-	-	-	-	-	-	603	(603)	-
	Final 2024 dividend	-	-	-	-	-	-	-	-	(9,988)	(9,988)
	At 31 December 2025	1,436	28,633*	19,052*	620*	(221)*	7,325*	(530)*	1,061*	132,627*	190,003
Year ended 31 December 2024											
	At 1 January 2024	1,436	28,633	19,052	578	(473)	3,910	(645)	383	96,077	148,951
	Profit for the year	-	-	-	-	-	-	-	-	29,842	29,842
	Other comprehensive income/(loss) for the year:										
	- Exchange differences on translation of foreign operations	-	-	-	-	(868)	-	-	-	-	(868)
	- Actuarial gain of a defined benefit plan, net of tax	-	-	-	39	-	-	-	-	-	39
	- Change in fair value of an equity investment at fair value through other comprehensive income	-	-	-	-	-	-	115	-	-	115
	Total comprehensive income/(loss) for the year	-	-	-	39	(868)	-	115	-	29,842	29,128
	Transfer from retained profits	-	-	-	-	-	-	-	75	(75)	-
	Final 2023 dividend	-	-	-	-	-	-	-	-	(7,171)	(7,171)
	At 31 December 2024	1,436	28,633*	19,052*	617*	(1,341)*	3,910*	(530)*	458*	118,673*	170,908

* These reserve accounts comprise the consolidated reserves of US\$188,567,000 (2024: US\$169,472,000) in the consolidated statement of financial position as at 31 December 2025.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 US\$'000	2024 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		29,567	33,125
Adjustments for:			
Interest income	6	(2,840)	(2,557)
Finance costs		262	247
Depreciation of property, plant and equipment	8	3,188	3,457
Depreciation of right-of-use assets	8	2,133	2,182
Amortisation of intangible assets	8	110	158
Loss on disposal/write-off of items of property, plant and equipment, net	8	10	444
Write-off of investment properties	8	–	544
Impairment losses under expected credit loss model		50	40
Change in fair value of investment properties	8	(361)	98
Change in fair value of financial assets at fair value through profit or loss	8	152	(97)
Gain on disposal of financial assets at fair value through profit or loss	6	(7)	(187)
Write-back of impairment of obsolete inventories	8	(95)	(258)
		32,169	37,196
Decrease/(increase) in inventories		3,802	(3,167)
Increase in trade receivables		(5,741)	(6,640)
Decrease/(increase) in prepayments, deposits and other receivables		1,366	(563)
Increase/(decrease) in trade and bills payables		(1,908)	2,369
Increase in other payables and accruals		1,077	1,685
Decrease in defined benefit obligations		(12)	(86)
		30,753	30,794
Cash generated from operations		(6,088)	(3,755)
Income tax paid			
		24,665	27,039
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(1,691)	(1,728)
Proceeds from disposal of items of property, plant and equipment		238	89
Additions to intangible assets		(57)	(185)
Placement of time deposits with original maturity of more than three months when acquired		(20,049)	(18,812)
Withdrawal of time deposits with original maturity of more than three months when acquired		17,188	28,940
Decrease in financial assets at fair value through profit or loss		12	187
Interest received		2,840	2,557
Additions to investment properties		(5,948)	–
		(7,467)	11,048
Net cash flows from/(used in) investing activities			

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Note	2025 US\$'000	2024 US\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid		(262)	(247)
Principal portion of lease payments		(1,219)	(1,645)
Dividend paid		(9,988)	(7,171)
Total cash flows used in financing activities		(11,469)	(9,063)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		70,918	42,269
Effect of foreign exchange rate changes, net		540	(375)
CASH AND CASH EQUIVALENTS AT END OF YEAR		77,187	70,918
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position and consolidated statement of cash flows	23	77,187	70,918

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Prosperous Industrial (Holdings) Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the principal place of business of the Company is located at Unit 1–2, 1/F, Join-In Hang Sing Centre, 71–75 Container Port Road, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively, the “**Group**”) were principally involved in the manufacture and sale of sport bags, handbags and luggage bags.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Prosperous Holdings (Overseas) Limited, which was incorporated in the British Virgin Islands (the “**BVI**”).

Information about principal subsidiaries

Particulars of the Company’s principal subsidiaries as at 31 December 2025 are as follows:

Company name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Glorieux International (H.K.) Limited	Hong Kong	HK\$1	100	–	Provision of raw material sourcing services and trading of sport bags, handbags and luggage bags
廣州澤榮旅行用品有限公司 [^]	People’s Republic of China (“ PRC ”)/ Chinese mainland	HK\$92,000,000	–	100	Bag product development and design and property investment
Starite International Vietnam Limited	Vietnam	US\$2,500,000	–	100	Manufacture and sale of sport bags, handbags and luggage bags
東莞澤榮箱包有限公司 [^]	PRC/Chinese mainland	HK\$27,000,000	–	100	Manufacture and sale of sport bags, handbags and luggage bags
Starite (Cambodia) Co., Ltd.	Cambodia	US\$10,000,000	–	100	Manufacture and sale of sport bags, handbags and luggage bags
Prosperous Enterprises (Taiwan) Limited (“ PEL ”)	Taiwan	NT\$30,000,000	100	–	Provision of raw material sourcing services

[^] Registered as wholly-foreign-owned enterprises under PRC Law

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, 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 of the Company, result in particulars of excessive length.

Notes to Financial Statements

31 December 2025

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 (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for (i) equity investments at fair value through other comprehensive income; (ii) defined benefit obligations; (iii) investment properties; and (iv) financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in United States dollar (“**US\$**”) 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 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:

- (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 shareholders of the Company. 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.



Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

Basis of consolidation (continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation 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.

2.2 Changes in accounting policies and disclosures

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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 for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, 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. The amendments did not have any impact on the Group's financial statements.

Notes to Financial Statements

31 December 2025

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

31 December 2025

2. 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 Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company'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

31 December 2025

2. 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.

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.
- **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.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies

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;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (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.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies *(continued)*

Fair value measurement

The Group measures its defined benefit obligations, investment properties, equity investment at fair value through other comprehensive income and financial assets at fair value 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.

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.



Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies *(continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, financial assets, investment properties and inventories), 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. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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.

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.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost 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.

Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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 estimated useful lives of different categories of property, plant and equipment are as follows:

Freehold land	Not depreciated
Buildings	Over the shorter of lease terms of the relevant land and 20 to 42 years
Leasehold improvements	Over the shorter of lease terms and 4 to 10 years
Machinery and equipment	4 to 10 years
Furniture and fixtures	4 to 10 years
Motor vehicles	4 to 10 years

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.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies *(continued)*

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.

Properties under development for future use as investment properties have been accounted for in the same way as completed investment properties. Specifically, construction costs incurred for investment properties under development are capitalised as part of the carrying amounts of the investment properties under development. Investment properties under development are measured at fair value as at the end of the reporting period. Any difference between the fair values of the investment properties under development and their carrying amounts is recognised in profit or loss in the period in which they arise.

If the fair value of an investment property under development is at present not reliably determinable but is expected to be reliably determinable when construction is completed, such investment property under development is stated at cost until either its fair value becomes reliably determinable or development is completed, whichever is earlier.

If a property occupied by the Group as an owner-occupied property or under right-of-use assets 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 the policy stated under "Property, plant and equipment and depreciation" above.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies *(continued)*

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives include computer software and a licence, and are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The estimated useful lives of intangible assets with finite lives for the purpose of amortisation are as follows:

Computer software	3 to 8 years
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An intangible asset with an indefinite useful life includes a club membership and is tested for impairment annually either individually or at the cash-generating unit level. Such intangible asset is not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

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. 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:

Prepaid land lease payments	50 years
Leasehold land and buildings	3 to 44 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

31 December 2025

2. 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.

(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 motor vehicles, staff quarters and warehouses 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

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies *(continued)*

Leases *(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 other income 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 other income 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

31 December 2025

2. 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 other income in 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

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies *(continued)*

Investments and other financial assets (continued)

Subsequent measurement(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 as other income in profit or loss when the right of payment has been established.

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.

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.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies *(continued)*

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

31 December 2025

2. 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 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 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

31 December 2025

2. 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 amortised cost. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals and lease liabilities.

Subsequent measurement

After initial recognition, financial liabilities at amortised cost 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.

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.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

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 finance costs in profit or loss.

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.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies *(continued)*

Income tax (continued)

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, 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, 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.

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.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies *(continued)*

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.

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.

Sale of sport bags, handbags and luggage bags

Revenue from the sale of sport bags, handbags and luggage bags is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the sport bags, handbags and luggage bags.

Revenue from other sources

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies *(continued)*

Revenue recognition *(continued)*

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Rental income

Rental income is recognised on a time proportion basis over the lease terms.

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).

Employee benefits

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 those 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 employees of the Group's subsidiaries which operate in the Chinese mainland, Vietnam and Cambodia are required to participate in central pension schemes or social security schemes operated by local governments, the assets of which are held separately from those of the Group. Contributions are made by the subsidiaries based on a percentage of the participating employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes and social security schemes. The employer contributions vest fully once made.

The Group also operates a defined contribution retirement benefit scheme under the Labour Pension Act of Taiwan for its employees recruited on and subsequent to 1 July 2005 by the Group's subsidiary in Taiwan. Based on the Labour Pension Act of Taiwan, the Group's monthly contribution to individual pension accounts of employees covered by the defined contribution plan is at 6% of monthly salaries and wages. The funds are deposited in individual labour pension accounts at the Bureau of Labour Insurance of Taiwan.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies *(continued)*

Employee benefits *(continued)*

Defined benefits plans

The Group operates a defined benefit pension plan in Taiwan. The plan requires contributions to be made to a separately administered fund and the benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from the defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under “cost of sales” and “administrative expenses” in profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

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 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.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES *(continued)*

2.4 Material accounting policies *(continued)*

Foreign currencies

These financial statements are presented in the US dollar, 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).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the US\$. As at the end of the reporting period, the assets and liabilities of these entities are translated into the US\$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into the US\$ 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.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into the US\$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into the US\$ at the weighted average exchange rates for the year.

Notes to Financial Statements

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.

The major judgements, estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

Estimation of fair values of investment properties

The primary evidence of fair value is derived from current prices in an active market for properties of a similar nature, use and location. In the absence of such direct information, the Group evaluates alternative pricing indicators, including the income capitalisation approach by which fair value is determined by capitalising prevailing rental income using a market-derived capitalisation rate appropriate for the property's investment risk profile. For investment property still in its early stage of construction, fair value is estimated by considering the fair value of the land as a vacant development site based on price evidence from active land market plus the accrued construction costs incurred to date. The information about the fair values of investment properties is disclosed in note 15 to the financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Income tax

The Group is subject to income taxes in Hong Kong, Chinese mainland, Vietnam, Cambodia and overseas. The Group carefully evaluates tax implications of its transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations, of which the ultimate tax determination is uncertain during the ordinary course of business. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provision in the periods in which such determination is made. The carrying amount of current tax payables carried as liabilities in the consolidated statement of financial position as at 31 December 2025 was US\$5,480,000 (2024: US\$6,541,000).

Notes to Financial Statements

31 December 2025

4. OPERATING SEGMENT INFORMATION

Operating segment information

No operating segment information is presented as the Group only operates in one single operating segment, i.e., the manufacturing and sale of sport bags, handbags and luggage bags.

Geographical information

(a) Revenue from external customers

	2025 US\$'000	2024 US\$'000
The United States of America (the "USA")	66,461	65,103
Chinese mainland	37,002	30,977
Belgium	32,478	34,381
Netherlands	20,362	18,358
Japan	17,672	16,225
Italy	11,539	16,336
Others	53,237	62,232
Total revenue	238,751	243,612

The revenue information above is based on the destination of goods delivered, irrespective of the origin of the goods.

Notes to Financial Statements

31 December 2025

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

(b) Non-current assets

	2025 US\$'000	2024 US\$'000
Chinese mainland	26,042	16,401
Vietnam	13,276	11,176
Taiwan	5,296	4,703
Cambodia	3,609	4,146
Others	375	365
Total non-current assets	48,598	36,791

The non-current asset information above is based on the locations of the assets and excludes financial instruments, deferred tax assets, certain other receivables and deposits.

Information about major customers

During the year, the Group had transactions with three (2024: three) external customers, the sales to which individually contributed over 10% of the Group's total revenue. The revenue generated from sales to each of these customers is set out below:

	2025 US\$'000	2024 US\$'000
Customer A	88,504	91,162
Customer B	74,510	62,808
Customer C	41,390	58,415

Notes to Financial Statements

31 December 2025

5. REVENUE

Revenue represents sales of sport bags, handbags and luggage bags.

(a) Disaggregation of revenue

	2025 US\$'000	2024 US\$'000
By geographical markets		
The USA	66,461	65,103
Chinese mainland	37,002	30,977
Belgium	32,478	34,381
Netherlands	20,362	18,358
Japan	17,672	16,225
Italy	11,539	16,336
Others*	53,237	62,232
Total revenue from contracts with customers	238,751	243,612

* Including countries with sales less than 5% of total balance for the year, e.g. United Kingdom, Canada, Korea, etc.

	2025 US\$'000	2024 US\$'000
By product category		
Sales of outdoor and sporting bags	201,947	206,846
Sales of fashion and casual bags	24,979	24,692
Sales of functional bags	11,797	11,203
Sales of other products	28	871
Total revenue from contracts with customers	238,751	243,612
By timing of revenue recognition		
Goods transferred at a point of time	238,751	243,612

The revenue recognised during the year ended 31 December 2024 that was included in contract liabilities as at 1 January 2024 amounted to US\$130,000. No revenue recognised during the years ended 31 December 2025 and 2024 related to performance obligations satisfied or partially satisfied in previous years.

Notes to Financial Statements

31 December 2025

5. REVENUE (continued)

(b) Performance obligation

Sale of sport bags, handbags and luggage bags

The performance obligation is satisfied upon delivery of the sport bags, handbags and luggage bags and payment is generally due within 15 to 105 days from delivery.

6. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net is as follows:

	2025 US\$'000	2024 US\$'000
Other income		
Bank interest income	2,840	2,557
Gross rental income from investment property operating leases, fixed payment	456	951
Charges levied on customers	769	463
Government grants*	12	7
Others	655	354
Total other income	4,732	4,332
Gains, net		
Foreign exchange gains, net	49	1,029
Fair value gains on investment properties	361	–
Gain on disposal of financial assets at fair value through profit or loss	7	187
Gain on sale of scrap materials	25	87
Total gains, net	442	1,303
Total other income and gains, net	5,174	5,635

* There are no unfulfilled conditions or contingencies relating to these grants.

7. FINANCE COSTS

	2025 US\$'000	2024 US\$'000
Interest on lease liabilities	262	247

Notes to Financial Statements

31 December 2025

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2025 US\$'000	2024 US\$'000
Cost of inventories sold		177,418	179,637
Depreciation of property, plant and equipment	14	3,188	3,457
Less: Amount included in cost of sales		(1,832)	(1,957)
		1,356	1,500
Depreciation of right-of-use assets	16(a)	2,133	2,182
Less: Amount included in cost of sales		(1,479)	(1,521)
		654	661
Amortisation of intangible assets*	17	110	158
Less: Amount included in cost of sales		(6)	(1)
		104	157
Lease payments not included in the measurement of lease liabilities	16(c)	1,037	435
Auditor's remuneration		325	324
Employee benefit expense (including directors' remuneration):			
Salaries, allowances and benefits in kind		61,072	60,387
Defined contribution scheme contributions#		1,864	1,991
Net benefit expense of a defined benefit plan	27(a)	1	2
		62,937	62,380
Less: Amount included in cost of sales		(45,749)	(46,290)
Total		17,188	16,090
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		44	69
Changes in fair value of investment properties	15	(361)	98
Research and development costs		2,759	2,429
Loss on disposal/write-off of items of property, plant and equipment, net**		10	444
Write-off of investment properties**	15	-	544
Changes in fair value of financial assets at fair value through profit or loss**		152	(97)
Write-back of impairment of obsolete inventories***		(95)	(258)

Notes to Financial Statements

31 December 2025

8. PROFIT BEFORE TAX *(continued)*

* The amortisation of intangible assets are included in the following line items on the face of the consolidated statement of profit or loss and other comprehensive income:

	2025 US\$'000	2024 US\$'000
Cost of sales	6	1
Selling and distribution expenses	7	6
Administrative expenses	97	151
Total	110	158

** These amounts are included in "Other expenses, net" on the face of the consolidated statement of profit or loss and other comprehensive income.

*** This amount is included in "Cost of sales" on the face of the consolidated statement of profit or loss and other comprehensive income.

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to The Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation, is as follows:

	2025 US\$'000	2024 US\$'000
Fees	83	87
Other emoluments:		
Salaries, allowances and benefits in kind	1,044	1,048
Discretionary bonus	603	797
Defined contribution scheme contributions	14	21
Subtotal	1,661	1,866
Total	1,744	1,953

Notes to Financial Statements

31 December 2025

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

An analysis of the directors' and chief executive's remuneration, on a named basis, is as follows:

Year ended 31 December 2025

	Fees US\$'000	Salaries, allowances and benefits in kind US\$'000	Discretionary bonus US\$'000	Defined contribution scheme contributions US\$'000	Total US\$'000
Executive directors:					
Mr. Yeung Shu Kin	-	292	192	-	484
Mr. Yeung Shu Kai	-	212	154	-	366
Mr. Yueng Wang Tony	-	248	-	12	260
Non-executive directors:					
Mr. Chau Chi Ming	-	-	-	-	-
Mr. Lin Wang Chyan*	-	-	-	-	-
Mr. Shih Chih-Hung**	-	-	-	-	-
Independent non-executive directors:					
Mr. Chiu Che Chung Alan	28	-	-	-	28
Ms. Sze Tak On	28	-	-	-	28
Mr. Wong Kwun Ho [#]	27	-	-	-	27
Chief executive:					
Mr. Yeung Shu Hung	-	292	257	2	551
Total	83	1,044	603	14	1,744

* Appointed as a non-executive director on 19 July 2024 and resigned on 31 July 2025.

** Appointed as a non-executive director on 31 July 2025.

[#] Appointed as an independence non-executive director on 28 March 2024 and resigned on 18 November 2025.

Notes to Financial Statements

31 December 2025

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

An analysis of the directors' and chief executive's remuneration, on a named basis, is as follows: *(continued)*

Year ended 31 December 2024

	Fees US\$'000	Salaries, allowances and benefits in kind US\$'000	Discretionary bonus US\$'000	Defined contribution scheme contributions US\$'000	Total US\$'000
Executive directors:					
Mr. Yeung Shu Kin	–	293	193	–	486
Mr. Yeung Shu Kai	–	213	154	2	369
Mr. Yueng Wang Tony	–	249	193	17	459
Non-executive directors:					
Mr. Chau Chi Ming	–	–	–	–	–
Mr. Lin Wang Chyan*	–	–	–	–	–
Mr. Liao Yuang-Whang***	–	–	–	–	–
Independent non-executive directors:					
Mr. Chiu Che Chung Alan	28	–	–	–	28
Ms. Sze Tak On	28	–	–	–	28
Mr. Wong Kwun Ho [#]	24	–	–	–	24
Mr. Yip Kwok Cheung ^{##}	7	–	–	–	7
Chief executive:					
Mr. Yeung Shu Hung	–	293	257	2	552
Total	87	1,048	797	21	1,953

* Appointed as a non-executive director on 19 July 2024 and resigned on 31 July 2025.

*** Retired as a non-executive director on 19 June 2024.

Appointed as an independent non-executive director on 28 March 2024 and resigned on 18 November 2025.

Resigned as an independence non-executive director on 28 March 2024.

Notes:

- (a) The remuneration of the directors disclosed above only included their remuneration during the year when they are holding the office as directors of the Company.
- (b) There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2024: Nil).

Notes to Financial Statements

31 December 2025

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2025 included three (2024: three) directors and the chief executive of the Company, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining one (2024: one) non-director highest paid employee for the year are as follows:

	2025 US\$'000	2024 US\$'000
Salaries, allowances and benefits in kind	248	249
Discretionary bonus	423	232
Defined contribution scheme contributions	2	2
Total	673	483

The remuneration of the non-director highest paid employee fell within the following band:

	2025	2024
HK\$3,500,001 to HK\$4,000,000	–	1
HK\$5,000,001 to HK\$5,500,000	1	–
	1	1

11. INCOME TAX

An analysis of the Group's income tax is as follows:

	Note	2025 US\$'000	2024 US\$'000
Current:			
Charge for the year		5,657	6,032
Overprovision in prior years		(575)	(2,442)
Deferred tax	26	5,082 (60)	3,590 (307)
Total tax expense for the year		5,022	3,283

Notes to Financial Statements

31 December 2025

11. INCOME TAX (continued)

Notes:

- (a) Applicable income tax rates

A summary of applicable income tax rates of the jurisdictions in which the Group had operations during the year is as follows:

	2025	2024
	%	%
Hong Kong	16.5	16.5
Vietnam	20	20
Chinese mainland	25	25
Cambodia*	20	20

* In accordance with the relevant tax rules and regulations in Cambodia, the Group's subsidiary in Cambodia enjoyed an income tax exemption during the year ended 31 December 2024.

- (b) 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 rate is as follows:

	2025	2024
	US\$'000	US\$'000
Profit before tax	29,567	33,125
Tax expense at the statutory tax rates	5,733	7,034
Lower tax rate for specific province or enacted by local authority	(21)	(365)
Adjustments in respect of current tax of previous periods	(575)	(2,442)
Income not subject to tax	(663)	(1,053)
Expenses not deductible for tax	411	273
Tax losses not recognised as deferred tax assets, net	87	248
Unrecognised tax losses from previous periods utilised	–	(495)
Others	50	83
Tax expense at the Group's effective tax rate	5,022	3,283

Notes to Financial Statements

31 December 2025

12. DIVIDENDS

Dividends paid during the year:

Final dividend for 2024 – HK7.0 cents (equivalent to approximately US0.90 cents) (2023: HK5.0 cents (equivalent to approximately US0.64 cents)) per ordinary share

Proposed final dividend – HK8.5 cents (equivalent to approximately US1.09 cents) (2024: HK7.0 cents (equivalent to approximately US0.90 cents)) per ordinary share

2025 US\$'000	2024 US\$'000
9,988	7,171
12,234	10,100

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to shareholders of the Company of US\$24,545,000 (2024: US\$29,842,000), and the number of ordinary shares outstanding of 1,120,000,000 (2024: 1,120,000,000) during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during each of these years.

Notes to Financial Statements

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14. PROPERTY, PLANT AND EQUIPMENT

31 December 2025

	Freehold land US\$'000	Buildings US\$'000	Leasehold improvements US\$'000	Machinery and equipment US\$'000	Furniture and fixtures US\$'000	Motor vehicles US\$'000	Total US\$'000
At 1 January 2025:							
Cost	2,404	5,402	16,137	20,355	9,993	1,351	55,642
Accumulated depreciation	-	(2,401)	(14,067)	(17,629)	(8,318)	(988)	(43,403)
Net carrying amount	2,404	3,001	2,070	2,726	1,675	363	12,239
At 1 January 2025, net of accumulated depreciation	2,404	3,001	2,070	2,726	1,675	363	12,239
Additions	-	-	354	262	1,075	-	1,691
Depreciation provided during the year	-	(195)	(1,053)	(1,205)	(662)	(73)	(3,188)
Disposals/write-off	-	-	-	(69)	(179)	-	(248)
Exchange realignment	92	126	15	4	8	-	245
At 31 December 2025, net of accumulated depreciation	2,496	2,932	1,386	1,718	1,917	290	10,739
At 31 December 2025							
Cost	2,496	5,616	16,671	20,251	10,767	1,272	57,073
Accumulated depreciation	-	(2,684)	(15,285)	(18,533)	(8,850)	(982)	(46,334)
Net carrying amount	2,496	2,932	1,386	1,718	1,917	290	10,739

Notes to Financial Statements

31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

31 December 2024

	Freehold land US\$'000	Buildings US\$'000	Leasehold improvements US\$'000	Machinery and equipment US\$'000	Furniture and fixtures US\$'000	Motor vehicles US\$'000	Total US\$'000
At 1 January 2024:							
Cost	2,546	7,026	16,387	20,350	9,500	1,402	57,211
Accumulated depreciation	-	(3,223)	(13,180)	(17,236)	(7,760)	(1,012)	(42,411)
Net carrying amount	2,546	3,803	3,207	3,114	1,740	390	14,800
At 1 January 2024, net of accumulated depreciation	2,546	3,803	3,207	3,114	1,740	390	14,800
Additions	-	-	78	939	662	49	1,728
Depreciation provided during the year	-	(217)	(1,201)	(1,281)	(693)	(65)	(3,457)
Disposals/write-off	-	(454)	(5)	(42)	(24)	(8)	(533)
Exchange realignment	(142)	(131)	(9)	(4)	(10)	(3)	(299)
At 31 December 2024, net of accumulated depreciation	2,404	3,001	2,070	2,726	1,675	363	12,239
At 31 December 2024							
Cost	2,404	5,402	16,137	20,355	9,993	1,351	55,642
Accumulated depreciation	-	(2,401)	(14,067)	(17,629)	(8,318)	(988)	(43,403)
Net carrying amount	2,404	3,001	2,070	2,726	1,675	363	12,239

The Group's property, plant and equipment with a carrying amount of approximately US\$3,001,000 (2024: Nil) were pledged to secure the banking facilities granted to the Group which were not utilised as at 31 December 2025 (2024: Nil).

Notes to Financial Statements

31 December 2025

15. INVESTMENT PROPERTIES

2025

	Note	Completed investment properties at fair value US\$'000	Investment property under development at fair value US\$'000	Total US\$'000
Carrying amount at 1 January		8,615	–	8,615
Additions		–	5,948	5,948
Transfer from right-of-use assets		–	570	570
Changes in fair value recognised in profit or loss	8	(326)	687	361
Change in fair value recognised in other comprehensive income		–	4,554	4,554
Exchange realignment		172	10	182
		8,461	11,769	20,230

2024

	Note	Completed investment properties at fair value US\$'000
Carrying amount at 1 January		9,389
Changes in fair value recognised in profit or loss	8	(98)
Write-off		(544)
Exchange realignment		(132)
		8,615

The directors of the Group have determined that the completed investment properties and the investment property under development are industrial properties, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2025 based on valuations performed by Asset Appraisal Limited, independent professionally qualified valuers, at US\$20,230,000 (2024: US\$8,615,000).

At 31 December 2025, the Group's investment properties with an aggregate carrying value of US\$8,461,000 (2024: Nil) were pledged to secure the banking facilities granted to the Group which were not utilised as at 31 December 2025 (2024: Nil).

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15. INVESTMENT PROPERTIES *(continued)*

Valuation process

Each year, the Group's management decides to appoint an external valuer for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuations are performed for interim and annual financial reporting.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

Fair value measurement as at 31 December 2025 using			
Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
Recurring fair value measurement for: Industrial properties	–	–	20,230
		20,230	20,230

Fair value measurement as at 31 December 2024 using			
Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
Recurring fair value measurement for: Industrial properties	–	–	8,615
		8,615	8,615

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

Notes to Financial Statements

31 December 2025

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Completed industrial properties US\$'000	Completed residential complex US\$'000	Industrial property under construction US\$'000
Carrying amount at 1 January 2024	8,754	635	–
Write-off	–	(544)	–
Transfer	88	(88)	–
Net loss from a fair value adjustment recognised in other expense in profit or loss	(96)	(2)	–
Exchange realignment	(131)	(1)	–
Carrying amount at 31 December 2024 and at 1 January 2025	8,615	–	–
Additions	–	–	5,948
Transfer from right-of-use assets	–	–	570
Net gains/(losses) from a fair value adjustment recognised in profit or loss	(326)	–	687
Net gains from a fair value adjustment recognised in other comprehensive income	–	–	4,554
Exchange realignment	172	–	10
Carrying amount at 31 December 2025	8,461	–	11,769

Notes to Financial Statements

31 December 2025

15. INVESTMENT PROPERTIES *(continued)*

Fair value measurement using significant unobservable inputs (Level 3)

Valuations of completed portions of the investment properties are based on the income approach. The income approach is based on capitalisation of the net income and the reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have made reference to valuers' view of recent lettings, within the subject properties and other comparable properties.

The incomplete portions of the investment properties which was still in their early stage of construction on 31 December 2025, their fair values are measured on replacement cost approach. This approach estimates fair value by determining what it would cost to replace the existing structure (as represented by the tangible costs) and associate indirect costs incurred for the actual construction work done and the market value of the development site as if it was vacant and available for its highest and best use.

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Description	Valuation techniques	Significant unobservable inputs	Weighted average of unobservable inputs	Relationship of unobservable inputs to fair value
Completed industrial properties	Income approach	Average monthly market rent per square metre	RMB24 (2024: RMB23)	The higher the market rent, the higher the fair value
		Capitalisation rate	7.25% (2024: 6.30%)	The higher the capitalisation rate, the lower the fair value
Industrial property under construction	Replacement cost approach	Accommodation value of the development site per square metres	RMB480	The higher the accommodation value, the higher the fair value
		Total costs expended on construction work done	RMB41,900,000	The higher the costs expended, the higher the fair value

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the financial statements.

Notes to Financial Statements

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16. LEASES

The Group as a lessee

The Group has lease contracts for various items of land and buildings, motor vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with a lease period of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of other land and buildings generally have lease terms between 3 and 44 years, while motor vehicles, staff quarters, warehouses and other equipment generally have lease terms of 12 months or less and/or are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Prepaid land lease payments US\$'000 (note (ii))	Leasehold land and buildings US\$'000 (note (i))	Total US\$'000
As at 1 January 2024	2,407	11,590	13,997
Additions	–	930	930
Depreciation charge	(101)	(2,081)	(2,182)
Exchange realignment	(33)	(34)	(67)
As at 31 December 2024 and 1 January 2025	2,273	10,405	12,678
Additions	–	5,968	5,968
Transfer to investment properties	(570)	–	(570)
Depreciation charge	(101)	(2,032)	(2,133)
Exchange realignment	40	160	200
As at 31 December 2025	1,642	14,501	16,143

Notes:

- (i) The Group leased certain factory buildings and related leasehold land from a shareholder of the Company for production of the Group's products in Vietnam. In accordance with the lease agreements entered into between the two parties, the Group is subject to the payment of rentals, which have been settled in full by the Group in prior years, and certain ancillary service fees (including public facility maintenance, utility and building management expenses), which shall be charged by the subsidiary of that shareholder on a monthly basis.

The lease period of these factory buildings and related leasehold land shall expire on 11 January 2055, which represents the end of the lease period of the leasehold land use rights owned by the fellow subsidiary of that shareholder.

The carrying amount of these right-of-use assets as at 31 December 2025 was US\$7,504,000 (2024: US\$7,762,000).

- (ii) At 31 December 2025, the Group's right-of-use assets of US\$1,642,000 (2024: Nil) were pledged to secure the banking facilities granted to the Group which were not utilised as at 31 December 2025 (2024: Nil).

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16. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 US\$'000	2024 US\$'000
Carrying amount at 1 January	2,500	3,222
New lease	5,908	930
Accretion of interest recognised during the year	262	247
Payments	(1,481)	(1,892)
Exchange realignment	27	(7)
	7,216	2,500
Analysed into:		
Within one year	1,735	1,117
In the second year	1,659	563
In the third to fifth years, inclusive	3,822	820
	7,216	2,500
Less: Current portion	(1,735)	(1,117)
Non-current portion	5,481	1,383

The maturity analysis of lease liabilities is disclosed in note 36 to the financial statements.

Notes to Financial Statements

31 December 2025

16. LEASES (continued)

The Group as a lessee (continued)

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

	2025 US\$'000	2024 US\$'000
Interest on lease liabilities	262	247
Depreciation charge of right-of-use assets	2,133	2,182
Expense relating to short-term leases (included in cost of sales)	589	200
Expense relating to leases of short-term assets (included in administrative expenses)	421	215
Expense relating to leases of short-term assets (included in selling expenses)	27	20
Total amount recognised in profit or loss	3,432	2,864

The Group as a lessor

The Group leases its investment properties (note 15) in Guangzhou, the PRC under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rental adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was US\$456,000 (2024: US\$951,000), details of which are included in note 6 to the financial statements.

At 31 December 2025, the undiscounted lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 US\$'000	2024 US\$'000
Within one year	651	429
After one year but within two years	229	171
After two years but within three years	73	–
Total	953	600

Notes to Financial Statements

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17. INTANGIBLE ASSETS

	Computer software US\$'000	Club membership US\$'000	Total US\$'000
31 December 2025			
At 1 January 2025:			
Cost	1,899	74	1,973
Accumulated amortisation	(1,824)	-	(1,824)
Net carrying amount	75	74	149
Net carrying amount:			
At 1 January 2025	75	74	149
Additions	57	-	57
Amortisation provided during the year	(110)	-	(110)
At 31 December 2025	22	74	96
At 31 December 2025:			
Cost	1,956	74	2,030
Accumulated amortisation	(1,934)	-	(1,934)
Net carrying amount	22	74	96
31 December 2024			
At 1 January 2024:			
Cost	1,768	74	1,842
Accumulated amortisation	(1,720)	-	(1,720)
Net carrying amount	48	74	122
Net carrying amount:			
At 1 January 2024	48	74	122
Additions	185	-	185
Amortisation provided during the year	(158)	-	(158)
At 31 December 2024	75	74	149
At 31 December 2024:			
Cost	1,899	74	1,973
Accumulated amortisation	(1,824)	-	(1,824)
Net carrying amount	75	74	149

Notes to Financial Statements

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18. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 US\$'000	2024 US\$'000
Unlisted equity investments, at fair value:		
友勁投資股份有限公司	2	2
Venturous Holdings Limited	1,570	1,570
Total	1,572	1,572

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers the investments to be strategic in nature.

19. INVENTORIES

	2025 US\$'000	2024 US\$'000
Raw materials	10,200	11,839
Work in progress	6,525	6,407
Finished goods	21,172	23,354
Total	37,897	41,600

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20. TRADE RECEIVABLES

	Notes	2025 US\$'000	2024 US\$'000
Trade receivables	(a)	61,808	56,068
Impairment	(b)	(290)	(240)
Net carrying amount		61,518	55,828

Notes:

(a) The Group's trading terms with its customers for sale of goods are mainly on credit. The credit period is generally 15 to 105 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to certain customers with good reputation, in the opinion of the directors of the Company, there is no significant credit risk. Trade receivables are non-interest-bearing.

(b) The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 US\$'000	2024 US\$'000
At beginning of year	240	200
Impairment losses (note 8)	50	40
At end of year	290	240

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the average of historical incurred credit loss experience on each ageing group of trade receivables. Customers with credit deterioration (i.e., overdue by more than 6 months) will be assessed on an individual basis for the provision of expected credit losses. Generally, trade receivables are written off if they are not considered recoverable by the Group and are not subject to enforcement activity.

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20. TRADE RECEIVABLES (continued)

Notes: (continued)

(b) (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

At 31 December 2025

	Current and past due less than 1 month US\$'000	Past due		Total US\$'000
		1 to 3 months US\$'000	Over 3 months US\$'000	
Category:				
(i) Customers with good credit	48,071	134	9	48,214
(ii) Customers with credit deterioration	13,590	–	4	13,594
Gross trade receivables	61,661	134	13	61,808
Less: Expected credit losses	(290)	–	–	(290)
Net trade receivables	61,371	134	13	61,518
ECL rates	0.5%	0%	0%	0.5%

At 31 December 2024

	Current and past due less than 1 month US\$'000	Past due		Total US\$'000
		1 to 3 months US\$'000	Over 3 months US\$'000	
Category:				
(i) Customers with good credit	47,162	–	–	47,162
(ii) Customers with credit deterioration	8,899	1	6	8,906
Gross trade receivables	56,061	1	6	56,068
Less: Expected credit losses	(240)	–	–	(240)
Net trade receivables	55,821	1	6	55,828
ECL rates	0.4%	0%	0%	0.4%

(c) An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 US\$'000	2024 US\$'000
Within 1 month	25,020	22,948
1 to 2 months	21,462	20,311
2 to 3 months	13,905	11,661
Over 3 months	1,131	908
Total	61,518	55,828

Notes to Financial Statements

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21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 US\$'000	2024 US\$'000
Prepayments	2,837	5,028
Deposits and other receivables	5,816	5,054
Total	8,653	10,082
Less: Portion classified as current assets	(5,382)	(5,501)
Non-current portion	3,271	4,581

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 US\$'000	2024 US\$'000
Listed corporate bonds	294	315
Listed equity investments	252	388
Less: Portion classified as current assets	546 (327)	703 (508)
Non-current portion	219	195

The above bond investments were classified as financial assets at fair value through profit or loss as the contractual cash flows were not SPPI.

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23. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	2025 US\$'000	2024 US\$'000
Cash and bank balances other than time deposits	12,693	23,681
Time deposits	73,051	52,933
Total cash and bank balances	85,744	76,614
Less: Time deposits with original maturity of more than three months when acquired	(8,557)	(5,696)
Cash and cash equivalents	77,187	70,918

Notes:

- (a) Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between 1 month and 6 months (2024: between 1 month and 6 months) depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.
- (b) At 31 December 2025, cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to US\$8,242,000 (2024: US\$9,270,000), of which US\$8,062,000 (2024: US\$9,092,000) were kept or deposited in banks in Chinese mainland. The RMB is not freely convertible into other currencies in Chinese mainland. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

24. TRADE AND BILLS PAYABLES

Trade and bills payables are unsecured, interest-free, and are normally settled on terms of 45 to 60 days.

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 US\$'000	2024 US\$'000
Within 1 month	14,389	17,255
1 to 2 months	7,256	4,781
2 to 3 months	106	174
Over 3 months	52	1,500
Total	21,803	23,710

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25. OTHER PAYABLES AND ACCRUALS

	Note	2025 US\$'000	2024 US\$'000
Accruals		11,482	10,830
Other payables and deposits received	(a)	5,200	4,775
Total		16,682	15,605
Less: Portion classified as current liabilities		(16,609)	(15,577)
Non-current portion		73	28

Note:

(a) Other payables are non-interest-bearing and have an average term of two months.

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26. DEFERRED TAX

Deferred tax assets

	Arising from			Total US\$'000
	Lease liabilities US\$'000	Defined benefit obligations US\$'000	Accruals and others US\$'000	
At 1 January 2024	759	95	163	1,017
Deferred tax credited/(charged) to the profit or loss during the year (note 11)	(313)	(76)	235	(154)
Deferred tax charged to comprehensive income during the year	–	(10)	–	(10)
Exchange realignment	–	1	(29)	(28)
At 31 December 2024 and 1 January 2025	446	10	369	825
Deferred tax credited/(charged) to the profit or loss during the year (note 11)	987	(2)	152	1,137
Deferred tax charged to comprehensive income during the year	–	(1)	–	(1)
Exchange realignment	–	–	(20)	(20)
At 31 December 2025	1,433	7	501	1,941

Deferred tax liabilities

	Arising from			Total US\$'000
	Right-of-use assets US\$'000	Depreciation allowance in excess of related depreciation US\$'000	Revaluation of properties US\$'000	
At 1 January 2024	(759)	(98)	(1,292)	(2,149)
Deferred tax credited/(charged) to the profit or loss during the year (note 11)	313	(11)	159	461
At 31 December 2024 and 1 January 2025	(446)	(109)	(1,133)	(1,688)
Deferred tax charged to the profit or loss during the year (note 11)	(987)	–	(90)	(1,077)
Deferred tax charged to comprehensive income during the year	–	–	(1,139)	(1,139)
At 31 December 2025	(1,433)	(109)	(2,362)	(3,904)

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26. DEFERRED TAX *(continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 US\$'000	2024 US\$'000
Deferred tax assets recognised in the consolidated statement of financial position	509	379
Deferred tax liabilities recognised in the consolidated statement of financial position	(2,472)	(1,242)
Net deferred tax liabilities	(1,963)	(863)

Notes:

- (a) Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the Chinese mainland. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the Chinese mainland in respect of earnings generated from 1 January 2008. The applicable rate is 10% for the Group.

At 31 December 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the Chinese mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate temporary differences associated with investments in subsidiaries in the Chinese mainland for which deferred tax liabilities have not been recognised amounted to approximately US\$20,860,000 (2024: US\$16,596,000) as at 31 December 2025.

- (b) There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.
- (c) The Group has tax losses arising in the Chinese mainland of approximately US\$1,776,000 (2024: US\$1,400,000) that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have been arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Notes to Financial Statements

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27. DEFINED BENEFIT OBLIGATIONS

PEL, a subsidiary incorporated in Taiwan, has adopted a defined benefit pension plan (the "Plan"), covering substantially all employees recruited by PEL before the implementation of the Labour Pension Act of Taiwan on 1 July 2005. The defined benefit pension plan requires contributions to be made to separately administered funds.

- (a) The movements in the defined benefit obligations and the fair value of plan assets during the year are as follows:

	2025			2024		
	Defined benefit obligations US\$'000	Fair value of plan assets US\$'000	Net benefit liability US\$'000	Defined benefit obligations US\$'000	Fair value of plan assets US\$'000	Net benefit liability US\$'000
At 1 January	274	(224)	50	479	(284)	195
Pension cost charged/ (credited) to profit or loss:						
Interest cost	4	(3)	1	5	(3)	2
Remeasurement losses/ (gains) in other comprehensive income:						
Return on plan assets (excluding amounts included in net interest expense)	-	(20)	(20)	-	(22)	(22)
Actuarial losses/(gains) arising from changes in financial assumptions	4	-	4	(6)	-	(6)
Actuarial losses/(gains) arising from experience adjustments	12	-	12	(21)	-	(21)
	16	(20)	(4)	(27)	(22)	(49)
Benefits paid	(1)	1	-	(156)	156	-
Contributions from the employer	-	(15)	(15)	-	(88)	(88)
Exchange realignment	1	-	1	(27)	17	(10)
At 31 December	294	(261)	33	274	(224)	50

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27. DEFINED BENEFIT OBLIGATIONS (continued)

- (b) An analysis of the fair value of each category of the plan assets at the end of the reporting period is as follows:

	2025 US\$'000	2024 US\$'000
Equity investments	162	136
Debt instruments	32	33
Cash and cash equivalents	31	29
Others	36	26
	261	224

(c) Principal assumptions

The most recent actuarial valuation of the present value of the defined benefit obligations was carried out at the end of the reporting period by ClientView Management Consulting Co., Ltd, an independent professionally qualified actuary, using the projected unit credit method. The material actuarial assumptions used in determining the defined benefit obligations for the Group's defined benefit plan are as follows:

	2025	2024
Discount rate	1.35%	1.55%
Expected rate of salary increase	3.00%	3.00%

A quantitative sensitivity analysis for the effect of changes in the discount rate and the expected rate of salary increase on the net defined benefit obligations as at the end of the reporting period is as follows:

	Increase in rate %	Increase/ (decrease) in net defined benefit obligations US\$'000	Decrease in rate %	Increase/ (decrease) in net defined benefit obligations US\$'000
At 31 December 2025				
Discount rate	0.25	(4)	0.25	5
Expected rate of salary increase	0.25	4	0.25	(4)
At 31 December 2024				
Discount rate	0.25	(4)	0.25	4
Expected rate of salary increase	0.25	4	0.25	(4)

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27. DEFINED BENEFIT OBLIGATIONS *(continued)*

(c) Principal assumptions *(continued)*

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

At 31 December 2025, the expected contribution to be made within the next 12 months out of the defined benefit obligations was US\$19,000 (2024: US\$71,000).

28. SHARE CAPITAL

Shares

Authorised:

100,000,000,000 ordinary shares of HK\$0.01 each

2025	2024
HK\$1,000,000,000	HK\$1,000,000,000

Issued and fully paid:

1,120,000,000 ordinary shares of HK\$0.01 each

2025 US\$'000	2024 US\$'000
1,436	1,436

The ordinary shares of the Company do not have a par value.



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29. SHARE OPTION SCHEME

The Company operates a share option scheme (the “**Scheme**”) which became effective on 13 July 2018. The board of directors of the Company may grant options to eligible persons to subscribe for shares in the Company subject to the terms of the Scheme.

Options may be exercised at any time during a period to be determined by the directors which shall not be later than ten years from the date of grant subject to the provisions for early termination thereof.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the scheme as an equity-settled plan.

No share options were granted during 2025 and 2024, and hence, there was no outstanding option under the Scheme as at 31 December 2025 and 2024.

30. RESERVES

- (a) The amounts of the Group’s reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.
- (b) The capital reserve represents shareholders’ additional contributions in prior years.
- (c) The statutory reserves are reserves set aside in accordance with the Taiwan Companies Ordinance and the Company law of PRC applicable to the Group’s subsidiaries established in Taiwan and in the Chinese mainland. None of the Group’s statutory reserves was distributable in the form of cash dividend.

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31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of US\$5,968,000 (2024: US\$930,000) and US\$5,908,000 (2024: US\$930,000), respectively, in respect of lease arrangements for leasehold land and buildings.

(b) Changes in liabilities arising from financing activities

2025

	Lease liabilities US\$'000
At 1 January 2025	2,500
Changes from financing cash flows	(1,481)
New lease	5,908
Interest expense	262
Exchange realignment	27
At 31 December 2025	<u>7,216</u>

2024

	Lease liabilities US\$'000
At 1 January 2024	3,222
Changes from financing cash flows	(1,892)
New lease	930
Interest expense	247
Exchange realignment	(7)
At 31 December 2024	<u>2,500</u>

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31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 US\$'000	2024 US\$'000
Within operating activities	1,037	435
Within financing activities	1,481	1,892
Total	2,518	2,327

32. CAPITAL COMMITMENTS

The Group had the following contractual commitments as at the end of the reporting period:

	2025 US\$'000	2024 US\$'000
Development of an industrial park	30,023	598

33. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group entered into the following material transactions with related parties during the year:

	Notes	2025 US\$'000	2024 US\$'000
A company beneficially owned by certain directors of the Company			
Lease payments*	(i)	246	246
Subsidiaries of a company with significant influence over the Company			
Public facility maintenance expenses*	(iii)	158	157
Utility expenses and other charges*	(iii)	521	520
Building management expenses*	(ii)	351	366

Notes to Financial Statements

31 December 2025

33. RELATED PARTY DISCLOSURES *(continued)*

(a) *(continued)*

Notes:

- (i) These transactions were determined with reference to prevailing market rates.
- (ii) These transactions were carried out at mutually agreed prices.
- (iii) The public facility maintenance expenses and utility expenses and other charges were reimbursed to the related party on the actual cost basis.

* These transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. Upon adoption of HKFRS 16, the lease of the office premises from the related company was recognised as a right-of-use asset of US\$290,000 (2024: US\$522,000) and a lease liability of US\$301,000 (2024: US\$531,000) as at 31 December 2025, and a lease payment of US\$246,000 was paid during the year ended 31 December 2025 (2024: US\$246,000).

(b) The compensation of the key management personnel of the Group is summarised as follows:

	2025 US\$'000	2024 US\$'000
Short term employee benefits	1,292	1,297
Discretionary bonuses	1,026	1,029
Defined contribution schemes contributions	16	23
Total compensation paid and payable to key management personnel	2,334	2,349

Notes to Financial Statements

31 December 2025

34. FINANCIAL INSTRUMENTS BY CATEGORY

2025

	Financial assets at fair value through other comprehensive income US\$'000	Financial assets at fair value through profit or loss, mandatorily designated as such US\$'000	Financial assets at amortised cost US\$'000	Total US\$'000
Equity investments at fair value through other comprehensive income	1,572	–	–	1,572
Trade receivables	–	–	61,518	61,518
Financial assets included in prepayments, deposits and other receivables	–	–	5,816	5,816
Financial assets at fair value through profit or loss	–	546	–	546
Cash and cash equivalents and time deposits	–	–	85,744	85,744
Total	1,572	546	153,078	155,196
			Financial liabilities at amortised cost US\$'000	
Trade and bills payables				21,803
Financial liabilities included in other payables and accruals				2,158
Lease liabilities				7,216
Total				31,177

Notes to Financial Statements

31 December 2025

34. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2024

	Financial assets at fair value through other comprehensive income US\$'000	Financial assets at fair value through profit or loss, mandatorily designated as such US\$'000	Financial assets at amortised cost US\$'000	Total US\$'000
Equity investments at fair value through other comprehensive income	1,572	–	–	1,572
Trade receivables	–	–	55,828	55,828
Financial assets included in prepayments, deposits and other receivables	–	–	5,054	5,054
Financial assets at fair value through profit or loss	–	703	–	703
Cash and cash equivalents and time deposits	–	–	76,614	76,614
Total	1,572	703	137,496	139,771
			Financial liabilities at amortised cost US\$'000	
Trade and bills payables				23,710
Financial liabilities included in other payables and accruals				1,911
Lease liabilities				2,500
Total				28,121

Notes to Financial Statements

31 December 2025

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, trade receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance controller reports directly to the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the management. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumption was used to estimate the fair values:

The fair values of the non-current position of deposits and other receivables and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of financial instruments traded in active markets are based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current price within the bid-ask spread which is the most representative of the fair value in the given circumstances. The fair values of other financial assets and financial liabilities are determined in accordance with the generally accepted pricing models based on discounted cash flow analysis.

The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a comparable valuation technique, namely comparable transactions approach. The valuation requires the directors to determine market information of recent transactions (e.g. recent fund raising transactions undertaken by the investees, open offer proposed by investees, etc.). The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period. A 5% (2024: 5%) increase/decrease in market value of recent transactions would result in an increase/decrease in fair value of unlisted equity investments by US\$79,000 (2024: US\$79,000).

Notes to Financial Statements

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35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments that are carried at fair value in the consolidated statement of financial position:

	Fair value measured using			Total US\$'000
	Quoted prices in active markets (Level 1) US\$'000	Significant observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	
At 31 December 2025				
Equity investments at fair value through other comprehensive income	–	–	1,572	1,572
Financial assets at fair value through profit or loss	546	–	–	546
Total	546	–	1,572	2,118
At 31 December 2024				
Equity investments at fair value through other comprehensive income	–	–	1,572	1,572
Financial assets at fair value through profit or loss	703	–	–	703
Total	703	–	1,572	2,275

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

	2025 US\$'000	2024 US\$'000
Equity investments at fair value through other comprehensive income At 1 January	1,572	1,457
Gain recognised in other comprehensive income	–	115
At 31 December	1,572	1,572

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

Notes to Financial Statements

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than equity investments at fair value through other comprehensive income and financial assets at fair value through profit or loss, comprise cash and cash equivalents and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are (a) interest rate risks, (b) foreign currency risk, (c) credit risk and (d) liquidity risk. The Group does not have any written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces conservative strategies on its risk management. As the Group's exposure to these risks is kept to a minimum, the Group has minimal use of derivatives and other instruments for trading purposes. The board of directors review and agree policies for managing each of these risks and they are summarised as follows:

(a) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash at banks with floating interest rates.

If interest rates had been 100 basis points higher (lower) and all other variables were held constant, the Group's profit before tax for the year ended 31 December 2025 would have increased (decreased) by US\$127,000 (2024: US\$237,000).

(b) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. As a result of its significant investment operations in Chinese mainland and Vietnam, the Group's consolidated statement of financial position can be affected significantly by movements in the RMB/US\$ and Vietnamese Dong ("VND")/US\$ exchange rates.

The following table demonstrates the sensitivity at the end of the reporting period to reasonably possible changes in the RMB/US\$ and VND/US\$ exchange rates, with all other variables held constant, of the Group's profit before tax.

	Increase/(decrease) in profit before tax	
	2025 US\$'000	2024 US\$'000
If RMB weakens against US\$ by 5%	122	257
If RMB strengthens against US\$ by 5%	(122)	(257)
If VND weakens against US\$ by 5%	(62)	(419)
If VND strengthens against US\$ by 5%	62	419

Notes to Financial Statements

31 December 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Credit risk

At the end of the reporting period, trade receivables from six (2024: six) customers of the Group accounted for approximately 87% (2024: 81%) of the Group's trade receivables.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, as receivable balances are monitored on an ongoing basis and the counterparty has a good history of repayment, the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs	Lifetime ECLs	
	Stage 1 US\$'000	Simplified approach US\$'000	Total US\$'000
Trade receivables*	–	61,808	61,808
Financial assets included in prepayments, deposits and other receivables – Normal**	5,816	–	5,816
Cash and cash equivalents and time deposits – Not yet past due	85,744	–	85,744
Total	91,560	61,808	153,368

Notes to Financial Statements

31 December 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Credit risk *(continued)*

Maximum exposure and year-end staging (continued)

As at 31 December 2024

	12-month ECLs	Lifetime ECLs	
	Stage 1 US\$'000	Simplified approach US\$'000	Total US\$'000
Trade receivables*	–	56,068	56,068
Financial assets included in prepayments, deposits and other receivables – Normal**	5,054	–	5,054
Cash and cash equivalents and time deposits – Not yet past due	76,614	–	76,614
Total	81,668	56,068	137,736

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables 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”.

Notes to Financial Statements

31 December 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(d) Liquidity risk

The Group's objective is to maintain a balance between maintaining an adequate level of cash and cash equivalents to finance the Group's operations and investing surplus cash for higher return.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

Group

	2025				Total US\$'000
	Less than 3 months US\$'000	3 to 12 months US\$'000	1 to 5 years US\$'000	Over 5 years US\$'000	
Lease liabilities	528	1,611	6,262	–	8,401
Trade and bills payables	21,751	52	–	–	21,803
Other payables and accruals	2,158	–	–	–	2,158
Total	24,437	1,663	6,262	–	32,362

	2024				Total US\$'000
	Less than 3 months US\$'000	3 to 12 months US\$'000	1 to 5 years US\$'000	Over 5 years US\$'000	
Lease liabilities	439	809	640	878	2,766
Trade and bills payables	22,210	1,500	–	–	23,710
Other payables and accruals	1,911	–	–	–	1,911
Total	24,560	2,309	640	878	28,387

Notes to Financial Statements

31 December 2025

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(e) Price risk

The Group is exposed to securities price risk because investments held by the Group are classified as financial assets at fair value through profit or loss. Unrealised gains and losses arising from the change in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss. To manage its price risk arising from investments in financial assets at fair value through profit or loss, the Group diversifies its portfolio. Diversification of the portfolio is determined in accordance with the limits set by the Group.

As at 31 March 2025, if market price of the Group's publicly-traded investments increased/decreased by 5% with all other variables held constant, the profit before tax of the Group would have increased/decreased by approximately US\$27,000 (2024: US\$35,000).

(f) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to its shareholders or issue new shares to increase capital. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

Notes to Financial Statements

31 December 2025

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company as at the end of the reporting period is as follows:

	2025 US\$'000	2024 US\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	14,064	14,064
CURRENT ASSETS		
Prepayments, deposits and other receivables	68	62
Due from subsidiaries	74,531	86,597
Time deposits	–	2,000
Cash and cash equivalents	5,589	1,380
Total current assets	80,188	90,039
CURRENT LIABILITIES		
Other payables and accruals	270	299
Due to subsidiaries	45,146	44,979
Total current liabilities	45,416	45,278
Net current assets	34,772	44,761
Net assets	48,836	58,825
EQUITY		
Issued capital	1,436	1,436
Reserves (note)	47,400	57,389
Total equity	48,836	58,825

Notes to Financial Statements

31 December 2025

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account	Retained profits	Total
	US\$'000	US\$'000	US\$'000
At 1 January 2024	28,633	28,664	57,297
Profit for the year and total comprehensive income for the year	–	7,263	7,263
Final 2023 dividend	–	(7,171)	(7,171)
At 31 December 2024 and 1 January 2025	28,633	28,756	57,389
Loss for the year and total comprehensive loss for the year	–	(1)	(1)
Final 2024 dividend	–	(9,988)	(9,988)
At 31 December 2025	28,633	18,767	47,400

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 March 2026.

Particulars of Investment Properties

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
Factory Block 5 No. 31 Qijie First Road Nancun Town Panyu Guangzhou People's Republic of China	Industrial	Medium term lease	100%
Plant Room No. 31 Qijie First Road Nancun Town Panyu Guangzhou People's Republic of China	Industrial	Medium term lease	100%

Five-Year Financial Summary

A summary of the consolidated results and of the assets, liabilities and equity of the Group for the last five financial years is as follows:

RESULTS

	Year ended 31 December				
	2025 US\$'000	2024 US\$'000	2023 US\$'000	2022 US\$'000	2021 US\$'000
Revenue	238,751	243,612	208,138	218,188	146,673
Profit before tax	29,567	33,125	15,900	11,868	1,145
Income tax	(5,022)	(3,283)	(1,021)	(1,523)	2,757
Profit for the year	24,545	29,842	14,879	10,345	3,902

ASSETS, LIABILITIES AND EQUITY

	At 31 December				
	2025 US\$'000	2024 US\$'000	2023 US\$'000	2022 US\$'000	2021 US\$'000
TOTAL ASSETS	243,689	220,556	195,692	189,831	190,781
TOTAL LIABILITIES	(53,686)	(49,648)	(46,741)	(48,213)	(51,237)
NET ASSETS	190,003	170,908	148,951	141,618	139,544
TOTAL EQUITY	190,003	170,908	148,951	141,618	139,544