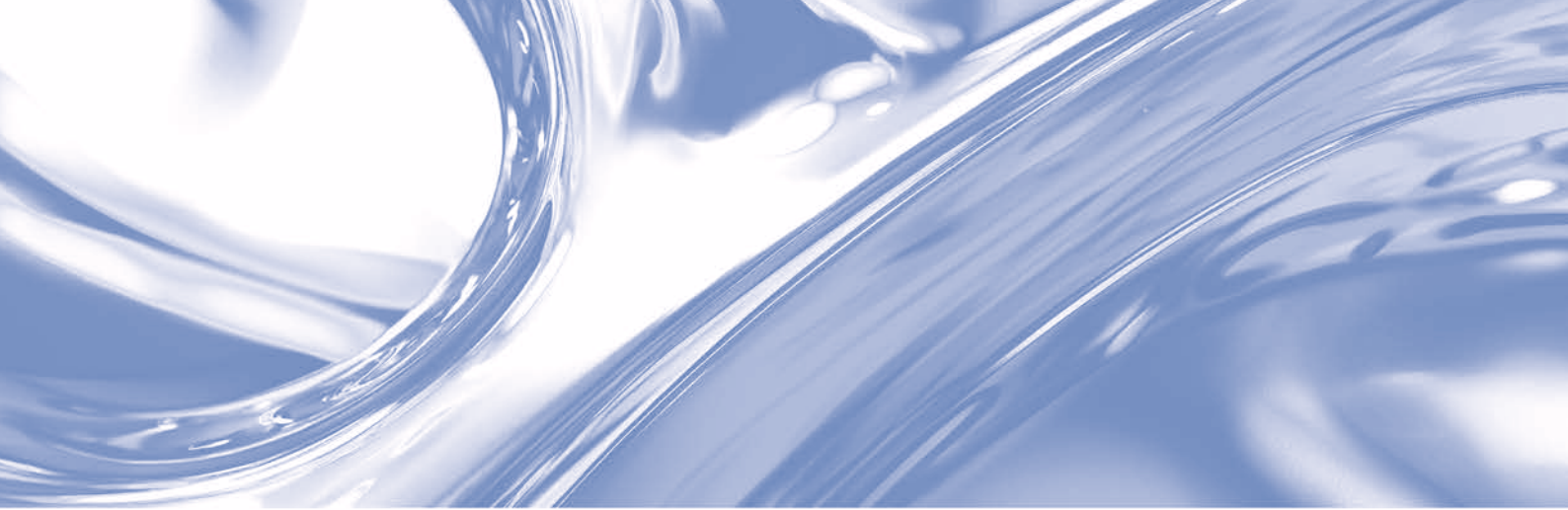


Annual Report

TONGDA GROUP HOLDINGS LIMITED

2025



Contents

Corporate Information	2
Chairman's Statement	4
Management Discussion and Analysis	5
Biographical Details of Directors and Senior Management	14
Corporate Governance Report	17
Report of the Directors	29
Independent Auditor's Report	44
Consolidated Income Statement	50
Consolidated Statement of Comprehensive Income	51
Consolidated Statement of Financial Position	52
Consolidated Statement of Changes in Equity	54
Consolidated Statement of Cash Flows	55
Notes to Financial Statements	57
Five-Year Financial Summary	160

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Ya Nan (*Chairman*)
Mr. Wang Hung Man (*Vice Chairman*)
Mr. Wong Ming Sik
Mr. Wong Ming Yuet
Mr. Hui Wai Man

Non-executive Director

Ms. Chan Sze Man

Independent Non-executive Directors

Dr. Yu Sun Say, *GBM, GBS, SBS, JP*
Mr. Cheung Wah Fung, Christopher, *GBS, SBS, JP*
Mr. Ting Leung Huel Stephen,
MH, FCCA, FCPA (PRACTISING), ACA, CTA (HK), FHKIoD
Mr. Sze Irons, *GBS, BBS, JP*

AUDIT COMMITTEE (THE “AC”)

Mr. Ting Leung Huel Stephen (*Chairman*)
Dr. Yu Sun Say
Mr. Cheung Wah Fung, Christopher
Ms. Chan Sze Man

REMUNERATION COMMITTEE (THE “RC”)

Mr. Ting Leung Huel Stephen (*Chairman*)
Mr. Wang Ya Nan
Dr. Yu Sun Say
Mr. Cheung Wah Fung, Christopher

NOMINATION COMMITTEE (THE “NC”)

Mr. Wang Ya Nan (*Chairman*)
Dr. Yu Sun Say
Mr. Cheung Wah Fung, Christopher
Mr. Ting Leung Huel Stephen
Ms. Chan Sze Man

COMPANY SECRETARY

Mr. Chan Paan Paan

AUDITOR

D & Partners CPA Limited
*Public Interest Entity Auditor registered in accordance
with the Accounting and Financial Reporting Council
Ordinance*
2201, 22/F, West Exchange Tower
322 Des Voeux Road Central
Sheung Wan, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Wang Hung Man
Mr. Chan Paan Paan

PRINCIPAL BANKERS

In Hong Kong:
Hang Seng Bank Limited
The Bank of East Asia

In the PRC:
Industrial and Commercial Bank of China Limited
Industrial Bank Co. Ltd.
China Construction Bank Corporation
Bank of China Limited
China Merchants Bank Co., Ltd.

LEGAL ADVISERS

As to Hong Kong laws:
CLKW Lawyers LLP

As to PRC laws:
DeHeng Law Offices (Xiamen)

As to Cayman Islands laws:
Conyers Dill & Pearman, Cayman

INVESTOR RELATIONS

Strategic Financial Relations Limited
24/F, Admiralty Centre I
18 Harcourt Road
Hong Kong

REGISTERED OFFICE

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681GT
George Town
Grand Cayman
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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LISTING INFORMATION

Listed on the Hong Kong Stock Exchange (Main Board)
Stock short name: Tongda Group
Stock code: 698
Board lot: 1,000 shares

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

PRINCIPAL SHARE REGISTRAR

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
Cayman Islands

Chairman's Statement

On behalf of the board (the "Board") of directors (the "Directors") of Tongda Group Holdings Limited (the "Company"), I am pleased to announce the annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2025 (the "Year").

The year 2025 marked a critical milestone in the Group's demonstration of operational resilience and the implementation of our strategic realignment. In response to the volatility and challenges within the global consumer electronics market, the Group proactively initiated change and decisively executed resource restructuring and business optimisation. During the Year, the Group recorded a revenue of approximately HK\$5,180.2 million. Excluding the impact of the high-precision components business, the disposal of which was completed in April 2024, revenue for the Year recorded a year-on-year growth of approximately 1.6% compared to the adjusted revenue of the corresponding period last year.

Benefiting from stringent risk control, strategic order selection, and a significant decrease in depreciation expenses following the asset impairment provisions made at the end of 2024, the Group's overall gross profit margin successfully rebounded to 15.3%, compared to a gross loss margin of 5.9% in the corresponding period last year. Profit attributable to owners of the Company reached HK\$120.4 million. Compared to the substantial loss in the corresponding period last year, the Group has successfully achieved a turnaround from loss to profit, reflecting the Group's transition onto a new trajectory of healthy development.

Guided by a forward-looking strategic vision, the Group has concentrated its resources on high-growth and high-value sectors. Notably, the household and sports goods segment has emerged as the Group's new growth engine. Its turnover increased by approximately 8.0% year-on-year, from approximately HK\$1,053.7 million in the corresponding period last year to approximately HK\$1,137.5 million for the Year, with its contribution to total revenue rising to approximately 22.0%, effectively optimising the Group's business portfolio. With the commencement of operations at our new Industry 4.0 factory in Malaysia and our network communications facility in Vietnam, the Group has not only strengthened its ability to mitigate geopolitical and tariff risks but has also moved closer to international customer demands, establishing a more resilient global production ecosystem.

Looking ahead, the Group will maintain a robust and flexible financial position, ensuring that research and development resources are focused on high-yield core businesses. We will further penetrate the mid-to-high-end smartphone structural parts market (such as glass fiber casings) and continue to drive refined and intelligent production in our household and sports goods business. While striving to create long-term and sustainable value returns for our shareholders, we will also integrate Environmental, Social, and Governance (ESG) responsibilities into our core operations, ensuring the Group's sustained development in a volatile macro-environment and the reshaping of our corporate value.

Management Discussion and Analysis

BUSINESS REVIEW

The Group is a leading global one-stop solution provider for precision structural parts, offering comprehensive services spanning product design, research and development (“R&D”), to manufacturing. The Group maintains a diversified product portfolio, primarily covering household and sports goods, smartphone casings, network communications equipment, and smart household appliance panels.

In 2025, amidst an intensely competitive consumer electronics market and a complex international socio-political landscape, the Group recorded a revenue of approximately HK\$5,180.2 million (2024: approximately HK\$5,589.7 million). Excluding the impact of the high-precision components business, the disposal of which was completed in April 2024, the Group’s revenue for the Year achieved a stable year-on-year growth of approximately 1.6% compared to the adjusted revenue of the corresponding period last year.

During the Year, despite a challenging macro-environment, the Group significantly restored its operational quality and profitability through the steadfast execution of its strategic realignment. The Group returned to a gross profit position among the Year, with the margin swinging from a gross loss of 5.9% in 2024 to a gross profit of 15.3% in 2025. Concurrently, the Group recorded a profit attributable to owners of the Company of approximately HK\$120.4 million (2024: loss attributable to owners of the Company of approximately HK\$3,942.2 million), successfully achieving a turnaround from loss to profit. The major drivers of the performance improvement are as follows:

- 1. Comprehensive Optimisation of Asset Quality:** No significant one-off non-cash asset impairment provisions were recorded during the Year (as compared to aggregate impairment provisions of approximately HK\$2,350.4 million for the corresponding period last year, which included property, plant and equipment, interests in associates, and provisions for trade receivables and loans to a jointly-controlled entity). This has led to a healthier balance sheet.
- 2. Optimisation of Business Mix and Improvement in Cost Structure:** The Group adopted a balanced and disciplined development strategy. By strengthening its risk assessment framework, the Group proactively prioritised high-value orders and eliminated low-margin projects, leading to a significant enhancement in overall order quality and operational resilience. Concurrently, as inventory levels normalised, the provision for inventories decreased substantially from approximately HK\$508.9 million in the corresponding period last year to approximately HK\$14.1 million for the Year, effectively alleviating the pressure on profitability. Furthermore, benefiting from the impairment provisions made for certain fixed assets at the end of 2024, the related depreciation expenses for the Year decreased by approximately HK\$358.6 million. The synergy between enhanced operational efficiency and the recalibrated asset base directly drove the rebound in the Group’s gross profit margin.
- 3. Optimisation of Operating Expenses and R&D Costs:** Following the completion of the disposal of the high-precision components business on 3 April 2024, the Group no longer incurred the related R&D and administrative expenses during the Year. Concurrently, the Group adopted a disciplined resource allocation plan by concentrating its R&D resources on core businesses, while new products previously developed at the request of customers have been successively launched into the market. Attributable to the aforementioned factors, the Group’s overall administrative expenses (including R&D costs) for the Year decreased significantly by approximately HK\$462.6 million compared to the corresponding period last year.

Management Discussion and Analysis

BUSINESS SEGMENTS

The Group is organised into two reportable business segments based on its products and services:

(a) **Consumer Electronics Structural Parts:**

consists of manufacturing of components of handset casings and high-precision components, panels for smart electrical appliances, network communications facilities and other electrical consumer products; and

(b) **Household and Sporting Goods:**

consists of durable household goods, household utensils and sports goods.

Consumer Electronics Structural Components

This segment recorded sales of approximately HK\$4,042.7 million during the Year, accounting for approximately 78.0% of the Group's total revenue, representing an approximately 10.9% decrease from approximately HK\$4,536.0 million in the corresponding period last year. Excluding the impact of the disposal of the high-precision components business in April 2024, the segment's revenue for the Year remained stable compared to the adjusted revenue of the corresponding period last year.

The handset casing business within this segment serves several leading global brands. Faced with the slow recovery of the global smartphone market and margin pressure on low-to-mid-range products, the Group proactively optimised its customer portfolio and concentrated resources on high-yield businesses. Through the progressive improvement of the order margin structure, the Group ensured high-quality business growth.

This segment also covers wireless routers, network communications equipment casings, and smart household appliance panels, primarily serving renowned brands in Europe, the US, and domestic markets.

Household and sports goods

Revenue for this segment grew by approximately 8.0% year-on-year from approximately HK\$1,053.7 million in the corresponding period last year to approximately HK\$1,137.5 million for the Year, representing approximately 22.0% of the Group's total revenue and serving as a major growth engine.

The segment is primarily engaged in the R&D, production, and sale of consumer goods in industries such as outdoor sports, household living, and healthcare. Leveraging the systemic advantages of "Product Design + Intelligent Manufacturing" and refined production management, the segment has successfully established deep relationships with multiple global industry leaders and continues to expand into leading brands within various sub-sectors.

The Group's factories in Shishi, Xiamen, and Malaysia maintained high capacity utilisation rates to support continued business expansion. In particular, the new Industry 4.0 facility in Malaysia has strengthened the Group's ability to mitigate geopolitical and tariff risks, stabilised overseas market share, and served as an international strategic pivot to drive the continued expansion of the Group's global business footprint.

Management Discussion and Analysis

The percentages of total revenue by product category for the Year and a comparison with the corresponding period last year are as follows:

	2025	2024
i. Consumer Electronics Structural Components	78.0%	81.1%
ii. Household and sports goods	22.0%	18.9%

PROSPECTS

In response to the volatile international political and economic environment and intense competition, the Group has consistently adjusted its business structure over the past few years. This included business restructuring and disposals, improvement of the debt-to-equity ratio, adoption of a more cautious operating model, and a focused approach on enhancing profit margins, cash flow enhancement, and risk management. These efforts have built a solid foundation of operational resilience. Looking ahead, the Group will continue to focus on the following strategic dimensions:

1. Strategic Breakthrough in Smartphone Business:

Addressing the rising memory costs and inflationary pressures predicted by IDC, the Group will focus on its self-developed glass fiber casing solutions tailored for mid-to-high-end smartphones. These products offer a lightweight, translucent texture and excellent impact resistance, helping to drive product pricing capability and profit levels. Furthermore, the newly commissioned network communications facility in Vietnam will further enhance the Group's appeal to international customers.

2. Scaling and Intelligent Transformation of Household and Sports Goods Business:

Capitalising on the trends of consumption upgrading and intelligent manufacturing, the Group will deepen strategic cooperation with multinational brands. With material innovation and mold design at the core, we will promote intelligent and refined production to ensure stable operational quality alongside business expansion.

3. Financial Health and Sustainable Value Reshaping:

The Group remains committed to maintaining a robust financial structure. We will strive to deeply align R&D, customer structure, and risk management to maximise the release of asset value. Simultaneously, the Group will internalise sustainable development as a core operating principle, pursuing long-term and stable shareholder returns amidst a changing market.

Management Discussion and Analysis

FINANCIAL REVIEW

During the Year, the Group recorded a total revenue of approximately HK\$5,180.2 million (2024: approximately HK\$5,589.7 million). Excluding the impact of the high-precision components business (the disposal of which was completed on 3 April 2024), the Group's core revenue achieved a stable year-on-year growth of approximately 1.6%. Notably, the Group recorded a profit attributable to owners of the Company of approximately HK\$120.4 million, successfully achieving a turnaround from the net loss of HK\$3,942.2 million in 2024. This performance reflects the effectiveness of the strategic restructuring and the restoration of the Group's operational profitability.

Revenue

During the Year, the Group recorded revenue of approximately HK\$5,180.2 million, representing a 7.3% decrease from HK\$5,589.7 million in the corresponding period last year. Such decrease was principally a reflection of the strategic disposal of the high-precision components business completed in April 2024. Stripping out the impact of this disposal, the Group's underlying revenue performance remained robust, recording a steady year-on-year growth of approximately 1.6%.

Gross Profit/Loss and Margin

During the Year, despite a challenging macro-environment, the Group achieved a recovery in operational quality and profitability through the steadfast execution of its strategic realignment. The Group recorded a gross profit of approximately HK\$793.8 million, representing a gross profit margin of 15.3%, a turnaround from a gross loss of HK\$328.0 million and a gross loss margin of 5.9% in the corresponding period last year.

This rebound was primarily driven by the Group's balanced and disciplined development strategy. By strengthening its risk assessment framework and proactively screening out low-margin orders, the Group significantly enhanced its overall order quality and operational resilience. Concurrently, as inventory levels normalised, the provision for inventories decreased substantially from approximately HK\$508.9 million in the corresponding period last year to approximately HK\$14.1 million for the Year, effectively alleviating the pressure on profitability. Furthermore, the recovery of the gross profit margin was directly supported by a decrease in depreciation expenses of approximately HK\$358.6 million, following the impairments on certain fixed assets recorded at the end of 2024.

Other income and gains, net

Other income and gains, net, increased by approximately 111.7% or HK\$64.7 million, from approximately HK\$57.9 million in the corresponding period last year to approximately HK\$122.6 million for the Year. During the Year, the Group recorded a net profit on the sale of materials of approximately HK\$0.8 million, compared to a net loss of approximately HK\$68.2 million incurred in the previous year.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 24.5% or approximately HK\$16.1 million from approximately HK\$65.8 million in the corresponding period last year to approximately HK\$49.7 million during the Year, accounting for approximately 1.0% of the Group's revenue, which was approximately 0.2 percentage points lower than that for the corresponding period last year of approximately 1.2%. This dual improvement was primarily driven by a refined customer portfolio and increased precision in business development spending.

General and administrative expenses

General and administrative expenses decreased by approximately 41.5% or approximately HK\$462.6 million from approximately HK\$1,115.2 million in the corresponding period last year to approximately HK\$652.6 million during the Year, accounting for approximately 12.6% of the Group's revenue, which was approximately 7.4 percentage points lower than that for the corresponding period last year of approximately 20.0%. The decrease in general and administrative expenses was mainly because the Group no longer incurred R&D and administrative expenses related to the high-precision components business following the completion of the disposal of this business on 3 April 2024. Meanwhile, the Group adopted a disciplined resource allocation plan by concentrating its R&D resources on core businesses, while new products previously developed at the request of customers have been successively launched into the market.

Other operating expenses, net

Other operating expenses, net decreased by approximately 92.2% or approximately HK\$86.0 million from approximately HK\$93.3 million in the corresponding period last year to approximately HK\$7.3 million during the Year, mainly because 1) a HK\$24.6 million decrease in impairment losses on trade and other receivables; 2) a turnaround from a loss of HK\$3.9 million to a gain of HK\$5.2 million on the disposal and write-off of property, plant and equipment; and 3) a HK\$34.5 million decrease in foreign exchange losses.

Management Discussion and Analysis

Finance costs

Finance costs decreased by approximately 48.4% or approximately HK\$46.8 million from approximately HK\$96.6 million in the corresponding period last year to approximately HK\$49.8 million during the Year. The decrease was primarily attributable to the Group's active deleveraging strategy. The early repayment of long-term bank loans in 2024, funded by the net proceeds from the strategic disposal of the high-precision business, effectively lowered the Group's overall finance costs year-on-year.

Impairment of property, plant and equipment

As at 31 December 2025, the Group's management assessed whether there is any impairment indication among the segment of consumer electronics structural components which engaged in the manufacture and sale of components for smart mobile communication and other electrical consumer products for the period then ended, and estimated the recoverable amounts of the property, plant and equipment, the right-of-use assets, the intangible assets and the long-term deposits of the segment. Based on the value-in-use calculation, no impairment was required as their recoverable amounts exceeded their carrying amounts (31 December 2024: an impairment loss of HK\$1,977,624,000 was recognised in the consolidated income statement to write down the carrying amount of the property, plant and equipment to their recoverable amount of HK\$1,697,990,000). The estimated recoverable amounts of the cash generated units were determined by valuations performed by Royson Valuation Advisory Limited, an independent firm of professionally qualified valuer with more than 12 years of experience in business valuation and derivatives valuation in a range of industries, including construction, education, electronics and electrical equipment, health care, financial services, information technology, e-commerce. The valuation is performed based on value-in-use calculations using discounted cash flow analysis under income approach based on financial forecast covering a period of the remaining useful lives of these assets. Value-in-use is the present value of the future cash flows expected to be derived from an asset or a cash generating unit (the "CGU"); and a CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The compound annual growth rates on the five-year revenue growth following the year ended 31 December 2025 ranged from 2.0% to 5.0% (31 December 2024: 2.2% to 9.2%) were applied in the cash flow projections. The revenue growth rates were mainly estimated with reference to the combination of: (i) the estimated revenue of core customers; (ii) the forecasted sale orders from core customers; (iii) the historical sales records of the Group; (iv) the outlook from the management of the Group on the future operating environment; and (v) the operating strategy of the Group. Cash flows beyond the projection period are extrapolated using an estimated growth rate of 2% (31 December 2024: 2%) per annum with reference to the market forecasted long-term inflation rates in the Mainland China. The pre-tax discount rates applied to the cash flow projections ranged from 14.7% to 17.4% (31 December 2024: 10.2% to 16.2%). The discount rates applied were calculated by the cost of equity and cost of debt with reference to the ratio of the companies with similar industries and public data such as risk-free rate of the Mainland China.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had a solid financial position and continued to maintain a cash inflow from operating activities. The table below summarises the Group's cash flows for the years ended 31 December 2025 and 2024:

	2025	2024
	HK\$'000	HK\$000
Net cash flows from operating activities	200,352	681,109
Net cash flows from/(used in) investing activities	(283,338)	930,000
Net cash flows from/(used in) financing activities	(53,925)	(2,166,993)

During the Year, the Group's primary sources of funding included cash generated from operating activities and the credit facilities provided by the Group's principal banks. As at 31 December 2025, the Group had cash and cash equivalents (including time deposits, structured deposits, and wealth management products, bank deposits, pledged bank deposits, and cash) of approximately HK\$1,608.6 million (31 December 2024: approximately HK\$1,615.7 million), of which approximately HK\$277.4 million (31 December 2024: approximately HK\$249.5 million) has been pledged to banks as security for trade financing granted. As at 31 December 2025, the Group had total assets of approximately HK\$7,064.4 million (31 December 2024: approximately HK\$7,154.2 million), net current assets of approximately HK\$1,105.9 million (31 December 2024: approximately HK\$777.3 million) and total equity of approximately HK\$3,151.4 million (31 December 2024: approximately HK\$2,904.8 million). Management believes that the Group's current cash and cash equivalents, together with available credit facilities and expected cash flow from operations, will be sufficient to satisfy its current operational requirements.

GEARING RATIO AND INDEBTEDNESS

As at 31 December 2025 and 2024, the Group was in net cash position and the gearing ratio is not applicable. As at 31 December 2025, other than the non-current portion of bank loans of approximately HK\$468.3 million (31 December 2024: approximately HK\$432.4 million), the Group had bank and other borrowings of approximately HK\$594.6 million (31 December 2024: approximately HK\$548.0 million) which will be repayable within one year from the end of the reporting period.

Management Discussion and Analysis

CAPITAL EXPENDITURE

The Group incurred capital expenditure of approximately HK\$200.0 million during the Year (2024: approximately HK\$454.0 million), mainly for the additions of property, plant and equipment for expansion of its household and sports goods business and to support the consumer electronics structural components segment. Capital expenditures are generally funded by internal resources and credit facilities during the Year.

FOREIGN EXCHANGE

The Group's sales were principally denominated in RMB and US dollars while purchases were principally transacted in RMB. The Group will continue to monitor its overall foreign exchange exposure and interest rate exposure, and consider hedging against the exposure should the need arise.

CHARGES ON GROUP ASSETS

The Group has pledged 1) bank deposits amounting to approximately HK\$277.4 million (31 December 2024: approximately HK\$249.5 million); 2) the Group's certain leasehold buildings, the related right-of-use assets and investment properties in Hong Kong and Mainland China with carrying amount of approximately HK\$799.0 million (31 December 2024: approximately HK\$569.7 million); and 3) approximately 17.2 million issued shares of Tongda Smart Tech (Xiamen) Co., Ltd. ("Tongda Chuang Zhi"), a non-wholly owned subsidiary of the Group, whose shares were listed on the Main Board of Shenzhen Stock Exchange (stock code: SZ001368), representing approximately 15% of its total issued shares. 5.7 million issued shares of Tongda Chuang Zhi have been released from pledge on 3 February 2026. Save as disclosed above, the Group had not pledged its assets to any financial institutions.

EMPLOYEE INFORMATION

As at 31 December 2025, the Group employed a total of approximately 9,800 employees (31 December 2024: approximately 10,000 employees). During the Year, the Group incurred approximately HK\$1,238.9 million (2024: approximately HK\$1,469.3 million) employee expenses. Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. Management regularly reviews the Group's remuneration policy and appraises the work performance of its staff. Employee remuneration includes salaries, allowances, bonuses, social insurance and mandatory pension fund contribution. As required by the relevant regulations in the PRC, the Group participates in the social insurance schemes operated by the relevant local government authorities. The Group also participates in the mandatory pension fund, labour pension and mandatory provident fund schemes for our employees in Hong Kong, Malaysia and Singapore respectively. The Company and one of its subsidiaries have also adopted share schemes as an incentive to directors and eligible employees, details of the share schemes are set out in note 26 to the financial statements.

Past Performance and Forward Looking Statements

The performance and the results of operation of the Group as set out in this report are historical in nature and past performance is not a guarantee of future performance. This report may contain certain statements that are forward-looking or the use of certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board regarding the industry and markets in which it operates. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this report of the Company; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

DIVIDENDS

The Company will consider the declaration of dividends based on its earnings, financial position, debt repayment requirements, capital expenditure plans, medium to long-term business strategies and other factors as the Board may deem appropriate. The Board may also from time to time pay to shareholders of the Company (the "Shareholder(s)") such interim dividends to be justified by the profit of the Company and may recommend final dividends for approval by the Shareholders in its annual general meetings.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

There was no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Year.

SIGNIFICANT INVESTMENTS HELD

Save as disclosed in this report, the Group did not hold any significant investments as at 31 December 2025 and 2024.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2025 and 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2025, the Group did not have any immediate plan for material investments or acquisition of material capital assets.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wang Ya Nan, aged 68, is the Chairman and CEO of the Group. He is responsible for the overall strategic planning and business development of the Group. He is also responsible for the development of overseas markets. Mr. Wang was formerly a member of the National Committee of the Chinese People's Political Consultative Conference ("CPPCC"). He was formerly the Chairman and a non-executive Director of Tongda Hong Tai Holdings Limited (stock code: 2363) ("Tongda Hong Tai"), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He joined the Group in 1988 and has over 31 years of experience in the electronics and electrical industry. He graduated with a Executive Master of Business Administration degree in Xiamen University. He is a brother of Messrs. Wong Ah Yeung, Wong Ah Yu and Wang Ya Hua, who are substantial Shareholders. He is an uncle of Messrs. Wang Hung Man, Wong Ming Sik and Wong Ming Yuet, who are executive Directors.

Mr. Wang Hung Man, aged 37, is the Vice Chairman and the general manager and/or director of the Group's major subsidiaries in Xiamen. He obtained a bachelor's degree in economics from The University of California, Davis in 2011. He also obtained an executive master of business administration (EMBA) degree at China Europe International Business School in 2019. He joined the Group in 2013 and worked in various positions at the major subsidiaries of the Group in Xiamen and was responsible for plant operations management, procurement, companies' daily operations management and strategy development, etc. He is currently responsible for the supervision and strategic development of the Group's business in the consumer electronics structural components division. He is the son of Mr. Wang Ya Hua, who is a substantial Shareholder, and the nephew of Mr. Wang Ya Nan, who is an executive Director and a substantial Shareholder, and Mr. Wong Ah Yeung and Mr. Wong Ah Yu, who are substantial Shareholders. He is also the cousin of Mr. Wong Ming Sik and Mr. Wong Ming Yuet, who are executive Directors.

Mr. Wong Ming Sik, aged 46, is the general manager of the Group's major subsidiaries in Shenzhen and Dongguan. He graduated from University of Central Lancashire in the United Kingdom with a master of science degree in business management and a bachelor of arts degree in accounting and financial studies with honours in 2005 and 2004 respectively. He joined the Group in 2005 and worked in various positions at the major subsidiaries of the Group in Shenzhen and Dongguan and was responsible for plant operations management, procurement, companies' daily operations management and strategy development, etc. He is currently responsible for the supervision and strategic development of the Group's business in Shenzhen and Dongguan. He is the son of Mr. Wong Ah Yeung, who is a substantial Shareholder, and the nephew of Mr. Wang Ya Nan, who is an executive Director and a substantial Shareholder, and Mr. Wong Ah Yu and Mr. Wang Ya Hua, who are substantial Shareholders. He is also the cousin of Mr. Wang Hung Man and Mr. Wong Ming Yuet, who are executive Directors.

Mr. Wong Ming Yuet, aged 44, is the general manager of a major subsidiary of the Group in Shishi. He graduated from Macquarie University in Australia in 2007 and majored in commerce and accounting management. He joined the Group in 2008 and was responsible for daily operations including supply chain, procurement, warehousing and logistics. He is currently assisting the supervision of the Group's business in Shishi. He is the son of Mr. Wong Ah Yu, who is a substantial Shareholder, and the nephew of Mr. Wang Ya Nan, who is an executive Director and a substantial Shareholder, and Mr. Wong Ah Yeung and Mr. Wang Ya Hua, who are substantial Shareholders. He is also the cousin of Mr. Wang Hung Man and Mr. Wong Ming Sik, who are executive Directors.

Mr. Hui Wai Man, Anthony, aged 58, obtained a bachelor of science (Hons) in electronics from Keele University in the United Kingdom in 1990 and has nearly 30 years of experience in the electronics market. After graduating, Mr. Hui joined Seagate Technology PLC (NASDAQ: STX), a company listed on the NASDAQ Stock Market and is one of the world's largest computer hard disk manufacturers. He worked as a business engineer in Singapore. He then joined Kaga Electronics Co., Ltd. (TYO: 8154) ("Kaga Electronics"), a company listed on The Tokyo Stock Exchange, in 1992, where he was responsible for business development. Before Mr. Hui left Kaga Electronics, he was a director of a subsidiary under Kaga Electronics in Asia, and was responsible for the business development of Kaga Electronics in China. Mr. Hui joined the Group in 2003 and is mainly responsible for the sales and marketing activities of the Group in Hong Kong and overseas. He is also responsible for the overall product and business development and the supply chain management of the Group.

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Ms. Chan Sze Man, aged 45, was appointed as the non-executive director of the Company since August 2018. She is also a member of the Audit Committee and Nomination Committee of the Company. Ms. Chan received a bachelor's degree in business administration (majoring in Accountancy) from the Hong Kong University of Science and Technology. Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants and has over 22 years of experience in accounting and auditing for Hong Kong listed companies and private companies. Ms. Chan is currently an independent non-executive director of Prosperous Future Holdings Limited (stock code: 1259), Chi Kan Holdings Limited (stock code: 9913), Weiye Holdings Limited (stock code: 1570), China Wantian Holdings Limited (stock code: 1854), Shanghai XNG Holdings Limited (stock code: 3666) and Ms. Chan is currently an independent director of Green Circle Decarbonize Technology Limited (stock code: GCDT), the shares of which are listed on the New York Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Yu Sun Say, *G.B.M., G.B.S., S.B.S., J.P.*, aged 87, joined the Company as an independent non-executive director in October 2007. He is a member of each of the AC, RC and NC. Dr. Yu is the chairman of the HKI Group. He is an independent non-executive director of Wong's International Holdings Limited (stock code: 99), Beijing Enterprises Holdings Limited (stock code: 392) and Fu Shek Financial Holdings Limited (stock code: 2263), all being companies listed on the main board of the Stock Exchange. He was formerly a member of Standing Committee of the Chinese People's Political Consultative Conference, member of the Preparatory Committee of the Hong Kong Special Administrative Region and Hong Kong Affairs Adviser. He is currently the Permanent Honorary President of the Chinese General Chamber of Commerce and Permanent Honorary President of the Chinese Manufacturers' Association of Hong Kong.

Mr. Cheung Wah Fung, Christopher, *G.B.S., S.B.S., JP*, aged 74, is an independent non-executive director of the Company and joined the Company in September 2004. He is a member of each of the AC, RC and NC. Mr. Cheung was formerly a member of the National Committee of the CPPCC and a member of the Legislative Council (Financial Services) of the Hong Kong Special Administrative Region. He is currently the Chairman of Christfund Securities group of companies. He serves as the honorary president of the Hong Kong Securities Professionals Association, honorary director of the Hong Kong Chinese General Chamber of Commerce, the president of the Hong Kong China Chamber of Commerce, the honorary president of the Hong Kong Federation of Fujian Association, the vice secretary general of the Friends of Hong Kong Association, and the vice president of the Federation of HK Jiangsu Community Organization. Mr. Cheung has been appointed as an independent non-executive director of Carrianna Group Holdings Company Limited (stock code: 126) since July 2021, being a company listed on the main board of the Stock Exchange.

Mr. Ting Leung Huel Stephen, *MH, FCCA, FCPA (PRACTISING), ACA, CTA (HK), FHKIoD*, aged 72, is an independent non-executive director of the Company and joined the Company in December 2000. He is the chairman of each of the AC and RC and a member of the NC. Mr. Ting is an accountant by profession and has over 40 years of experience in auditing, accounting and management. He is now a non-executive director of Chow Sang Sang (Holdings) International Limited (stock code: 116) and an independent non-executive director of four listed companies, namely, China SCE Group Holdings Limited (stock code: 1966), Computer and Technologies Holdings Limited (stock code: 46), Dongyue Group Limited (stock code: 189) and New Silkroad Holding Group Limited (formerly known as New Silkroad Culturaltainment Limited) (stock code: 472).

Biographical Details of Directors and Senior Management

Mr. Sze Irons, *G.B.S., B.B.S., J.P.*, aged 64, is an independent non-executive director of the Company and joined the Company in May 2023. He is a director of Hang Tung Resources Limited, a private company in Hong Kong and an independent non-executive director of 5 listed companies, namely, Continental Holdings Limited (stock code: 513), Chevalier International Holdings Limited (stock code: 25), Best Mart 360 Holdings Limited (stock code: 2360), Redco Healthy Living Company Limited (stock code: 2370) and Forward Fashion (International) Holdings Company Limited (stock code: 2528). Mr. Sze is a member of the Standing Committee of The 14th National Committee of the CPPCC, a Standing Committee member of the Beijing Municipal Committee of the CPPCC, Convenor of the Hong Kong Region, the Permanent Honorary President of the HKCPPCC (Provincial) Members Association Limited, a member of the Labour Advisory Board of the Government of the HKSAR, the Permanent Honorary President of the Chinese Manufacturers' Association of Hong Kong, the chairman of the Mainland Business Advisory Committee of the Hong Kong Trade Development Council, a council member of the Hong Kong Repertory Theatre, a member of the University of Hong Kong Council, President of Federation of Hong Kong Beijing Organisations, and Vice President and Secretary of Friends of Hong Kong Association.

COMPANY SECRETARY

Mr. Chan Paan Paan, aged 41, was appointed as the company secretary of the Company on 25 November 2020. He is primarily responsible for the corporate finance, accounting functions and overall company secretarial matters of the Group. Mr. Chan graduated from the Hong Kong Baptist University with a Bachelor degree in Accounting. He is a member of the Hong Kong Institute of Certified Public Accountants. He has over 15 years of experience in the auditing, accounting and finance field.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company and the Board are committed to achieving and maintaining high standards of corporate governance. The Board believes that effective corporate governance practices are fundamental to enhancing the shareholder value and safeguarding interest of the shareholders and other stakeholders. Accordingly, the Company has adopted sound corporate governance principles that emphasise a high-quality Board, effective risk management and internal control, stringent disclosure practices and transparency and accountability to all stakeholders.

The Company has complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Part 2 of Appendix C1 to the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange throughout the Year, save for the deviations as explained in the relevant sections below.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transaction by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “Model Code”). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code and the code of conduct regarding Directors’ securities transactions adopted by the Company throughout the Year.

BOARD OF DIRECTORS

The Board is responsible for leading and controlling the business operations of the Group. It formulates strategic directions, oversees the operations and monitors the financial performance of the Group. The management is delegated power and authority given by the Board for the day-to-day management and operations of the Group. The management is accountable to the Board for the Company’s overall operation.

As at 31 December 2025 and up to the date of this report, the Board comprises five executive Directors (including the chairman of the Board), one non-executive Director and four independent non-executive Directors and the Board is accountable to shareholders. The management and control of the business of the Company is vested in its Board. It is the duty of the Board to create value to the shareholders of the Company.

Executive directors:

Mr. Wang Ya Nan (*Chairman*)
Mr. Wang Hung Man (*Vice Chairman*)
Mr. Wong Ming Sik
Mr. Wong Ming Yuet
Mr. Hui Wai Man

Non-executive director:

Ms. Chan Sze Man

Independent non-executive directors:

Dr. Yu Sun Say
Mr. Cheung Wah Fung, Christopher
Mr. Ting Leung Huel Stephen
Mr. Sze Irons

The relationships between the Directors are disclosed in the respective Director’s biography under the section “Biographical Details of Directors and Senior Management” on pages 14 to 16 of this annual report.

Corporate Governance Report

The Board is also responsible for the establishment of the risk management system and internal control of the Company. The Board discusses with the management regularly to ensure that risk management system and internal control are operating effectively.

The Board is responsible for keeping proper accounting records so as to enable the Directors to monitor the Company's overall financial position. The Board updates shareholders on the operations and financial position of the Group through half yearly and annual results announcements as well as the publication of timely announcements of other matters as prescribed by the relevant rules and regulations. The Board is bound to manage the Company in a responsible and effective manner, and therefore every Director should ensure that he/she carries out his/her duty in good faith and in compliance with the standards of the applicable laws and regulations, and acts in the best interests of the Company and its shareholders at all times.

The four independent non-executive Directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as to provide a balance in the Board in order to protect shareholders' interest and overall interest of the Group.

All Directors have given time and attention to the affairs of the Group. Each executive Director is suitably qualified for his/her position, and has sufficient experience to hold the position so as to carry out his duties effectively and efficiently.

The Group believes that the structure of the Board is most suitable for the Group's existing operation and is most beneficial to the shareholders' interest. However, a review of the structure will be done regularly to see if any change is needed.

The Board meets regularly on a quarterly basis. All Directors are provided with details of agenda items for decisions making with reasonable notice. Directors have access to the advice and services of the company secretary who is responsible for ensuring that the Board procedures are complied with and advising the Board on compliance matters. Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expenses of the Company. Directors who are considered to have conflict of interest or material interest in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution.

The Board held eight meetings during the Year. The attendance of individual Directors at the Board meetings as well as general meetings in 2025 is set out below:

Members of the Board	Board Meetings	Annual General Meeting	Extraordinary General Meetings
Executive directors:			
Mr. Wang Ya Nan	8/8	1/1	2/2
Mr. Wang Hung Man	8/8	1/1	2/2
Mr. Wong Ming Sik	8/8	1/1	2/2
Mr. Wong Ming Yuet	8/8	1/1	2/2
Mr. Hui Wai Man	8/8	1/1	2/2
Non-executive director:			
Ms. Chan Sze Man	8/8	1/1	2/2
Independent non-executive directors:			
Dr. Yu Sun Say	8/8	1/1	2/2
Mr. Cheung Wah Fung, Christopher	8/8	1/1	2/2
Mr. Ting Leung Huel Stephen	8/8	1/1	2/2
Mr. Sze Irons	8/8	1/1	2/2

The financial controller and company secretary attended all eight scheduled Board meetings to report matters arising from corporate governance, risk management, statutory compliance, and financial reporting matters.

During the Year, all Directors had participated in different continuous professional development programmes (the “CPD”) to develop and refresh their knowledge and skills and each Director provided their training records programmes to the Company for the Year. The Company is of the view that all Directors have complied with the C.1.4 of the CG Code and details as follows:

	Notes
Mr. Wang Ya Nan	1, 2 and 3
Mr. Wang Hung Man	1, 2 and 3
Mr. Wong Ming Sik	1, 2 and 3
Mr. Wong Ming Yuet	1, 2 and 3
Mr. Hui Wai Man	1, 2 and 3
Ms. Chan Sze Man	1, 2 and 3
Dr. Yu Sun Say	1, 2 and 3
Mr. Cheung Wah Fung, Christopher	1, 2 and 3
Mr. Ting Leung Huel Stephen	1, 2 and 3
Mr. Sze Irons	1, 2 and 3

Notes:

1. Annual updated conferences for different regulations (including but not limited to accounting, tax and the Listing Rules).
2. Attending CPD Seminars.
3. Reading related journals and/or learning materials.

All Directors, including non-executive Director and independent non-executive Directors, assume the responsibilities to the shareholders of the Company for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

Each of the independent non-executive Director has made an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board has delegated a schedule of responsibilities to each of the executive directors. Mr. Wang Ya Nan, the Chairman of the Board and the Chief Executive Officer, established the Company's strategic direction, sets the Company's objectives and plans, provides leadership and ensures availability of resources in the attainment of such objectives. He is also required to control, supervise and monitor the capital, corporate finance, technical and human resources of the Group. Mr. Wang Hung Man, the Vice Chairman of the Board, implements the decisions of the Board and manages strategies and plans approved by the Board; and prepares and monitors the annual production plans and operating budget. He is also required to give direction of the day-to-day operation in the the consumer electronics structural components division. Mr. Wong Ming Yuet assists the operation in Shishi. Mr. Wong Ming Sik oversees the operation in Shenzhen and Dongguan.

According to C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Company does not have a separate chairman and chief executive officer and Mr. Wang Ya Nan currently holds both positions. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. In addition, vesting the roles of both chairman and chief executive officer in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies. The balance of power is further ensured by the following reasons:

- The audit committee of the Company is comprised of a non-executive Director and three independent non-executive Directors; and
- The independent non-executive Directors have free and direct access to the Company's external auditor and independent professional advisers when considered necessary.

The Board believes that the present structure is considered to be appropriate under the current size of operation, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Wang Ya Nan, and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

NON-EXECUTIVE DIRECTOR

The Company has a non-executive Director, Ms. Chan Sze Man, who is responsible for overseeing the company and business issues in a broad perspective particularly on helping develop proposals for strategy development. Ms. Chan has been appointed as a non-executive Director for a term of three years commencing from 31 August 2024.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has four independent non-executive Directors, namely Dr. Yu Sun Say, *GBM, GBS, SBS, JP*, Mr. Cheung Wah Fung, Christopher, *GBS, SBS, JP*, Mr. Ting Leung Huel Stephen and Mr. Sze Irons, *GBS, BBS, JP*.

The four independent non-executive Directors are not appointed for a fixed term of office, but they are subject to the retirement by rotation and re-election of Directors in accordance with the Articles of Association of the Company, which require one-third of the Directors in office to retire from office by rotation and re-election at each annual general meeting.

REMUNERATION COMMITTEE

The RC was set up with written terms of reference to oversee the remuneration policy and structure for all Directors and senior management. The RC comprises the Chairman and Chief Executive Officer of the Company, Mr. Wang Ya Nan, and three independent non-executive directors, Mr. Ting Leung Huel Stephen, Dr. Yu Sun Say and Mr. Cheung Wah Fung, Christopher. Mr. Ting Leung Huel Stephen takes the chair of the RC. The terms of reference of RC are in compliance with the Listing Rules. The role of the RC is to recommend to the Board a framework for remunerating the Directors and senior management and to determine specific remuneration packages for them. It is provided with sufficient resources by the Company to discharge its duties.

The remuneration package for each of the Directors are determined with reference to market rates, economic and market situations, individual contributions to the Group's results and development as well as individual's potential in accordance with CG code E.1.2(c)(ii). All revision to the remuneration packages of the Directors are subject to the review and approval of the Board. Details of Directors' remuneration are set out in note 8 to the financial statements in this annual report.

The Company and one of its subsidiaries operate share option and share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The RC is responsible for reviewing and approving matters in relation to the share schemes of the Company. Further details of the schemes are disclosed in note 26 to the financial statements.

During the Year, the RC held 1 meeting to review and approve the remuneration of the executive Directors, non-executive Director and senior management of the Company. Details of the attendance record are as follows:

Attendance at RC meeting	Number of meetings attended (1 meeting in total)
RC members:	
Mr. Ting Leung Huel Stephen	1/1
Mr. Wang Ya Nan	1/1
Dr. Yu Sun Say, <i>GBM, GBS, SBS, JP</i>	1/1
Mr. Cheung Wah Fung, Christopher, <i>GBS, SBS, JP</i>	1/1

Corporate Governance Report

AUDIT COMMITTEE

The AC comprises three of the independent non-executive Directors, Mr. Ting Leung Huel Stephen, Dr. Yu Sun Say, Mr. Cheung Wah Fung, Christopher and the non-executive Director, Ms. Chan Sze Man. Mr. Ting Leung Huel Stephen takes the chair of the AC. The terms of reference of the AC are aligned with the recommendations as set out in “A Guide for Effective Audit Committee” issued by the Hong Kong Institute of Certified Public Accountants and the code provisions as set out in the CG Code. The AC provides accounting and financial advices and recommendations to the Board as well as monitors and safeguards the independence of external auditor and relevant auditing matters. In addition, the AC is responsible to review and supervise the risk management and internal control systems of the Group and transactions with connected persons (if any).

During the Year, the AC held 3 meetings to review the Group’s unaudited interim results for the six months ended 30 June 2025 and audited annual results for the Year which was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. The AC has also reviewed the effectiveness of the risk management and the internal control systems of the Company and considers the risk management and internal control systems to be effective and adequate. Details of the attendance record are as follows:

Attendance at AC meeting	Number of meetings attended (3 meetings in total)
AC members and attendants:	
Mr. Ting Leung Huel Stephen	3/3
Dr. Yu Sun Say, <i>GBM, GBS, SBS, JP</i>	3/3
Mr. Cheung Wah Fung, Christopher, <i>GBS, SBS, JP</i>	3/3
Ms. Chan Sze Man	3/3

NOMINATION COMMITTEE

The NC was set up with written terms of reference to review the structure, size, composition and diversity of the Board and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy.

The Company also recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board has adopted a “Board Diversity Policy” (the “Diversity Policy”) which sets out the approach to achieve diversity on the Board and the NC is responsible for monitoring the implementation of the Diversity Policy. In assessing the Board composition, the NC would take into account various aspects as well as factors concerning Board diversity as set out in the Diversity Policy, including but not limited to gender, age, cultural and educational background, or professional experience etc. The NC will discuss any revisions which may be required, and recommend any such revisions to the Board for consideration and approval.

For the year ended 31 December 2025 and as at the date of this report, the Board consists of nine male members and one female member. The Nomination Committee considered that the Board was sufficiently diverse in terms of gender and the Board had not set any measurable objectives. The Company has also reviewed the structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain a high standard of operation. The Board will endeavour to at least maintain female representation on the Board and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. As at the date of this report, the number of female employees of the Group accounted for approximately 33.5% of the total workforce (including senior management). The Company's recruitment strategy is underpinned by the appointment of the right employee for the right position, in order to achieve employee diversity for all employees (including the senior management) in terms of gender, age, cultural, educational background, expertise, skills and know-how.

The NC comprises the Chairman and Chief Executive Officer of the Company, Mr. Wang Ya Nan, the non-executive Director, Ms. Chan Sze Man, and three independent non-executive Directors, Dr. Yu Sun Say, Mr. Cheung Wah Fung, Christopher and Mr. Ting Leung Huel Stephen. Mr. Wang Ya Nan takes the chair of the NC. The terms of reference of NC are in compliance with the Listing Rules.

The role and function of the NC include to determine the policy for the nomination of directors, identify individuals suitably qualified to join the Board by the selection of individuals nominated for directorships and to make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and the diversity needed in the future. Before a prospective Director's name is formally proposed, opinions of the existing Directors (including the independent non-executive Directors) will be solicited. The proposed appointment will first be reviewed by the NC, taking into account the balance of skills, knowledge and experience on the Board. Upon recommendation of the NC, the proposed appointment will then be reviewed and, if thought fit, approved by the Board after due deliberation. If necessary, the Company may also engage external search firm to assist in the sourcing and identification of appropriate candidates for Board appointments.

During the Year, the NC held 2 meeting to review the independence of the independent non-executive Directors, to consider the qualifications of the retiring directors standing for election at the 2025 annual general meeting, to review the structure, size and composition of the Board and to review the Diversity Policy. Details of the attendance record are as follows:

Attendance at NC meeting	Number of meetings attended (2 meetings in total)
NC members:	
Mr. Wang Ya Nan	2/2
Dr. Yu Sun Say, <i>GBM, GBS, SBS, JP</i>	2/2
Mr. Cheung Wah Fung, Christopher, <i>GBS, SBS, JP</i>	2/2
Mr. Ting Leung Huel Stephen	2/2
Ms. Chan Sze Man (appointed on 7 July 2025)	N/A

Corporate Governance Report

AUDITOR'S REMUNERATION

Details of fees paid or payable to the Group's external auditor for the Year are as follows:

Services	Fees
	HK\$'000
Annual audit	3,000
Review of interim results	620
Total	3,620

DIVIDEND POLICY

Pursuant to the Company's dividend policy, the Company should maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value in recommending or declaring dividends. The Company does not have any pre-determined dividend distribution ratio. The proposal of payment and the amount of dividends will be made at the discretion of the Board and will depend on the Group's results of operations, earnings, financial condition, cash requirements and availability, future capital expenditure and development requirements, business conditions and strategies, interests of shareholders, any restrictions on payment of dividends and any other factors that the Board may consider relevant. The Board will review the dividend policy as appropriate from time to time.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group in accordance with statutory requirements and accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements for the Group are published in a timely manner. The Directors consider that the financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgement of the Board and management with an appropriate consideration to materiality. The Directors, having made appropriate enquires, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The accounting systems and internal control of the Group are designed to prevent any misappropriation of the Group's assets, any unauthorised transactions as well as to ensure the accuracy of the accounting records and the truthfulness and fairness of the financial statements.

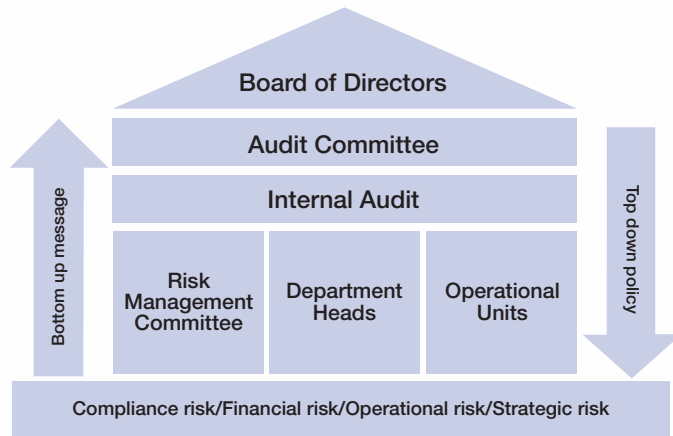
The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and half-yearly reports, other inside information announcements and other financial disclosures required under Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to statutory requirements.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 44 to 49 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group has complied with the risk management and internal control code provisions during the reporting period. The Directors assume the responsibility for maintaining and reviewing the effectiveness of the Group’s risk management and internal control systems, and through the Company’s Audit Committee, kept regularly appraised of significant risks that may impact on the Group’s performance. The Group’s system of internal control includes a defined management structure with limits of authority. Appropriate policies and control procedures have been designed, implemented and reviewed to ensure that assets are safeguarded against improper use or disposal; established system, 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. Such procedures are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. These procedures can only provide reasonable, and not absolute, assurance against material misstatement, errors, losses and fraud.

The Board oversees risk management and internal controls of the Group on an on-going basis, with the risk management framework as follows:



The risk management framework in Tongda Group

Corporate Governance Report

Risk management committee is formed in 2015 by the Chairman and the financial controller, each manufacturing base of finance unit and operational unit included.

Our Group systematically considered the changes, since the last annual review in the nature and extent of four core risks: (1) Compliance risk – risk of exposure to legal penalties or financial loss, the Group will face when it fails to accordance with industry laws and regulations, internal policies or best practices. (2) Financial risk – it is associated with financial transactions, which covers credit risk, liquidity risk, exchange rate risk and interest rate risk etc. (3) Operational risk – it results from inadequate or failed internal processes, people and system. This includes fraud risk, vendor outage or processing errors and etc. (4) Strategic risk – the current and prospective adverse impact on earnings or capital arises from adverse business development decisions, improper strategic decision-making process, and/or lack of responsiveness to industry changes, etc. This includes reputation risk, legal risk and compliance risk.

With the system in place, the Board is able to identify and classify the key risks faced by the Group; assess the likelihood and impact of each risk factor faced by the Group; carry out review and assessment on those critical aspects of the key procedures, systems and controls of the Company to address the risk factors faced by the Group; respond to changes in its business and external environment. The Board keeps an ongoing monitoring of risks and of the internal control systems; evaluate the residual risks faced by the Group with the relevant control measures taken into account; and make recommendations, based on our observations, we can manage rather than eliminate the risk of failure to achieve business objectives.

Our Group has already adopted Policy and Procedures on Disclosure of Inside Information since 2014, details of which are disclosed in Company website and there is no material breach of the procedures and internal controls for the handling and dissemination of inside information.

In addition to the risk management and internal control function carried out internally by the Group, an external independent audit firm, BT Corporate Governance Limited has been appointed to review and appraise the internal control system and risk management system of the Group for the Year. The annual internal control review plan of the Group covers major activities and material controls (including operational, financial and compliance) of the Group's business and service units. A report on the result of assessment and recommendations from BT Corporate Governance Limited was provided to the AC in March 2026.

The AC considers that the internal audit function is adequately resourced and has appropriate standing in the Company. The internal audit function is staffed with persons with relevant qualifications and experience. The AC also considers that the internal auditor has carried out its function according to appropriate professional standards. The AC has met, at least annually, to review the adequacy and effectiveness of the internal audit function. The Board and the AC have reviewed the reports of the internal auditor and the internal controls in place, and are satisfied that there are adequate internal controls in the Company. The internal auditor reports directly to the Chairman of the AC and administratively to the Executive Directors.

Based on the review carried out by BT Corporate Governance Limited, the AC and the Board, the Board concluded that there are no material irregularities nor areas of concern that would have significant adverse impact on the Company's financial position or results of operations, and that the risk management and internal control systems are adequate and effective and the Company's resources, staff qualifications and experience, training programs and budget for accounting, internal audit, financial reporting function and Listing Rules compliance are adequate.

COMPANY SECRETARY

As at 31 December 2025, the company secretary of the Company is Mr. Chan Paan Paan and a written confirmation had been received by the Company from Mr. Chan to confirm that he took no less than 15 hours of relevant professional training. The Company is of the view that Mr. Chan complied with the Rule 3.29 of the Listing Rules.

EXTERNAL AUDITOR

Currently, the Group's external auditor is D & Partners CPA Limited who has been appointed as the external auditor of the Company at the annual general meeting held on 29 May 2025. The AC is responsible for making recommendation to the Board on the appointment, re-appointment and removal of the authorised external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of the external auditor. The AC has given their opinion on the fee charged by the external auditor to the Company and has approved the appointment of D & Partners CPA Limited as auditor, which the Board fully concurred with such approval of the AC. The responsibilities of the external auditor on the financial statements are set out in the "Independent Auditor's Report" on pages 44 to 49 of this annual report.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting and putting forward proposals at shareholders' meeting

Pursuant to the articles of association of the Company, one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings, on a one vote per Share basis, shall at all times have the right by requisition to the Board or the company secretary of the Company by mail at Room 1201-02, 12th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be at the Principal Meeting Place (as defined in the articles of association of the Company), 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

PROCEDURES BY WHICH ENQUIRES MAY BE PUT TO THE BOARD

Shareholders of the Company may send their enquiries and concerns to the Board by addressing them to the company secretary of the Company by mail at Room 1201-02, 12th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and customer complaints, to the chief executive officer of the Company.

COMMUNICATION WITH SHAREHOLDERS

The Directors recognise the importance of long-term support from the shareholders of the Company. The Company attaches great priority to establish effective communication with its shareholders and investors. In an effort to enhance such communications, the Company provides information relating to the Company and its business in its annual report and also disseminates such information electronically through its website at <http://www.tongda.com>.

The Company regards the annual general meeting as an important event as it provides an opportunity for direct communication between the Board and its shareholders. All Directors, senior management and external auditor make an effort to attend the annual general meeting of the Company to address shareholders' queries. All the shareholders of the Company are given a minimum of 21 days' notice of the date and venue of the annual general meeting of the Company. The Company supports the CG Code's principle to encourage shareholders' participation.

The Board reviewed and was satisfied with implementation and effectiveness of the shareholders' communication policy conducted during the Year. The Board also review regularly the Group's operation and corporate governance of the Company in order to ensure compliance of the articles of association of the Company, the laws of the Cayman Islands and regulations and to protect the interest of its shareholders.

CONSTITUTIONAL DOCUMENTS

The memorandum and articles of association of the Company was amended and restated following the approval of the shareholders of the Company at the annual general meeting held on 29 May 2024.

Report of the Directors

The Directors are pleased to present their report and the audited financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Company's principal subsidiaries are set out in note 36 to the financial statements. Except disclosed in notes 37 and 38 to the financial statements, there were no other significant changes in the nature of the Group's principal activities during the Year.

RESULTS AND DIVIDENDS

The Group's profit for the Year and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 50 to 159.

No interim dividend (2024: Nil) per ordinary share was declared and paid during the Year.

The Directors did not recommend the payment of a final dividend (2024: Nil) per ordinary share for the Year. Details are set out in note 10 to the financial statements.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the "Management Discussion and Analysis" on pages 5 to 13 of this annual report and the cross-referenced part of the annual report forms part of the directors' report. The Group is committed to enhancing governance, promoting employee benefits and development, protecting the environment and giving back to society in order to fulfill social responsibility and achieve sustainable growth.

POSSIBLE RISKS AND UNCERTAINTIES FACING THE COMPANY

The Group's financial conditions, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The following are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties which are not known to the Group or which may not be material now but could turn out to be material in the future.

Business Risk

A substantial portion of the operating assets of the Group are located in the PRC and the Group expects that a material portion of the turnover will continue to be derived from the operations in the PRC. The results of operations and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including the extent of government involvement, the level of development, the growth rate, and government control of foreign exchange. The Group cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any material adverse effect on the current or future business, results of operation or financial condition of the Group.

Financial Risk

The financial risk management of the Group are set out in note 34 to the financial statements and the cross-referenced part of the annual report forms part of the directors' report.

Report of the Directors

ENVIRONMENTAL PROTECTION POLICY

The Group has strong commitment towards environmental protection. The management will review the Group's environmental practices from time to time and will consider implementing further ecology friendly measures and practices in the operation to enhance environmental protection and sustainability. Details of which are disclosed in our Environmental, Social and Governance report, which will be issued separately by the Company.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year, as far as the Directors are aware, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group's business and operations.

RELATIONS WITH KEY STAKEHOLDERS

The Board recognises that our employees are valuable assets contributing to the Group's future success. The Group provides competitive remuneration package to attract, motivate and retain our employees. The Board also regularly reviews the remuneration package of our employees and makes necessary adjustments to conform to the prevailing market practices. The Board also treasures that maintaining good relationship with our customers and suppliers is vital to achieve the Group's long-term goals. During the Year, there was no significant dispute between the Group companies and our business partners.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out on page 160. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and the investment properties of the Group during the Year are set out in notes 12 and 13, respectively, to the financial statements.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2025 are set out in note 23 to the financial statements.

SHARE CAPITAL AND SHARE OPTION AND SHARE AWARD SCHEMES

Details of movements in the Company's share capital, the share option scheme, the share award scheme and the share award scheme operated by a subsidiary during the Year, together with the reasons therefor, are set out in notes 25 and 26, respectively, to the financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, its holding company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in note 35 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to HK\$1,792,117,000. This includes the Company's share premium account in the amount of HK\$1,780,859,000 as at 31 December 2025, which may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

During the Year, the Group made charitable contributions totalling HK\$125,000.

MAJOR CUSTOMERS AND SUPPLIERS

As at 31 December 2025, (i) the Group's largest customer and five largest customers accounted for approximately 16.7% and 47.3% respectively of the Group's total revenue; and (ii) the Group's largest supplier and five largest suppliers accounted for approximately 2.7% and 9.7% respectively of the Group's total purchases (not including purchases of items which are of a capital nature).

As far as the Directors are aware, none of the Directors, their associates or any Shareholders who owned more than 5% of the Company's share capital (excluding treasury shares) had any interest in the five largest customers or suppliers of the Group.

Report of the Directors

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive directors:

Mr. Wang Ya Nan (*Chairman*)
Mr. Wang Hung Man (*Vice chairman*)
Mr. Wong Ming Sik
Mr. Wong Ming Yuet
Mr. Hui Wai Man

Non-executive director:

Ms. Chan Sze Man

Independent non-executive directors:

Dr. Yu Sun Say, *GBM, GBS, SBS, JP*
Mr. Cheung Wah Fung, Christopher, *GBS, SBS, JP*
Mr. Ting Leung Huel Stephen
Mr. Sze Irons, *GBS, BBS, JP*

In accordance with articles 107 and 108 of the Company's articles of association, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

In accordance with article 104 of the Company's articles of association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third) shall retire from office by rotation. A retiring Director shall be eligible for re-election. Accordingly, Mr. Wang Ya Nan, Mr. Wang Hung Man, Dr. Yu Sun Say and Mr. Ting Leung Huel will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2025, the interests and long positions of the directors in the share capital of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in ordinary shares of the Company:

Name of directors	Number of shares held, capacity and nature of interest			Total	Percentage of the Company's issued share capital (Note 3)
	Directly beneficially owned	Through controlled corporation	Note		
Mr. Wang Ya Nan	13,827,900 (L)	56,385,000 (L)	1, 2	70,212,900 (L)	36.06
Mr. Hui Wai Man	2,000,000 (L)	–		2,000,000 (L)	1.03
Dr. Yu Sun Say	648,300 (L)	–		648,300 (L)	0.33
Mr. Cheung Wah Fung, Christopher	119,000 (L)	–		119,000 (L)	0.06
Mr. Ting Leung Huel Stephen	200,000 (L)	–		200,000 (L)	0.10
Mr. Sze Irons	295,000 (L)	–		295,000 (L)	0.15

L: Long position

S: Short position

Notes:

- 47,505,000 shares are held by Landmark Worldwide Holdings Limited, the issued share capital of which is beneficially owned as to 25% by each Messrs. Wang Ya Nan, Wang Ya Hua, Wong Ah Yu and Wong Ah Yeung (collectively referred to as the "Wong Brothers").
- 8,880,000 shares are held by E-Growth Resources Limited, the entire issued share capital of which is beneficially owned by Mr. Wang Ya Nan.
- The percentages have been compiled based on the total number of issued shares (i.e. 194,712,152 shares) as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Share Option and Share Awards Schemes" below, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION AND SHARE AWARD SCHEMES

Share Option Scheme

The Company adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations on 25 June 2013 (the "2013 Share Option Scheme"). Eligible participants of the Scheme include all executive directors and any full-time employee of the Company or any of its subsidiaries and any suppliers, consultants or advisers who will provide or have provided services to the Group.

The 2013 Share Option Scheme expired on 24 June 2023 and no further options can be granted under the 2013 Share Option Scheme. There were no options granted under the 2013 Share Option Scheme but not yet exercised as at 31 December 2024.

In view of the expiration of the 2013 Share Option Scheme and pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 29 May 2025, a new share option scheme of the Company (the "2025 Share Option Scheme") was adopted by the Company.

Purpose of the 2025 Share Option Scheme

The purpose of the 2025 Share Option Scheme is to attract and retain the best available and high calibre personnel of the Group, to provide additional incentives to the eligible participants and to promote the overall success of the business of the Group. The 2025 Share Option Scheme gives the eligible participants an opportunity to have a personal stake in the Company which will help motivate the eligible participants in optimising their performance and efficiency and attract and retain the eligible participants whose contributions are important to the long-term growth and profitability of the Group.

Participants of the 2025 Share Option Scheme

Pursuant to the terms of the 2025 Share Option Scheme, eligible participants include the employee participants, which are the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an eligible participant) of any member of the Group (including persons who are granted options under the 2025 Share Option Scheme as inducement to enter into employment contracts with any member of the Group).

The total number of shares which may be issued in respect of all share options which may be granted under the 2025 Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the Company shall not exceed such number of shares as equivalent to 10% of the issued share capital (excluding treasury shares) of the Company as at the date of approval of the 2025 Share Option Scheme (the "Scheme Mandate Limit"). Share options lapsed in accordance with the terms of the 2025 Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. On the contrary, options may be cancelled pursuant to the terms of the 2025 Share Option Scheme. The options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. As at the date of approval of the 2025 Share Option Scheme and 31 December 2025, the total number of shares available for issue under the Scheme Mandate Limit was 19,471,215 and 19,471,215 respectively and divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the respective period was approximately 10.00% and 10.00%.

Maximum entitlement under the 2025 Share Option Scheme

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, under the 2025 Share Option Scheme must be approved by the independent non-executive directors of the Company (excluding an independent non-executive director who is the proposed grantee of the Company).

In addition, any share options are proposed to be granted to an independent non-executive director or a substantial shareholder (as defined in the Listing Rules) or any of their respective associates and if such grant would result in the shares issued and to be issued (including any treasury shares which may be transferred, as applicable) in respect of all share options and awards granted and to be granted (excluding any share options and awards lapsed in accordance with the terms of the relevant schemes) to such person in any twelve (12)-month period up to and including the date of grant representing in aggregate over 0.1% of the total issued shares (excluding any treasury shares), such further grant of share options must be approved by shareholders in a general meeting of the Company with such grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour of the proposed grant at such general meeting.

Option period under the 2025 Share Option Scheme

The period within which the option may be exercised by the grantee is to be determined and notified by the Directors to the grantee in respect of any particular option at the time of making an offer for grant of the option provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular option but subject to the provisions for early termination contained in the 2025 Share Option Scheme.

Report of the Directors

Vesting period under the 2025 Share Option Scheme

Save for specified circumstances under the terms of the 2025 Share Option Scheme, an option must be held by the grantee for at least twelve (12) months before the option can be exercised.

Amount payable on acceptance and period for payment under the 2025 Share Option Scheme

An offer shall remain open for acceptance for a period of 21 days from the offer date, after which the offer shall be deemed to have been irrevocably declined and lapsed automatically without notice. An offer shall be deemed to have been accepted by an eligible participant concerned in respect of all shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant with the number of shares in respect of which the offer is accepted, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company.

Basis of determining exercise price under the 2025 Share Option Scheme

The price for shares to be subscribed under the 2025 Share Option Scheme may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of:

- (a) the closing price of the shares as shown in the daily quotations sheet of the Stock Exchange on the offer date;
- (b) the average of the closing prices of the shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive business days immediately preceding the offer date; and
- (c) the nominal value of the share on the offer date.

Life of the 2025 Share Option Scheme

The 2025 Share Option Scheme shall continue in force for the period commencing from 29 May 2025, being the adoption date, and expiring at the close of business on the date which falls ten (10) years after the adoption date, after such period no further share options will be granted but the provisions of the 2025 Share Option Scheme shall remain in full force and effect in respect of any share options granted before its expiry or termination but not yet exercised.

During the Year and up to the date of this report, no share options were granted by the Company under the 2025 Share Option Scheme.

Share Award Scheme Operated by the Company

Participant and basis of determining the purchase price of the shares awarded under the Share Award Scheme

The Company adopted a share award scheme on 17 January 2022 (the “Share Award Scheme”) under which the Directors may, from time to time, at its absolute discretion select any employee (other than excluded employee) for participation in the Share Award Scheme and determine the number of the awarded shares to be awarded to the selected employee(s) at a price per awarded share not less than the higher of:

- (a) the par value of the share of the Company;
- (b) 50% of the closing price of the shares of the Company as quoted on the Stock Exchange on the grant date; and
- (c) 50% of the average of the closing prices of the shares of the Company as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the grant date.

The Board is entitled to impose any conditions, as it deems appropriate with respect to the entitlement of the selected employee to the awarded shares.

Purpose of the Share Award Scheme

The purpose of the Share Award Scheme is to (i) establish a mechanism of “risk sharing and benefit sharing” between middle and senior management and the Group, so that the middle and senior management have the opportunity to share the results of the Group’s strategic development and organisational changes, and attract and retain core talents; (ii) establish an equity reward model linked to the Company’s overall value and personal performance indicators and achieve diversified and long-term rewards for middle and senior management; and (iii) attract suitable personnel for further development of the Group.

Vesting period under the Share Award Scheme

Subject to the terms and conditions of the Share Award Scheme and the fulfilment of all specified vesting conditions (if any) specified, the respective awarded shares shall vest in such selected employee in accordance with the vesting schedule as set out in the award letter.

Amount payable on acceptance and period for payment under the Share Award Scheme

The total consideration payable for the awarded shares and the period for payment shall be specified in the relevant award letter.

Report of the Directors

Maximum entitlement under the Share Award Scheme

The maximum number of shares of the Company which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the shares in issue of the Company from time to time.

Life of the Share Award Scheme

The Share Award Scheme shall be valid and effective for a term of 10 years from 17 January 2022 unless terminated earlier by the Board and is administered by the Board and the trustee of the Share Award Scheme.

Shares available for award under the Share Award Scheme

The total number of shares to be awarded under the Share Award Scheme shall not exceed 10% of the total number of issued shares of the Company as at the adoption date of the Share Award Scheme. During the Year, 581,000 (2024: 182,000) awarded shares were lapsed or terminated and total issue price paid for these awarded shares was refunded accordingly. Such returned awarded shares are available for further grant pursuant to the Share Award Scheme. The number of awards available for grant under the Share Award Scheme as at 1 January 2024, 31 December 2024 and 31 December 2025 was 18,381,215, 18,563,215 and 19,144,215 respectively after adjustment upon the share consolidation of every fifty (50) shares of HK\$0.01 each into one (1) share of HK\$0.5, which was approved by the Shareholders at the extraordinary general meeting on 9 October 2025 and effective on 13 October 2025 (the "Share Consolidation").

The number of shares that may be issued in respect of the awarded shares granted under the Share Award Scheme during the year ended 31 December 2025 and 2024, being nil shares and 581,000 shares respectively, divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the respective period was approximately nil% and 0.30%.

As at the date of this report, the total number of shares available for issue under the Share Award Scheme was nil (2024: 581,000), representing approximately nil% (2024: 0.30%) of the entire issued share capital of the Company as at the date of this report.

The awarded shares are subject to certain vesting conditions specified by the Board at the time of granting the awarded shares and shall be vested in three tranches in 48 months started from the grant date. Further details of the Share Award Scheme are disclosed in note 26 to the financial statements.

Share Award Scheme Operated By A Subsidiary

Tongda Smart Tech (Xiamen) Co., Limited, a non-wholly owned subsidiary of the Group, whose shares were listed on the Main Board of Shenzhen Stock Exchange (stock code: SZ001368) (“Tongda Chuang Zhi”) established and approved a restricted A share incentive scheme (the “Incentive Scheme”) on 4 January 2024. The Incentive Scheme is designed to provide long-term incentives for middle level managers and above (excluding directors, supervisor, shareholders of Tongda Chuang Zhi who hold over 5% shares in Tongda Chuang Zhi and their direct family members) to deliver long-term shareholder returns.

Under the Incentive Scheme, 76 participants are granted 1,867,600 restricted A shares with a grant price of HK\$14.31 (equivalent to RMB13.10) per share on 4 January 2024.

On 2 December 2024, the Board of Tongda Chuang Zhi resolved to grant a total of 336,000 restricted A shares to 19 proposed participants under the Incentive Scheme granted on 4 January 2024, as the grant date of the reserved grant, at the grant price of RMB11.65 per share under the reserved grant. Except for 2 proposed participants under the reserved grant (who were granted a total of 29,000 restricted A shares) who voluntarily decided not to participate in the reserved grant, 17 proposed participants under the reserved grant had accepted and subscribed for a total of 307,000 restricted A shares granted to them under the reserved grant. The share registration of those newly issued registered A shares was completed on 27 December 2024 at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

The Incentive Scheme shall be valid not exceed 60 months from the date of completion of the registration of the first grant of the restricted A shares to the date when all these restricted A shares granted to the selected employee are released from restricted sale or repurchased and canceled. The total number of shares to be awarded under the Incentive Scheme did not exceed 10% of the total number of issued shares of Tongda Chuang Zhi at the announcement date of the Incentive Scheme. The maximum number of shares of Tongda Chuang Zhi which to be awarded to a selected employee under the Incentive Scheme did not exceed 1% of the shares in issue of Tongda Chuang Zhi at the announcement date of the Incentive Scheme. The number of awards available for grant under the Incentive Scheme as at 31 December 2024 and 2025 was 9,363,056 and 10,079,836 respectively.

The grant price was determined by not less than the higher of:

- (a) the par value of the share of Tongda Chuang Zhi;
- (b) 50% of the average price of the shares of Tongda Chuang Zhi as quoted on the Main Board of Shenzhen Stock Exchange on 1 day before the grant date; and
- (c) 50% of the average price of the shares of Tongda Chuang Zhi as quoted on the Main Board of Shenzhen Stock Exchange on 120 days before the grant date.

All these shares are restricted for sale until certain service and performance conditions are met.

Report of the Directors

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed “Share Option and Share Award Schemes” above, there were no other equity-linked agreements entered into by the Group, or existed during the Year.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2025, the following parties were interested in 5% or more of the Company’s issued share capital as recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity and nature of interest		Number of ordinary shares held	Percentage of the Company’s issued share capital
Landmark Worldwide Holdings Limited	Note	Directly beneficially owned	47,505,000 (L)	24.40

Note:

The issued share capital of Landmark Worldwide is held and beneficially owned as to 25% each by the Wong Brothers.

Save as disclosed above, as at 31 December 2025, no person, other than the Directors, whose interests are set out in the section “Directors’ interests and short positions in shares and underlying shares” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

DIRECTORS’ SERVICE CONTRACTS

Mr. Wang Ya Nan, being the executive director of the Company, has entered into a service agreement with the Company for an initial fixed term of three years commencing from 1 December 2000, and which will continue thereafter until terminated by not less than three months’ notice in writing served by either party to the other.

Mr. Wang Hung Man, Mr. Wong Ming Yuet and Mr. Hui Wai Man, being the executive directors of the Company, each of them has entered into a service contract with the Company for an initial term of three years commencing from 21 October 2019, renewable automatically for successive term of one year and may be terminated by either party by giving one month’s notice in writing at the end of the initial term or any time thereafter.

Mr. Wong Ming Sik, appointed to be an executive director on 6 January 2020, has entered into a service contract with the Company for an initial term of three years commencing from 6 January 2020, renewable automatically for successive term of one year and may be terminated by either party by giving one month’s notice in writing at the end of the initial term or any time thereafter.

Ms. Chan Sze Man, an non-executive director, has entered into a letter of appointment with the Company for a term of three years commencing from 31 August 2024, subject to retirement by rotation and may be terminated by giving one month’s notice in writing by either party.

Dr. Yu Sun Say and Mr. Cheung Wah Fung, Christopher have been appointed as independent non-executive Director of the Company in October 2007 and September 2004 respectively. Both of them do not have a fixed term of office with the Company.

Mr. Ting Leung Huel Stephen has been appointed as independent non-executive Director of the Company in December 2000 and he has a service contract with the Company with an initial term of three years and renewable automatically for successive term of one year, subject to retirement by rotation and re-election.

Mr. Sze Irons has been appointed as independent non-executive Director of the Company in May 2023 and he has a service contract with the Company with an initial term of three years and renewable automatically for successive term of one year, subject to retirement by rotation and re-election.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTEREST IN CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries, was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the Year.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACT OF SIGNIFICANCE

No contract of significance was entered into by the Company or any of its subsidiaries with the controlling Shareholder or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

COMPETITION AND CONFLICT OF INTERESTS

As at 31 December 2025, none of the Directors or any of their respective associates have engaged in any business that competes or may compete with the business of the Group, or have any other conflict of interests with the Group.

Report of the Directors

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the “Model Code”) as set out in Appendix C3 as the Company’s code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiries of the Directors, the Directors have complied with the required standard of dealings as set out in the Model Code throughout the Year.

CONNECTED AND RELATED PARTY TRANSACTIONS

Details of the related party transactions during the Year are set out in note 29 to the financial statements. Save as disclosed in this report, none of these related party transactions constitutes connected transaction or continuing connected transaction which is required to be disclosed under the Listing Rules. The Directors confirm that the Company has complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules during the Year.

EMOLUMENT POLICY

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

The emoluments of the Directors are decided by the RC, having regard to the Group’s operating results, individual performance and comparable market statistics.

Details of Directors’ remuneration are set out in note 8 to the financial statements.

REMUNERATION OF SENIOR MANAGEMENT

Remuneration by bands	Number of senior management
HK\$2,500,001 to HK\$3,000,000	1

The Company and one of its subsidiaries have adopted share schemes as an incentive to directors and eligible employees, details of the share schemes are set out in note 26 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company’s total issued share capital was held by the public as at the date of this report.

AUDITOR

Ernst & Young has resigned as the auditor of the Company with effect from 1 December 2023 as Ernst & Young and the Company could not reach a consensus on the audit service fee regarding the annual audit for the financial year ended 31 December 2023. The Board, with the recommendation from the AC, has resolved to appoint D & Partners CPA Limited as the auditor of the Company with effect from 8 December 2023 to fill the casual vacancy following the resignation of Ernst & Young. For further information, please refer to the announcement of the Company dated 8 December 2023.

D & Partners CPA Limited will hold office until the conclusion of the forthcoming annual general meeting. D & Partners CPA Limited will retire and, being eligible, offer themselves for reappointment.

A resolution for the reappointment of D & Partners CPA Limited as auditor of the Company is to be proposed at the forthcoming annual general meeting.

PERMITTED INDEMNITY PROVISIONS

The articles of associations of the Company provides that the Directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

The Company has taken out and maintained directors' liability insurance which provides appropriate cover for the Directors and directors of the subsidiaries of the Company.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the financial statements, the Group has no other significant event after the reporting period.

ON BEHALF OF THE BOARD

Wang Ya Nan

TONGDA GROUP HOLDINGS LIMITED

Chairman

Hong Kong

26 March 2026

Independent Auditor's Report



To the shareholders of Tongda Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Tongda Group Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 50 to 159, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT 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.

KEY AUDIT MATTERS *(continued)*

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.

Key audit matter

How our audit addressed the key audit matter

Allowances for trade receivables

As at 31 December 2025, the Group had a gross trade receivables balance of HK\$1,405,330,000 and impairment allowances of HK\$40,172,000. Management evaluates the estimated impairment allowances for trade receivables based on specific review of customers' accounts as well as experience from collection trends, current business conditions and expected future market conditions.

The accounting policies and disclosures for allowances for trade receivables are included in notes 2.4, 3 and 19 to the consolidated financial statements.

Our audit procedures included, among others, selecting samples for the circularisation of debtor confirmations, checking subsequent settlements of trade receivables, and reviewing trade receivables' ageing reports to identify any long overdue debts and their historical pattern of settlements.

In addition, we inspected the published economic indices that management applied in their assessment of the loss allowances for trade receivables.

Provision against inventories

As at 31 December 2025, the Group had a gross inventory balance of HK\$987,797,000 and inventory provision of HK\$311,649,000. Management considers various factors, including the conditions and ageing of inventories, the latest invoice prices and current market conditions for slow-moving inventories, when determining inventory provision for surplus inventories or obsolete inventories.

The accounting policies and disclosures for provision against inventories are included in notes 2.4, 3 and 18 to the consolidated financial statements.

Our audit procedures included, among others, performing lower of cost and net realisable value tests by reviewing the gross profit margin analysis of products during the year and discussing with management regarding their pricing policy and provision basis, performing obsolescence review by reviewing the subsequent usage of raw materials, work in progress and delivery of finished goods to customers and attending physical inventory counts and performing compilation tests.

Independent Auditor's Report

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of property, plant and equipment

As at 31 December 2025, the Group had property, plant and equipment of HK\$2,033,462,000, representing 29% and 76% of the Group's non-current assets and total assets, respectively. Management performed impairment assessment on the Group's property, plant and equipment where an indicator of impairment of these assets existed. As at 31 December 2025, the recoverable amount of property, plant and equipment was larger than its carrying amount, no impairment loss was recognised.

When performing the impairment test, management determined the recoverable amounts of the relevant assets, cash-generating units ("CGUs") or groups of CGUs as at 31 December 2025 based on the higher of value in use calculations using the discounted cash flow method and fair value less costs of disposals. When using value in use calculations, significant management judgement and estimates were involved in the assessments of the recoverable amounts of CGUs or groups of CGUs, for example, budgeted sales and discount rate. The outcome was sensitive to the expected future market conditions and the actual performance of the CGUs or groups of CGUs.

The accounting policies and disclosures for impairment assessment of property, plant and equipment are included in notes 2.4, 3 and 12 to the consolidated financial statements.

We evaluated management's impairment assessment and the identification of CGUs or groups of CGUs based on the Group's accounting policies and our understanding of the Group's business.

In evaluating management's impairment assessment, we also assessed the valuation methodologies adopted by management in determining of recoverable amounts of the assets, CGUs or groups of CGUs.

With regard to management's value in use calculations, we evaluated and tested the key assumptions used in the calculations:

- for budgeted sales, by comparing the Group's budgets of the relevant CGUs with the historical results; and
- for discount rate, by making reference to market data and comparable companies in the industry;

We assessed the external valuer's qualification, experience and expertise in the assets being valued and considered their objectivity and independence.

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 AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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.

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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

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

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 Heung Wai Keung (Practising Certificate No.: P06700).

D & PARTNERS CPA LIMITED

Certified Public Accountants
2201, 22/F., West Exchange Tower
322 Des Voeux Road Central
Sheung Wan, Hong Kong

Hong Kong, 26 March 2026

Consolidated Income Statement

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	5	5,180,235	5,589,739
Cost of sales		(4,386,450)	(5,917,694)
Gross profit/(loss)		793,785	(327,955)
Other income and gains, net	5	122,569	57,871
Selling and distribution expenses		(49,744)	(65,784)
General and administrative expenses		(652,607)	(1,115,177)
Gain on disposal of subsidiaries	38	–	133,050
Provision for impairment of investments in associates	16	–	(105,240)
Provision for impairment of amount due from a jointly-controlled entity	15	–	(267,492)
Provision for impairment of property, plant and equipment	12	–	(1,977,624)
Other operating expenses, net		(7,340)	(93,295)
Finance costs	6	(49,796)	(96,618)
Share of losses of associates		–	(13,131)
PROFIT/(LOSS) BEFORE TAX	7	156,867	(3,871,395)
Income tax expense	9	(4,912)	(32,576)
PROFIT/(LOSS) FOR THE YEAR		151,955	(3,903,971)
Attributable to:			
Owners of the Company		120,355	(3,942,177)
Non-controlling interests		31,600	38,206
		151,955	(3,903,971)
			(Restated)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic	11	HK\$0.62	(HK\$20.25)
Diluted		HK\$0.62	(HK\$20.25)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
PROFIT/(LOSS) FOR THE YEAR		151,955	(3,903,971)
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Other comprehensive income/(expense) that will not be reclassified to profit or loss in subsequent periods:			
Revaluation surplus on transfer of right-of-use assets and property, plant and equipment to an investment property	13	–	13,336
Loss on properties revaluation	13	(10,880)	(3,386)
Deferred tax credited/(debited) to the asset revaluation reserve	24	1,799	(1,549)
		(9,081)	8,401
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations			
– subsidiaries		131,749	(212,158)
– associates		–	(2,134)
Release of exchange reserve upon deregistration of subsidiaries		(104)	–
Release of exchange reserve upon disposal of subsidiaries	38	–	57,767
		131,645	(156,525)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX		122,564	(148,124)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		274,519	(4,052,095)
Attributable to:			
Owners of the Company		217,052	(4,070,268)
Non-controlling interests		57,467	18,173
		274,519	(4,052,095)

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	2,033,462	2,003,124
Right-of-use assets	14	354,236	346,910
Intangible assets		7,867	8,276
Investment properties	13	126,696	122,979
Long term deposits	17	49,870	44,067
Time deposits	20	92,834	171,156
Deferred tax assets	24	24,679	19,883
Total non-current assets		2,689,644	2,716,395
CURRENT ASSETS			
Inventories	18	676,148	713,839
Trade and bills receivables	19	2,033,085	2,118,531
Prepayments, deposits and other receivables		149,679	143,869
Amount due from a jointly-controlled entity	15	–	8,376
Tax recoverable		–	8,675
Financial assets at fair value through profit or loss (“FVTPL”)	21	300,269	310,596
Time deposits	20	183,979	43,844
Pledged deposits	20	277,418	249,519
Cash and cash equivalents	20	754,145	840,592
Total current assets		4,374,723	4,437,841
CURRENT LIABILITIES			
Trade and bills payables	22	2,138,847	2,525,086
Accrued liabilities and other payables		438,227	488,532
Interest-bearing bank and other borrowings	23	594,583	547,963
Lease liabilities	14	5,000	1,992
Tax payable		92,205	96,945
Total current liabilities		3,268,862	3,660,518
NET CURRENT ASSETS		1,105,861	777,323
TOTAL ASSETS LESS CURRENT LIABILITIES		3,795,505	3,493,718

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	23	468,254	432,394
Other payables		74,156	79,788
Deferred revenue		34,856	9,264
Lease liabilities	14	29,350	23,101
Deferred tax liabilities	24	37,454	44,328
Total non-current liabilities		644,070	588,875
Net assets		3,151,435	2,904,843
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	97,356	97,356
Reserves	27	2,730,238	2,508,162
		2,827,594	2,605,518
Non-controlling interests		323,841	299,325
Total equity		3,151,435	2,904,843

Wang Ya Nan
Director

Wang Hung Man
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

Notes	Attributable to owners of the Company										Non-controlling interest HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Share award reserve HK\$'000	Capital reserve HK\$'000 (Note 27)	Asset revaluation reserve HK\$'000	Statutory reserve HK\$'000 (Note 27)	Capital redemption reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
As at 1 January 2025	97,356	1,780,859	4,441	252,318	49,365	576,612	884	(687,735)	531,418	2,605,518	299,325	2,904,843
Profit for the year	-	-	-	-	-	-	-	-	120,355	120,355	31,600	151,955
Loss on properties revaluation	-	-	-	-	(10,880)	-	-	-	-	(10,880)	-	(10,880)
Deferred tax credited to the asset revaluation reserve	-	-	-	-	1,799	-	-	-	-	1,799	-	1,799
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	105,882	-	105,882	25,867	131,749
Release of exchange reserve upon deregistration of subsidiaries	-	-	-	-	-	-	-	(104)	-	(104)	-	(104)
Total comprehensive income for the year	-	-	-	-	(9,081)	-	-	105,778	120,355	217,052	57,467	274,519
Transfer to statutory reserve	-	-	-	-	-	7,157	-	-	(7,157)	-	-	-
Transfer of reserve upon deregistration of subsidiaries	-	-	-	3,880	-	(15,332)	-	-	11,452	-	-	-
Lapse of share award	-	-	(4,441)	-	-	-	-	-	-	(4,441)	-	(4,441)
Dividends paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(30,021)	(30,021)
Restricted share award expense under share award scheme of a subsidiary, net	-	-	-	6,535	-	-	-	-	-	6,535	-	6,535
Termination of share award under share award scheme of a subsidiary	-	-	-	2,930	-	-	-	-	-	2,930	(2,930)	-
As at 31 December 2025	97,356*	1,780,859*	-*	265,663*	40,284*	568,437*	884*	(581,957)*	656,068*	2,827,594	323,841	3,151,435

Notes	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium account HK\$'000	Share award reserve HK\$'000	Capital reserve HK\$'000 (Note 27)	Asset revaluation reserve HK\$'000	Statutory reserve HK\$'000 (Note 27)	Capital redemption reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
As at 1 January 2024	97,356	1,780,859	3,484	260,545	40,964	633,203	884	(551,475)	4,417,004	6,682,824	320,672	7,003,496
Loss for the year	-	-	-	-	-	-	-	-	(3,942,177)	(3,942,177)	38,206	(3,903,971)
Revaluation surplus on transfer of right-of-use assets and property, plant and equipment to investment properties	-	-	-	-	13,336	-	-	-	-	13,336	-	13,336
Loss on properties revaluation	-	-	-	-	(3,386)	-	-	-	-	(3,386)	-	(3,386)
Deferred tax debited to the asset revaluation reserve	-	-	-	-	(1,549)	-	-	-	-	(1,549)	-	(1,549)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(194,259)	-	(194,259)	(20,033)	(214,292)
Release of exchange reserve upon disposal of subsidiaries	-	-	-	-	-	-	-	57,767	-	57,767	-	57,767
Total comprehensive income/(expense)	-	-	-	-	8,401	-	-	(136,492)	(3,942,177)	(4,070,268)	18,173	(4,052,095)
Transfer to statutory reserve	-	-	-	-	-	14,405	-	-	(14,405)	-	-	-
Share award expense	-	-	957	-	-	-	-	-	-	957	-	957
Dividends paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(60,582)	(60,582)
Issue of restricted shares under share award scheme of a subsidiary	-	-	-	10,442	-	-	-	232	-	10,674	2,393	13,067
Net contribution from non-controlling shareholders of a subsidiary	-	-	-	(18,669)	-	-	-	-	-	(18,669)	18,669	-
Release of statutory reserve upon disposal of subsidiaries	-	-	-	-	-	(70,996)	-	-	70,996	-	-	-
As at 31 December 2024	97,356	1,780,859*	4,441*	252,318*	49,365*	576,612*	884*	(687,735)*	531,418*	2,605,518	299,325	2,904,843

* These reserve accounts comprise the consolidated reserves of HK\$2,730,238,000 (2024: HK\$2,508,162,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		156,867	(3,871,395)
Adjustments for:			
Finance costs		49,796	96,618
Share of losses of associates		–	13,131
Depreciation of property, plant and equipment	12	250,518	632,848
Depreciation of right-of-use assets	14	13,756	11,189
Amortisation of intangible assets	7	767	773
Bank interest income	5	(11,583)	(15,131)
Interest income from a jointly-controlled entity	5	(2,128)	(2,686)
Interest income from receivables from an individual third party	5	–	(1,179)
Loss/(gain) on disposals/written off of items of property, plant and equipment	7	(5,247)	3,866
Loss on changes in fair value of investment properties	5	1,844	5,027
Loss on changes in fair value of FVTPL	5	1,536	1,824
Gain on disposal of FVTPL	5	(13,033)	(15,368)
Provision for impairment of trade receivables	19	16,675	21,766
Reversal of provision for impairment of trade receivables	19	(3,619)	(1,344)
Provision for impairment of other receivables	7	–	19,501
Provision for impairment of amount due from a jointly-controlled entity	15	–	267,492
Provision for impairment of investments in associates	16	–	105,240
Provision against inventories	7	14,102	508,894
Provision for impairment of property, plant and equipment	12	–	1,977,624
Gain on disposal of subsidiaries, net of transaction costs	38	–	(186,116)
Finance income	5	–	(52)
Share award expense, net	7	(3,839)	11,631
		466,412	(415,847)
Decrease/(increase) in inventories		23,589	(23,645)
Decrease in trade and bills receivables		72,390	34,355
Decrease/(increase) in prepayments, deposits and other receivables		(5,844)	422,097
Decrease in a lease receivable		–	3,745
Decrease/(increase) in amount due from a jointly-controlled entity		8,376	(2,393)
Increase/(decrease) in trade and bills payables		(346,322)	601,227
Decrease/(increase) in accrued liabilities and other payables		(696)	137,471
		217,905	757,010
Hong Kong profits tax paid		(1,639)	(30,062)
Overseas taxes paid		(15,914)	(45,839)
Net cash flows from operating activities		200,352	681,109

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		13,711	17,817
Proceeds from disposal of subsidiaries, net of tax	38	–	1,758,721
Payment for acquisition of subsidiaries, net of cash acquired	37	–	(51,695)
Purchases of items of property, plant and equipment		(208,710)	(400,063)
Proceeds from disposal of items of property, plant and equipment		15,552	2,146
Decrease/(increase) in financial assets at fair value through profit or loss		35,378	(42,201)
Increase in long term deposits		(49,557)	(75,068)
Increase in time deposits		(61,813)	(152,668)
Decrease in other receivables		–	35,525
Increase in pledged bank deposits		(27,899)	(162,514)
Net cash flows from/(used in) investing activities		(283,338)	930,000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		861,374	1,266,656
Repayment of bank loans		(822,433)	(3,298,639)
Interest paid		(49,796)	(96,618)
Dividend paid to non-controlling interests		(30,021)	(60,582)
Principal element of lease payments		(3,879)	(7,336)
Net consideration received from awarded shares grant under share award scheme		(9,170)	29,526
Net cash flows used in financing activities		(53,925)	(2,166,993)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(136,911)	(555,884)
Cash and cash equivalents at beginning of year		840,592	1,447,471
Effect of foreign exchange rate changes, net		50,464	(50,995)
CASH AND CASH EQUIVALENTS AT END OF YEAR		754,145	840,592
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	20	754,145	840,592
Cash and cash equivalents as stated in the consolidated statement of cash flows		754,145	840,592

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Tongda Group Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands. The principal place of business of the Company and its subsidiaries is at room 1201-02, 12th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are set out in note 36. There were no significant changes in the nature of the Group’s principal activities during the year.

In the opinion of the directors of the Company, Mr. Wang Ya Nan, Mr. Wang Ya Hua, Mr. Wong Ah Yeung, Mr. Wong Ah Yu, together with Landmark Worldwide Holdings Limited and E-Growth Resources Limited, are considered as the controlling shareholders of the Company.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all applicable 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 a leasehold building in Hong Kong classified as property, plant and equipment and the related right-of-use assets, investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value. The non-current assets of subsidiaries classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Certain balances in the consolidated financial statements as at 31 December 2024 were reclassified in conformity with current year’s presentation.

Basis of consolidation

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

Notes to Financial Statements

31 December 2025

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, 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 consolidated financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained, and (iii) 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 the following revised HKFRS Accounting Standards for the first time for the current year's consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

The nature and impact of the revised HKFRS Accounting Standards that are applicable to the Group are described below:

(a) Amendments to HKAS 21 – *Lack of Exchangeability*

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 with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any material impact on these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these statements.

HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²
Annual Improvements to HKFRS Accounting Standards – Volume 11	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 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.

Notes to Financial Statements

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss 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 will be 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 consolidated financial statements.

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.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

Amendments to HKFRS 9 and HKFRS 7 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 disclosure requirements for investments in equity instruments designated at FVOCI 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 consolidated 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 consolidated financial statements.

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. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Notes to Financial Statements

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

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

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7.

Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 7 Financial Instruments: Disclosures:* The amendments have updated certain wordings 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 consolidated 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 wordings 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 consolidated 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 consolidated 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 consolidated financial statements.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

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

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

Notes to Financial Statements

31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Fair value measurement

The Group measures its leasehold building and the related right-of-use asset in Hong Kong, investment property, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income 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

2.4 SUMMARY OF 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 inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. 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 the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued 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 the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

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

- (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.

Notes to Financial Statements

31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. When an item of property, plant and equipment of a subsidiary is held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for “Non-current assets of a subsidiary held for sale”. 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 the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the 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 or valuation of each item of property, plant and equipment to its residual value, over the following estimated useful lives:

Leasehold building in Hong Kong	Over the lease terms
Leasehold buildings in Mainland China	Over the lease terms
Leasehold improvements	Over the lease terms or 3 – 5 years, whichever is shorter
Plant and machinery	10 – 12 years
Furniture, fixtures and office equipment	3 – 10 years
Motor vehicles	5 – 10 years

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

Estimated residual values are determined as 5% to 10% of the original purchase cost of each individual underlying asset.

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation 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 the income statement in the year the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Construction in progress represents leasehold buildings under construction, plant and machinery and furniture and fixtures and motor vehicles which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment property

An investment property is an interest in a land and a building (including the leasehold property held as a right-of-use assets which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, an investment property is stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair value of an investment property are included in the income statement in the year in which they arise.

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

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "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

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. 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.

Customer relationship is acquired from the business combination and the estimated useful life is 13 years.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

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. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee *(continued)*

(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 fair value or at cost, less any 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:

Land	Over the lease terms
Plant	Over the lease terms
Buildings	Over the lease terms

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.

(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

The Group applies the short-term lease recognition exemption to its short-term leases of building, 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). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Notes to Financial Statements

31 December 2025

2.4 SUMMARY OF 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 terms and is included in revenue in the income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the income statement so as to provide a constant periodic rate of return over the lease terms. When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

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.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

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.

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.

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

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 the income statement when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the income statement.

Financial assets at fair value through profit or loss

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

Notes to Financial Statements

31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

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.

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.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

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.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, 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 more than 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.

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 and bills receivables which apply the simplified approach as detailed below.

Notes to Financial Statements

31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach (continued)

- 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 and bills 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.

For lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and bills payables, financial liabilities included in accrued liabilities and other payables, interest-bearing bank and other borrowings and lease liabilities.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement 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 the income statement.

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 the income statement.

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

2.4 SUMMARY OF 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 manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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 the income statement.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of 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
- in respect of taxable temporary differences associated with investments in subsidiaries and a jointly-controlled entity, 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 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
- in respect of deductible temporary differences associated with investments in subsidiaries and a jointly-controlled entity, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to Financial Statements

31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Research and development costs

All research costs are charged to the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

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.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

Other 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

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Employee benefits

Share-based payments

The Company operates a share option scheme and a share award scheme, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial option pricing model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Share-based payments (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Retirement benefit schemes

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 the income statement 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, except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

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

Notes to Financial Statements

31 December 2025

2.4 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities of 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 retranslated 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 the income statement.

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 retranslation 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 income statement is also recognised in other comprehensive income or income statement, 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 and joint venture are currencies other than Hong Kong dollars. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their income statements are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars 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 Hong Kong dollars at the weighted average exchange rates for the year.

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.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the accounts recognised in the financial statement:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

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

Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including right-of-use assets and intangible assets) at the end of the reporting period. 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 estimates 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.

Further details of the impairment assessment of property plant and equipment, right-of-use assets and intangible assets are set out in notes 12 and 14(a).

Provision against inventories

The management of the Group reviews the condition and ageing analysis of inventories at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified, that are no longer suitable for use in production. Management estimates the net realisable value for such finished goods and work in progress based primarily on the latest invoice prices and current market conditions. Further details of the provision against inventories are set out in note 18.

Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade receivables measured at amortised cost. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. Further details of the provision for expected credit of losses on trade and bills receivables are set out in note 19.

Impairment assessment of interests in associates

During the year ended 31 December 2024, the Group's associates had incurred loss in operations due to the fierce competition in their respective industry sectors in the PRC. The management of the Group performed an impairment assessment using value in use model to estimate the recoverable amount of the investments. The value in use calculation requires the directors of the Company to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate the recoverable amount. Where the actual future cash flows are less than expected, a material impairment loss may arise. Further details of the impairment assessment of interests in associates are set out in note 16.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable segments as follows:

- (a) the consumer electronics structural components segment consists of manufacturing of components of handset casings and high-precision components, panels for smart electrical appliances, network communications facilities and other electrical consumer products; and
- (b) the household and sports goods segment consists of durable household goods, household utensils and sports goods.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that other income and gains, net, corporate and other unallocated expenses, non-lease-related finance costs, share of losses of associates, provision for impairment of investments in associates and provision for impairment of amount due from a jointly-controlled entity are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, amount due from a jointly-controlled entity, pledged deposits, cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Notes to Financial Statements

31 December 2025

4. OPERATING SEGMENT INFORMATION *(continued)*

The following is an analysis of the Group's revenue and results by reportable segments:

	Consumer electronic structural components		Household and sports goods		Eliminations		Consolidated	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Segment revenue								
Sales to external customers [#] (note 5)	4,042,760	4,536,043	1,137,475	1,053,696	-	-	5,180,235	5,589,739
Intersegment sales	151	22	-	-	(151)	(22)	-	-
Total	4,042,911	4,536,065	1,137,475	1,053,696	(151)	(22)	5,180,235	5,589,739
Segment results before depreciation	244,340	(2,849,936)	137,038	142,808	-	-	381,378	(2,707,128)
Depreciation of property, plant and equipment	(190,374)	(582,595)	(60,144)	(50,253)	-	-	(250,518)	(632,848)
Depreciation of right-of-use assets	(9,747)	(7,249)	(4,009)	(3,940)	-	-	(13,756)	(11,189)
Amortisation of intangible assets	(767)	(773)	-	-	-	-	(767)	(773)
Segment results	43,452	(3,440,553)	72,885	88,615	-	-	116,337	(3,351,938)
Unallocated income							122,569	57,871
Corporate and other unallocated expenses							(33,965)	(96,197)
Finance cost (other than interest expenses on lease liabilities)							(48,074)	(95,268)
Share of losses of associates							-	(13,131)
Provision of impairment of investments in associates							-	(105,240)
Provision of impairment of amount due from a jointly-controlled entity							-	(267,492)
Profit/(loss) before tax							156,867	(3,871,395)
Income tax expense							(4,912)	(32,576)
Profit/(loss) for the year							151,955	(3,903,971)
Other segment information:								
Provision for impairment recognised in the income statement, net [*]	(14,554)	(547,495)	(16,223)	(2,666)	-	-	(30,777)	(550,161)
Provision for impairment reversed in the income statement ^{**}	3,345	931	274	413	-	-	3,619	1,344
Provision for impairment of property, plant and equipment	-	(1,977,624)	-	-	-	-	-	(1,977,624)
Gain on disposal of subsidiaries	-	133,050	-	-	-	-	-	133,050
Capital expenditure ^{***}	92,972	325,415	106,978	128,628	-	-	199,950	454,043

[#] Sales to external customers are also revenue from contracts with customers.

^{*} Included provision for impairment of trade and other receivables and provision against inventories.

^{**} Included reversal of impairment of trade receivables.

^{***} Capital expenditure consists of additions to property, plant and equipment and leasehold land recognised in right-of-use assets.

4. OPERATING SEGMENT INFORMATION (continued)

	Consumer electronic structural components		Household and sports goods		Eliminations		Consolidated	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Segment assets	4,345,080	4,453,580	1,663,045	1,573,611	-	-	6,008,125	6,027,191
Unallocated assets							1,056,242	1,127,045
Total assets							7,064,367	7,154,236
Segment liabilities	2,338,188	2,750,254	382,248	377,509	-	-	2,720,436	3,127,763
Unallocated liabilities							1,192,496	1,121,630
Total liabilities							3,912,932	4,249,393

Geographical information

	PRC*		Asia Pacific (excluding PRC)		United States		Europe		Others		Consolidated	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Revenue from customers												
Segment revenue												
Sales to external customers [#]	3,687,796	4,289,394	621,805	499,304	186,760	10,049	515,054	464,768	168,820	326,224	5,180,235	5,589,739
Non-current assets	2,563,892	2,642,256	101,073	54,256	-	-	-	-	-	-	2,664,965	2,696,512

The revenue information above is based on the locations of the customers.

* The People's Republic of China ("PRC") includes Hong Kong and Macau.

Sales to external customers are also revenue from contracts with customers.

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

Notes to Financial Statements

31 December 2025

4. OPERATING SEGMENT INFORMATION *(continued)*

Information about major customers

Revenues from the following customers contributed over 10% of the total sales to the Group:

	2025 HK\$'000	2024 HK\$'000
Customer A	N/A*	646,061
Customer B	864,425	856,058
	864,425	1,502,119

* Revenue contributed less than 10% of the total sales to the Group.

Revenues from Customer A and B were mainly derived from sales of the consumer electronics structural components segment, including sales to a group of entities which are known to be under common control of the respective customers.

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
<i>Revenue from contracts with customers</i>		
Sale of goods	5,180,235	5,589,739

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 HK\$'000	2024 HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	23,265	11,934

The performance obligation is satisfied upon delivery of the goods and the payment is generally due within one to three months from delivery, except for new customers, where payment in advance is normally required.

As at 31 December 2025, contract liabilities of HK\$26,567,000 (2024: HK\$23,265,000) were included in the "Accrued liabilities and other payables (current liabilities)" in the consolidated statement of financial position.

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

Revenue from the sale of goods is recognised at a point in time when control of goods is transferred to customers, generally on delivery of goods.

An analysis of other income and gains, net is as follows:

	2025	2024
	HK\$'000	HK\$'000
Other income and gains, net		
Bank interest income	11,583	15,131
Interest income from a jointly-controlled entity	2,128	2,686
Interest income from receivables from an individual third party	–	1,179
Utilities income	20,199	10,220
Sales of materials, net of costs	785	(68,152)
Government grants*	33,496	45,305
Finance income	–	52
Change in fair value of investment properties	(1,844)	(5,027)
Rental income	30,794	35,274
Loss on changes in fair value of FVTPL	(1,536)	(1,824)
Gain on disposal of FVTPL	13,033	15,368
Others	13,931	7,659
	122,569	57,871

* Various government grants have been received for setting up research activities. There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

	2025	2024
	HK\$'000	HK\$'000
Interest expenses on bank and other borrowings	42,056	85,211
Interest expenses on discounted bills	6,018	10,057
Interest expenses on lease liabilities	1,722	1,350
	49,796	96,618

Notes to Financial Statements

31 December 2025

7. PROFIT/(LOSS) BEFORE TAX

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

	2025	2024
	HK\$'000	HK\$'000
Cost of inventories sold	4,386,450	5,917,694
Depreciation of property, plant and equipment	250,518	632,848
Depreciation of right-of-use assets	13,756	11,189
Amortisation of intangible assets	767	773
Research and development costs	264,626	579,958
Lease payments not included in the measurement of lease liabilities	10,483	18,033
Employee benefit expense (excluding directors' remuneration):		
Salaries and wages	1,148,564	1,379,275
Pension scheme contributions*	94,167	78,429
Equity-settled share award expense/(reversal), net	(3,839)	11,631
Less: Amounts included in research and development costs	(155,928)	(202,924)
	1,082,964	1,266,411
Auditor's remuneration		
– annual audit services	3,000	4,000
– other services	620	1,710
Loss/(gain) on disposals/written off of items of property, plant and equipment***	(5,247)	3,866
Foreign exchange differences, net***	3,965	38,511
Changes in fair value of investment properties**	1,844	5,027
Impairment of trade receivables***	16,675	21,766
Impairment of other receivables***	–	19,501
Reversal of impairment of trade receivables***	(3,619)	(1,344)
Provision against inventories	14,102	508,894

Cost of inventories sold includes HK\$1,114,120,000 (2024: HK\$1,579,097,000) relating to staff costs, operating lease rentals, provision against inventories, and depreciation of property, plant and equipment and right-of-use assets, which are also included in the respective total amounts disclosed above for each of these types of expenses.

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

** This amount is included in "Other income and gains, net" on the face of the consolidated income statement.

*** These amounts are included in "Other operating expenses, net" on the face of the consolidated income statement.

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to 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:

	Group	
	2025	2024
	HK\$'000	HK\$'000
Fees	10,260	10,260
Other emoluments:		
Salaries, allowances and benefits in kind	3,424	3,588
Discretionary bonus	16,000	–
Pension scheme contributions	90	90
	19,514	3,678
	29,774	13,938

(a) Independent non-executive directors

	Fees	Total
	HK\$'000	remuneration
		HK\$'000
2025		
Mr. Ting Leung Huel, Stephen	360	360
Mr. Cheung Wah Fung, Christopher, <i>GBS, SBS, JP</i>	300	300
Dr. Yu Sun Say, <i>GBM, GBS, SBS, JP</i>	300	300
Mr. Sze Irons, <i>GBS, BBS, JP*</i>	300	300
	1,260	1,260

Notes to Financial Statements

31 December 2025

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

Directors' remuneration (continued)

(a) Independent non-executive directors (continued)

	Fees HK\$'000	Total remuneration HK\$'000
2024		
Mr. Ting Leung Huel, Stephen	360	360
Mr. Cheung Wah Fung, Christopher, GBS, SBS, JP	300	300
Dr. Yu Sun Say, GBM, GBS, SBS, JP	300	300
Mr. Sze Irons, BBS, JP*	300	300
	1,260	1,260

(b) Executive directors and non-executive director

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2025					
<i>Executive directors:</i>					
Mr. Wang Ya Nan	2,400	360	4,000	-	6,760
Mr. Wang Hung Man	2,400	360	4,000	18	6,778
Mr. Wong Ming Yuet	1,800	360	4,000	18	6,178
Mr. Wong Ming Sik	1,800	360	4,000	18	6,178
Mr. Hui Wai Man	-	1,984	-	18	2,002
	8,400	3,424	16,000	72	27,896
<i>Non-executive director:</i>					
Ms. Chan Sze Man	600	-	-	18	618
	600	-	-	18	618
	9,000	3,424	16,000	90	28,514

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (continued)

Directors' remuneration (continued)

(b) Executive directors and non-executive director (continued)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2024				
<i>Executive directors:</i>				
Mr. Wang Ya Nan	2,400	360	–	2,760
Mr. Wang Hung Man	2,400	360	18	2,778
Mr. Wong Ming Yuet	1,800	360	18	2,178
Mr. Wong Ming Sik	1,800	360	18	2,178
Mr. Hui Wai Man	–	2,148	18	2,166
	8,400	3,588	72	12,060
<i>Non-executive director:</i>				
Ms. Chan Sze Man	600	–	18	618
	600	–	18	618
	9,000	3,588	90	12,678

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2025 and 2024.

Notes to Financial Statements

31 December 2025

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(continued)*

Five highest paid employees

The five highest paid employees during the year included four (2024: four) directors, details of whose remuneration are set out above. Details of the remuneration of the remaining one (2024: one) non-director highest paid employee is as follows:

	2025	2024
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	2,787	2,683
Pension scheme contributions	18	18
	2,805	2,701

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
HK\$2,500,001 – HK\$3,000,000	1	1

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one of the subsidiaries of the Group in Hong Kong, which is a qualifying entity under the two-tier profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2025 HK\$'000	2024 HK\$'000
Current – Hong Kong		
Charge for the year	1,639	6,007
Current – Elsewhere		
Charge for the year	12,134	54,565
Underprovision/(overprovision) in prior years	1,010	(3,345)
	13,144	51,220
Deferred	(9,871)	(24,651)
Total tax charge for the year	4,912	32,576

Notes to Financial Statements

31 December 2025

9. INCOME TAX EXPENSE (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax using the applicable statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries operate to the tax expense at the effective tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Profit/(loss) before tax	156,867	(3,871,395)
Tax at the applicable tax rates	46,736	(973,650)
Lower applicable tax rates enjoyed by the Group	(28,565)	15,525
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	(6,530)	3,179
Adjustments in respect of current tax of prior years	1,010	(3,345)
Loss attributable to associates	-	3,283
Income not subject to tax	(58,057)	(79,059)
Expenses not deductible for tax	70,318	771,352
Tax losses utilised from previous years	(72,810)	(6,439)
Tax losses not recognised	52,810	301,730
Tax charge at the effective rate	4,912	32,576

Pursuant to the Corporate Income Tax Law of the PRC being effective on 1 January 2008, the corporate income tax rate for all enterprises in Mainland China is 25%.

During the years ended 31 December 2025 and 2024, certain subsidiaries of the Group were subject to a preferential tax rate of 15% under High New Technology Enterprises.

10. DIVIDENDS

On 26 March 2026, the Board of the Company does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
Profit/(loss)		
Profit/(loss) for the purpose of basic and diluted profit/(loss) per share	120,355	(3,942,177)
	'000	'000 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted profit/(loss) per share	194,712	194,712

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the year ended 31 December 2024 has been retrospectively adjusted for the share consolidation of every 50 ordinary shares into 1 consolidated share which effective on 13 October 2025, as if the share consolidation had been effective since 1 January 2024.

The Group had no potentially dilutive ordinary shares in issue for the year end 31 December 2025.

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 December 2024 in respect of a dilution of the award shares as certain conditions under the share award scheme not yet fully satisfied as of the reporting period.

Notes to Financial Statements

31 December 2025

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building in Hong Kong HK\$'000	Leasehold buildings in China HK\$'000	Leasehold improvement HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2025								
Cost or valuation:								
At 1 January 2025	33,800	1,132,742	882,096	6,058,856	136,426	45,417	48,071	8,337,408
Additions	-	-	29,845	114,294	16,820	2,478	36,513	199,950
Surplus on revaluation	(5,700)	-	-	-	-	-	-	(5,700)
Disposals/written-off	-	-	(19,179)	(421,216)	(30,593)	(3,672)	-	(474,660)
Transfer	-	(25,324)	(21,377)	77,117	27,236	(3,354)	(54,298)	-
Exchange realignment	-	32,664	40,177	282,572	6,561	1,924	600	364,498
At 31 December 2025	28,100	1,140,082	911,562	6,111,623	156,450	42,793	30,886	8,421,496
Accumulated depreciation and impairment:								
At 1 January 2025	-	389,628	780,071	4,995,317	131,113	36,234	1,921	6,334,284
Provided for the year	733	32,483	12,572	195,152	7,431	2,147	-	250,518
Reversal upon revaluation	(733)	-	-	-	-	-	-	(733)
Disposals/written-off	-	-	(17,827)	(413,199)	(30,593)	(2,736)	-	(464,355)
Transfer	-	-	(2,718)	4,822	1,147	(1,292)	(1,959)	-
Exchange realignment	-	19,577	30,781	209,963	6,031	1,930	38	268,320
At 31 December 2025	-	441,688	802,879	4,992,055	115,129	36,283	-	6,388,034
Net book value:								
At 31 December 2025	28,100	698,394	108,683	1,119,568	41,321	6,510	30,886	2,033,462

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold building in Hong Kong HK\$'000	Leasehold buildings in Mainland China HK\$'000	Leasehold improvement HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2024								
Cost or valuation:								
At 1 January 2024	33,100	1,183,899	850,907	6,449,412	151,396	47,693	91,716	8,808,123
Additions	-	852	39,728	211,123	17,606	2,313	174,345	445,967
Acquisition of subsidiaries (note 37)	-	-	-	184,601	-	-	-	184,601
Surplus on revaluation	700	-	-	-	-	-	-	700
Disposals/written-off	-	(5,188)	(27,175)	(165,521)	(10,738)	(3,390)	(1,057)	(213,069)
Disposal of subsidiaries (note 38)	-	-	(2,396)	(453,430)	(11,142)	(630)	(48,632)	(516,230)
Transfer	-	42,796	57,621	65,355	(379)	966	(166,359)	-
Transfer to investment properties (note 13)	-	(49,652)	-	-	-	-	-	(49,652)
Exchange realignment	-	(39,965)	(36,589)	(232,684)	(10,317)	(1,535)	(1,942)	(323,032)
At 31 December 2024	33,800	1,132,742	882,096	6,058,856	136,426	45,417	48,071	8,337,408
Accumulated depreciation and impairment:								
At 1 January 2024	-	329,511	394,706	3,392,887	105,687	33,114	-	4,255,905
Provided for the year	882	32,739	80,203	500,923	14,817	3,284	-	632,848
Acquisition of subsidiaries (note 37)	-	-	-	103,156	-	-	-	103,156
Reversal upon revaluation	(882)	-	-	-	-	-	-	(882)
Disposals/written-off	-	(5,188)	(27,141)	(161,575)	(10,253)	(2,900)	-	(207,057)
Disposal of subsidiaries (note 38)	-	-	(1,226)	(230,543)	(5,521)	(411)	-	(237,701)
Transfer to investment properties (note 13)	-	(9,838)	-	-	-	-	-	(9,838)
Provision for impairment	-	55,262	354,954	1,529,950	30,628	4,909	1,921	1,977,624
Exchange realignment	-	(12,858)	(21,425)	(139,481)	(4,245)	(1,762)	-	(179,771)
At 31 December 2024	-	389,628	780,071	4,995,317	131,113	36,234	1,921	6,334,284
Net book value:								
At 31 December 2024	33,800	743,114	102,025	1,063,539	5,313	9,183	46,150	2,003,124

Except for the leasehold building in Hong Kong which is stated at valuation, all other property, plant and equipment are stated at cost less depreciation and impairment.

The Group's leasehold building and the related right-of-use asset situated in Hong Kong were revalued at the end of the reporting period based on valuations performed by Asset Appraisal Ltd., an independent firm of professionally qualified valuers, at HK\$31,700,000 (2024: HK\$43,400,000). In the opinion of the directors, the current use of the leasehold building in Hong Kong and the related right-of-use asset is its highest and best use.

Notes to Financial Statements

31 December 2025

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

A revaluation deficit of HK\$10,880,000 (2024: HK\$3,386,000), resulting from the above valuation, has been debited to other comprehensive income. Further details of the fair value measurement of the Group's leasehold building situated in Hong Kong are disclosed in note 13 below.

Had the Group's leasehold building and the related right-of-use asset situated in Hong Kong been carried at historical cost less accumulated depreciation, the carrying amount would have been HK\$8,036,000 (2024: HK\$8,294,000).

As at 31 December 2025, certain of the Group's leasehold building, the related right-of-use assets and investment properties in Hong Kong and Mainland China with an aggregate net carrying amounts of HK\$799,005,000 (2024: HK\$569,668,000) were pledged to secure bank loans granted to the Group (note 23).

As at 31 December 2025, certain subsidiaries of the Group had not yet obtained the title ownership certificates for certain of its buildings situated in Shishi city, Fujian and Dongguan (2024: Shishi City, Fujian and Dongguan), the PRC with net book values of HK\$74,889,000 and HK\$11,505,000, respectively (2024: HK\$78,176,000 and HK\$11,003,000, respectively). The Company's directors confirmed that there is no legal barrier or otherwise for the Group to obtain the relevant title ownership certificates for these buildings from the relevant PRC authority.

As at 31 December 2025, the Group's management assessed whether there is any impairment indication among the segment of consumer electronics structural components which engaged in the manufacture and sale of components for smart mobile communication and other electrical consumer products for the year then ended, and estimated the recoverable amounts of the property, plant and equipment, the right-of-use assets, the intangible assets and the long term deposits of the segment (collectively as the "Assets Under Review"). Based on the value-in-use calculation, no written down of the carrying amounts were required for the Assets Under Review to their estimated recoverable amounts (31 December 2024: an impairment loss of HK\$1,977,624,000 was recognised in the consolidated income statement to write down the carrying amount of the property, plant and equipment to their recoverable amount of HK\$1,697,990,000). The estimated recoverable amounts of the cash generated units were determined by valuations performed by Royson Valuation Advisory Limited, an independent firm of professionally qualified valuer with more than 12 years of experience in business valuation and derivatives valuation in a range of industries, including construction, education, electronics and electrical equipment, health care, financial services, information technology, e-commerce. The valuation is performed based on value-in-use calculations using discounted cash flow analysis under income approach based on financial forecast covering a period of the remaining useful lives of these assets. Value-in-use is the present value of the future cash flows expected to be derived from an asset or a CGU; and a CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

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

The compound annual growth rates on the five-year revenue growth following the year ended 31 December 2025 ranged from 2.0% to 5.0% (2024: 2.2% to 9.2%) were applied in the cash flow projections. The revenue growth rates were mainly estimated with reference to the combination of: (i) the estimated revenue of core customers; (ii) the forecasted sale orders from core customers; (iii) the historical sales records of the Group; (iv) the outlook from the management of the Group on the future operating environment; and (v) the operating strategy of the Group. Cash flows beyond the projection period are extrapolated using an estimated growth rate of 2% (2024: 2%) per annum with reference to the market forecasted long-term inflation rates in the Mainland China. The pre-tax discount rates applied to the cash flow projections ranged from 14.7% to 17.4% (2024: 10.2% to 16.2%). The discount rates applied were calculated by the cost of equity and cost of debt with reference to the ratio of the companies with similar industries and public data such as risk-free rate of the Mainland China.

13. INVESTMENT PROPERTIES

	2025	2024
	HK\$'000	HK\$'000
Carrying amount at 1 January	122,979	74,779
Transfer from right-of-use assets	–	4,843
Transfer from property, plant and equipment	–	39,814
Change in fair value credited to other comprehensive income	–	13,336
Change in fair value debited to income statement	(1,844)	(5,027)
Exchange realignment	5,561	(4,766)
	<hr/>	<hr/>
Carrying amount at 31 December	126,696	122,979

Upon the completion of the High Precision Disposal (as defined in note 38) on 3 April 2024, one of the Group's properties in Xiamen was leased to an independent third party for earning rental income. Therefore, right-of-use assets of HK\$4,843,000 and property, plant and equipment of HK\$39,814,000 were reclassified to investment property and were revalued on the completion date. The fair value of the aforesaid investment property was revalued based on valuations performed by Asset Appraisal Ltd., an independent firm of professionally qualified valuers, at RMB52,600,000, equivalent to HK\$57,993,000. After the transfer, a revaluation surplus of HK\$13,336,000 was credited to the asset revaluation reserve.

Notes to Financial Statements

31 December 2025

13. INVESTMENT PROPERTIES (continued)

As at 31 December 2025, the Group's investment properties in Shenzhen and Xiamen were revalued based on valuations performed by Asset Appraisal Ltd. at RMB113,900,000, equivalent to HK\$126,696,000 (2024: RMB115,600,000, equivalent to HK\$122,979,000).

In the opinion of the directors, the current use of the investment properties in Xiamen and Shenzhen are their highest and best use.

Valuation processes for the leasehold building in Hong Kong and the investment properties

The Group's finance department includes a team which directly reports to senior management and reviews the valuations performed by the external valuers for financial reporting purposes. Each year, senior management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties, including a leasehold building situated in Hong Kong for own use and the investment properties in Xiamen and Shenzhen. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's team has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's leasehold building situated in Hong Kong for own use (note 12) and the investment properties in Xiamen and Shenzhen:

	Fair value measurement as at 31 December 2025 using			
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
Recurring fair value measurement for:				
Leasehold building in Hong Kong				
for own use (note (a))	-	-	28,100	28,100
Right-of-use asset (note (a))	-	-	3,600	3,600
Investment property in Shenzhen				
(note (b))	-	-	66,630	66,630
Investment property in Xiamen (note (c))	-	-	60,066	60,066
	-	-	158,396	158,396

13. INVESTMENT PROPERTIES *(continued)*Fair value hierarchy *(continued)*

	Fair value measurement as at 31 December 2024 using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Recurring fair value measurement for:				
Leasehold building in Hong Kong for own use (note (a))	–	–	33,800	33,800
Right-of-use asset (note (a))	–	–	9,600	9,600
Investment property in Shenzhen (note (b))	–	–	67,021	67,021
Investment property in Xiamen (note (c))	–	–	55,958	55,958
	–	–	166,379	166,379

During the years ended 31 December 2025 and 2024, there were no transfers of fair value measurements between Level 1, Level 2 and Level 3.

Notes to Financial Statements

31 December 2025

13. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

During the year ended 31 December 2024, the investment property in Xiamen was transferred into Level 3 upon being reclassified from right-of-use assets and property, plant and equipment to investment property.

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

	Leasehold building and the related right-of-use asset HK\$'000	Investment properties HK\$'000
Net carrying amount at 1 January 2024	47,900	74,779
Depreciation	(1,114)	–
Transfer from right-of-use assets	–	4,843
Transfer from property, plant and equipment	–	39,814
Revaluation surplus on transfer of right-of-use assets and property, plant and equipment to an investment property	–	13,336
Loss from fair value adjustments recognised in:		
– Other comprehensive expense in the statement of comprehensive income	(3,386)	–
– Other income and gains, net, in the income statement	–	(5,027)
Exchange realignment	–	(4,766)
	43,400	122,979
Net carrying amount at 31 December 2024 and 1 January 2025	(820)	–
Depreciation		
Loss from fair value adjustments recognised in:		
– Other comprehensive expense in the statement of comprehensive income	(10,880)	–
– Other income and gains, net, in the income statement	–	(1,844)
Exchange realignment	–	5,561
	31,700	126,696
Net carrying amount at 31 December 2025	31,700	126,696

13. INVESTMENT PROPERTIES *(continued)*Fair value hierarchy *(continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of a leasehold building and the related right-of-use asset in Hong Kong and investment properties:

	Valuation technique	Significant unobservable inputs	Range	
			2025	2024
Leasehold building and the related right-of-use asset in Hong Kong for own use	Direct comparison approach	Market transaction price (per square foot)	HK\$12,853 to HK\$14,718	HK\$16,500 to HK\$21,545
		Adjustment on quality of the building	1% to 10%	0.1% to 23%
Investment property in Shenzhen (Zhong Wu Industrial Zone, Hang Cheng Street, Baoan District, Shenzhen City, Guangdong Province, The PRC)	Income capitalisation approach	Average unit market rent per month (HK\$/square meter)	HK\$22.25 to HK\$27.81	HK\$23.40 to HK\$29.79
		Discount factor	10.9%	7.8%
Investment property in Xiamen (No.36 Ding Shan Road, Haicang District, Xiamen City, Fujian Province, The PRC)	Comparative approach	Market transaction price (per square meter)	HK\$2,080 to HK\$2,972	HK\$2,140 to HK\$2,756

Notes to Financial Statements

31 December 2025

13. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Notes:

- (a) The valuation of the leasehold building and the related right-of-use asset in Hong Kong for own use was determined using the direct comparison approach. The most significant inputs to this valuation approach are the market transaction price of comparable properties nearby and the adjustment on quality of the building.

The fair value measurement is positively correlated to the market transaction price and negatively correlated to the adjustment on quality of the building.

- (b) The valuation of the investment property in Shenzhen was determined using the income capitalisation approach. The average unit market rent per month (HK\$/square meter) of comparable properties nearby with a discount factor of 10.9% (2024: 7.8%) was used in the determination of the fair value of the investment property. The most significant inputs to this valuation approach are the average unit market rent per month per square meter and the discount factor.

The fair value measurement is positively correlated to the average unit market rent per month per square meter and negatively correlated to the discount factor.

- (c) The valuation of the investment property in Xiamen was determined using the comparative approach. The most significant inputs to this valuation approach are the market transaction price of comparable properties nearby.

The fair value measurement is positively correlated to the market transaction price.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and buildings used in its operations. Lump sum payments were made upfront to lease certain pieces of land from the owners with lease periods of 33 to 50 (2024: 33 to 50) years. Leases of plant generally have lease terms between 3 to 6 (2024: 2 to 6) years, while buildings generally have lease terms of 2 years (2024: 2 years).

(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:

	Leasehold land	Plant	Buildings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 January 2024	347,876	23,715	212	371,803
Additions	8,076	–	–	8,076
Depreciation charge	(7,817)	(3,166)	(206)	(11,189)
Deficit on revaluation	(5,200)	–	–	(5,200)
Reversal of accumulated depreciation to revaluation reserve	232	–	–	232
Transfer to investment property (note 13)	(4,843)	–	–	(4,843)
Exchange realignment	(12,472)	477	26	(11,969)
	325,852	21,026	32	346,910
As at 31 December 2024 and 1 January 2025				
Additions	35	10,643	260	10,938
Depreciation charge	(8,544)	(5,104)	(108)	(13,756)
Deficit on revaluation	(6,000)	–	–	(6,000)
Reversal of accumulated depreciation to revaluation reserve	87	–	–	87
Exchange realignment	14,196	1,885	(24)	16,057
	325,626	28,450	160	354,236
At 31 December 2025				

Notes to Financial Statements

31 December 2025

14. 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 HK\$'000	2024 HK\$'000
Carrying amount at 1 January	25,093	30,014
New leases	10,903	–
Accretion of interest recognised during the year	1,722	1,350
Payments	(5,601)	(6,642)
Exchange realignment	2,233	371
	<hr/>	<hr/>
Carrying amount at 31 December	34,350	25,093
Analysed into:		
Current portion	5,000	1,992
Non-current portion	29,350	23,101

The maturity analysis of lease liabilities is disclosed in note 34.

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

	2025 HK\$'000	2024 HK\$'000
Interest expenses on lease liabilities	1,722	1,350
Depreciation charge of right-of-use assets	13,756	11,189
Expense relating to short-term leases (included in cost of sales and general and administrative expenses)	10,483	18,033
	<hr/>	<hr/>
Total amount recognised in profit or loss	25,961	30,572

(d) The total cash outflow for leases is disclosed in note 30(c).

As at 31 December 2025, the Group had not yet obtained the land use right certificate of certain land use rights acquired situated in Shishi City, Fujian, the PRC with net book value of HK\$2,151,000 (2024: HK\$2,107,000). The Company's directors confirmed that there is no legal barrier or otherwise for the Group to obtain the relevant land use right certificate from the relevant PRC authority.

14. LEASES (continued)

The Group as a lessor

(a) Finance lease arrangement

The Group subleased certain of its plant and building in the PRC during the year ended 31 December 2024 and recognised finance income of HK\$52,000. No sublease arrangement was made during the year ended 31 December 2025.

(b) Operating lease arrangement

The Group leases its investment properties (note 13), which are the properties in Xiamen and Shenzhen, under operating lease arrangement. The terms of the lease generally require the tenant to pay security deposit and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating lease with its tenant is as follows:

	2025	2024
	HK\$'000	HK\$'000
Within one year	5,572	5,329

Notes to Financial Statements

31 December 2025

15. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY

	2025 HK\$'000	2024 HK\$'000
Share of net assets	–	–
Amount due from a jointly-controlled entity	128,060	322,745
Impairment allowance	(128,060)	(314,369)
	–	8,376

The amount due from a jointly-controlled entity (the “JV Company”) are unsecured, repayable on demand, of which HK\$102,155,000 (2024: HK\$205,178,000) bearing interest at 2% (2024: 2%) per annum. An impairment loss on the amount due from the JV Company of HK\$267,492,000 was recognised with reference to its financial position for the year ended 31 December 2024. During the year ended 31 December 2025, no addition or reversal of impairment was recognised. To strengthen the JV Company’s balance sheet, thereby ensuring its long-term operational viability, the Group and the independent third-party shareholder who hold the remaining 50% equity interests in the JV Company, mutually agreed to waive equal amounts of their outstanding receivables due from the JV Company. Accordingly, the Group wrote off the amount due from JV Company of HK\$186,309,000 (2024: Nil). Since this balance was fully impaired and recognised in the prior years, the waiver did not have any impact on the Group’s consolidated income statement for the year ended 31 December 2025.

Particulars of the jointly-controlled entity are as follows:

Name	Place of incorporation/ registration and business	Particulars of issued capital held	Percentage of ownership interest indirectly attributable to the Group		Principal activities
			2025	2024	
石獅市通達精雕制造有限公司 (“Jingdiao”)	PRC/Mainland China	Registered RMB50,000,000	50	50	Manufacture and sale of electrical appliance products

As at 31 December 2025 and 2024, the Group’s shareholding in Jingdiao was held through a wholly-owned subsidiary of the Company.

Jingdiao, which is considered as a jointly-controlled entity of the Group, acts as the Group’s sub-contractor of the manufacture of electronic components in Mainland China and is accounted for using the equity method.

16. INVESTMENTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	78,665	78,665
Goodwill	26,575	26,575
	105,240	105,240
Less: Impairment	(105,240)	(105,240)
	-	-

Particulars of the associates are as follows:

Name	Particular of issued share/capital held	Place incorporation/ registration and business	Percentage of ownership interest attributable to the Group		Principal activities
			2025	2024	
Tongda Overseas Company Limited ("Tongda Overseas")	Ordinary shares	British Virgin Islands ("BVI")	30%	30%	Investment holding
Shishi Guangheng New Energy Technology Co., Ltd. 石獅市廣恒新能源 科技有限公司	Paid-up capital	PRC/ Mainland China	30%	30%	The manufacturing of interior decorative parts of automotive and the aluminum battery components for electric motor vehicles

As at 31 December 2025 and 2024, the Group's shareholding in Tongda Overseas was held through a wholly-owned subsidiary of the Company.

Tongda Overseas, together with its subsidiaries (collectively "Tongda Overseas Group") which is considered associates of the Group, engaged in the manufacturing of interior decorative parts of automotive and the aluminum battery components for electric motor vehicles and is accounted for using the equity method.

Notes to Financial Statements

31 December 2025

16. INVESTMENTS IN ASSOCIATES *(continued)*

As at 31 December 2024, due to the fierce competition in the automotive market and the net loss position of the associates, management of the Group carried out impairment assessment on the entire carrying amount of its interests in associates as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its entire carrying amount. In determining the value in use of the interests in associates, the Group has engaged an independent valuer, Royson Valuation Advisory Limited, to carry out a valuation of the investments in associates as at 31 December 2024 by using the value-in-use model by reference to the estimation of future cash flows covering a five-year period expected to be generated from the associates.

The compound annual growth rates on the five-year revenue growth following the year ended 31 December 2024 of 7.0% was applied in the cash flow projections. Cash flow beyond the projection period is extrapolated using an estimated growth rate of 2% per annum. The pre-tax discount rate applied to the cash flow projection was 10.8%.

As at 31 December 2024, the recoverable amount of the Group's investments in associates was nil and lower than its carrying amount of HK\$105,240,000. An impairment loss of HK\$105,240,000 was recognised in the consolidated income statement during the year ended 31 December 2024 accordingly.

17. LONG TERM DEPOSITS

	2025	2024
	HK\$'000	HK\$'000
Deposits for acquisitions of property, plant and equipment	49,870	44,067

18. INVENTORIES

	2025	2024
	HK\$'000	HK\$'000
Raw materials	174,929	157,212
Work in progress	142,685	180,300
Finished goods	358,534	376,327
	676,148	713,839

As at 31 December 2025, moulds of HK\$45,015,000 (2024: HK\$22,634,000) are included in the finished goods.

As at 31 December 2025, provision against inventories of HK\$311,649,000 (2024: HK\$545,791,000) was provided for slow-moving and obsolete inventories.

19. TRADE AND BILLS RECEIVABLES

	2025	2024
	HK\$'000	HK\$'000
Trade receivables	1,405,330	1,515,435
Impairment allowances	(40,172)	(25,378)
	1,365,158	1,490,057
Bills receivable	667,927	628,474
	2,033,085	2,118,531

As at 31 December 2025, gross trade receivables of certain customers of HK\$58,023,000 (2024: HK\$72,850,000) and bills receivable of HK\$123,783,000 (2024: HK\$92,989,000) were measured at fair value through other comprehensive income as these trade and bills receivables are managed within a business model with the objective of both holding to collect contractual cash flows and selling for working capital management and the contractual terms of these receivables give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

It is the general policy of the Group to allow a credit period of one to three months. In addition, for certain customers with long-established relationships and good repayment histories, a longer credit period may be granted in order to maintain a good relationship. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. Trade receivables are non-interest-bearing. At the end of the reporting period, 25.0% (2024: 18.3%) and 37.2% (2024: 37.8%) of the total trade and bills receivables were due from the Group's largest customer and the five largest customers, respectively.

Notes to Financial Statements

31 December 2025

19. TRADE AND BILLS RECEIVABLES *(continued)*

An ageing analysis of the Group's trade and bills receivables as at 31 December 2025, based on the invoice date and issuance date, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 3 months	1,724,201	1,976,360
4 to 6 months, inclusive	281,057	138,970
7 to 9 months, inclusive	30,491	5,499
10 to 12 months, inclusive	9,572	2,775
More than 1 year	27,936	20,305
	2,073,257	2,143,909
Impairment allowances	(40,172)	(25,378)
	2,033,085	2,118,531

The movements in the impairment allowances of trade receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	25,378	52,687
Impairment of trade receivables	16,675	21,766
Reversal of impairment of trade receivables	(3,619)	(1,344)
Write-off of impairment of trade receivables	(648)	(46,814)
Exchange realignment	2,386	(917)
At 31 December	40,172	25,378

The increase (2024: decrease) in the loss allowance was mainly due to the following changes in the gross carrying amount:

- (a) Increase in the loss allowance of HK\$16,675,000 (2024: HK\$21,766,000) as a result of an increase in trade receivables which were past due for over 6 months;
- (b) Decrease in the loss allowance of HK\$3,619,000 (2024: HK\$1,344,000) as a result of a net decrease in the gross carrying amount after the settlement of trade receivables and origination of new trade receivables;
- (c) Decrease in the loss allowance of HK\$648,000 (2024: HK\$46,814,000) as a result of the write-off of certain trade receivables.

19. TRADE AND BILLS RECEIVABLES *(continued)*

An impairment analysis is performed at the reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

As at 31 December 2025

	Current	Past due					Total
		Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	More than 1 year	
Expected credit loss rate	0.49%	0.18%	2.42%	100.00%	100.00%	100.00%	2.86%
Gross carrying amount (HK\$'000)	1,280,065	68,262	23,850	8,191	8,555	16,407	1,405,330
Expected credit loss (HK\$'000)	(6,317)	(126)	(576)	(8,191)	(8,555)	(16,407)	(40,172)

As at 31 December 2024

	Current	Past due					Total
		Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	More than 1 year	
Expected credit loss rate	0.19%	2.53%	0.60%	100.00%	100.00%	100.00%	1.67%
Gross carrying amount (HK\$'000)	1,413,952	74,069	6,677	442	903	19,392	1,515,435
Expected credit loss (HK\$'000)	(2,727)	(1,874)	(40)	(442)	(903)	(19,392)	(25,378)

Notes to Financial Statements

31 December 2025

20. TIME DEPOSITS, PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

Time deposits

Time deposits of HK\$276,813,000 (2024: HK\$215,000,000) of which HK\$92,834,000 (2024: HK\$171,156,000) classified as non-current assets are deposits with banks with a maturity period of more than twelve months at the date of inception and will mature after twelve months from the end of the reporting period. The time deposits carry interest at prevailing market rate ranging from 1.30% to 3.55% (2024: 2.30% to 3.55%) per annum as at 31 December 2025.

Pledged bank deposits

As at 31 December 2025, there are pledged bank deposits of HK\$277,418,000 (2024: HK\$249,519,000). The Group's pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at floating rates based on daily bank deposit rates or earn interest as short term deposits from three to six months (2024: three to six months) at the respective short term time deposit rate.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances and cash. Bank balances earn interest at floating rate based on daily bank deposit rates. At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to HK\$673,308,000 (2024: HK\$653,888,000). RMB is not freely convertible into other currencies. Under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and 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.

The time deposits, pledged bank deposits and bank balances are deposited with creditworthy banks with no recent history of default.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

	2025	2024
	HK\$'000	HK\$'000
Structured deposits and wealth management products	300,269	310,596

The Group entered into deposit placement with banks in the PRC and short-term wealth management products from licensed commercial banks and state-owned trust companies with total principal amount of RMB268,490,000 (2024: RMB289,000,000), equivalent to HK\$298,653,000 (2024: HK\$307,447,000). The bank guaranteed 100% of the invested principal amount and returns of which are determined by reference to the change in certain exchange rates or index in certain capital market quoted in the market as specified in the relevant agreements with annual coupon rate ranging from 0.80% to 2.35% (2024: 1.30% to 2.59%) per annum, and short-term wealth management products with maturity day within one year with an estimated annualised return rate ranging from 0.10% to 4.50% (2024: nil). All deposits and wealth management products are matured within one year (2024: within one year).

Because the contractual cash flows of the structured deposits and wealth management products do not represent solely the payments of principal and interest on the principal amount outstanding, structured deposits and wealth management products are measured at FVTPL. Details of the fair value measurement over the structured deposits and wealth management products at FVTPL are disclosed in note 32.

22. TRADE AND BILLS PAYABLES

	2025	2024
	HK\$'000	HK\$'000
Trade payables	1,241,147	1,527,152
Bills payables	897,700	997,934
	2,138,847	2,525,086

The trade payables are non-interest-bearing and are normally settled on 60 to 90 days' terms. An ageing analysis of the Group's trade and bills payables as at 31 December 2025, based on the invoice date and issuance date, is as follows:

	2025	2024
	HK\$'000	HK\$'000
Within 3 months	1,506,749	1,821,013
4 to 6 months, inclusive	549,320	656,634
7 to 9 months, inclusive	27,770	18,873
10 to 12 months, inclusive	6,893	3,645
More than 1 year	48,115	24,921
	2,138,847	2,525,086

Notes to Financial Statements

31 December 2025

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Other loan, unsecured	1.55%-4.80%	2026	137,131	1.8%-5.75%	2025	138,202
Current portion of long term bank loans, unsecured	HIBOR+2.5%*	2026 (with demand clause)	19,376	HIBOR+2.5%*	2025 to 2026 (with demand clause)	29,718
Bank loans, unsecured	3.30%-4.10%	2026	55,506	2%-4.59%/ HIBOR+1.5%*	2025	241,160
Bank loans, secured	1.50%-4.30%/ HIBOR+2.5% to 2.75%*	2026	382,570	HIBOR+2.5% to 2.75%*	2025	138,883
			594,583			547,963
Non-current						
Other loans, secured	3.2%	2027	166,852	3.8%	2027	159,575
Bank loans, secured	1.5%-4.3%	2027 to 2028	301,402	3%-4.3%	2026-2027	272,819
			468,254			432,394
Total			1,062,837			980,357

* "HIBOR" means the Hong Kong Interbank Offered Rate.

23. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

	2025	2024
	HK\$'000	HK\$'000
Analysed into:		
Bank and other borrowings repayable:		
Within one year	594,583	528,592
In the second year	104,227	119,051
In the third year	364,027	332,714
	1,062,837	980,357
Analysed into:		
HK\$	29,376	70,718
RMB	1,033,461	909,639
	1,062,837	980,357

Notes:

At the end of the reporting period, the Group's banking facilities were supported by:

- (a) the pledge of bank deposits of HK\$277,418,000 (2024: HK\$249,519,000) (note 20);
- (b) corporate guarantees from the Company and certain of its subsidiaries;
- (c) the pledge of certain of the Group's leasehold building, the related right-of-use assets and investment properties in Hong Kong and Mainland China with an aggregate carrying amounts of HK\$799,005,000 (2024: HK\$569,668,000) (note 12); and
- (d) the pledge of 17,180,000 issued shares (2024: 17,180,000) of Tongda Smart Tech (Xiamen) Co., Ltd. ("Tongda Chuang Zhi"), a partially-owned subsidiary of the Group whose shares were listed on the Main Board of the Shenzhen Stock Exchange (stock code: SZ001368), representing approximately 15.0% of its total issued shares. 5,650,000 issued shares of Tongda Chuang Zhi have been released from pledge on 3 February 2026.

Notes to Financial Statements

31 December 2025

24. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Withholding taxes	Revaluation of properties/ Depreciation allowance in excess of related depreciation	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	41,759	16,947	58,706
Credited to the income statement during the year	(15,602)	(325)	(15,927)
Deferred tax debited to equity during the year	–	1,549	1,549
	26,157	18,171	44,328
At 31 December 2024 and 1 January 2025			
Credited to the income statement during the year	(4,102)	(973)	(5,075)
Deferred tax credited to equity during the year	–	(1,799)	(1,799)
	22,055	15,399	37,454
At 31 December 2025			

24. DEFERRED TAX *(continued)*

Deferred tax assets

	Accelerated tax depreciation	Tax losses	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	3,703	7,456	11,159
Credited/(debited) to the income statement during the year	(3,703)	12,427	8,724
At 31 December 2024 and 1 January 2025	–	19,883	19,883
Credited to the income statement during the year	–	4,796	4,796
At 31 December 2025	–	24,679	24,679

The Group has estimated tax losses arising in Hong Kong of approximately HK\$159,309,000 (2024: HK\$152,693,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

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

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 Mainland China. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rates may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

However, deferred tax has not been recognised for certain withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of certain subsidiaries of the Group established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK\$2,164,067,000 at 31 December 2025 (2024: HK\$4,177,097,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

Notes to Financial Statements

31 December 2025

25. SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
Authorised:		
400,000,000 (2024: 20,000,000,000) ordinary shares	200,000	200,000
Issued and fully paid:		
194,712,152 (2024: 9,735,607,645) ordinary shares	97,356	97,356

A summary of movements in the Company's share capital is as follows:

	Number of ordinary shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
Issued:				
As at 1 January 2024, 31 December 2024 and 1 January 2025	9,735,607,645	97,356	1,780,859	1,878,215
Shares Consolidation (note a)	(9,540,895,493)	–	–	–
As at 31 December 2025	194,712,152	97,356	1,780,859	1,878,215

Note a: On 8 September 2025, the Board of the Company proposed to implement the shares consolidation, pursuant to which every fifty issued and unissued existing shares of par value HK\$0.01 each will be consolidated into one consolidated share of par value HK\$0.5 each (the "Shares Consolidation"). The Shares Consolidation was completed and effective on 13 October 2025. Immediately after the Shares Consolidation becoming effective, the authorised share capital of the Company was remained at HK\$200,000,000 but divided into 400,000,000 Consolidated Shares of par value of HK\$0.5 each, of which 194,712,152 Consolidated Shares will be in issue and fully paid or credited as fully paid, details of which were disclosed in the Company's circular dated 23 September 2025. The transaction cost of HK\$161,000 was recorded in consolidated income statement for the year ended 31 December 2025.

Share award schemes

Details of the Company's share award schemes and the share award issued under the schemes are included in note 26.

26. SHARE OPTION AND SHARE AWARD SCHEMES**Share option scheme**

The Company has adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations on 25 June 2013 (the "2013 Share Option Scheme"). Eligible participants of the Scheme include all executive directors and any full time employee of the Company or any of its subsidiaries and any suppliers, consultants or advisors who will provide or have provided services to the Group.

The 2013 Share Option Scheme expired on 24 June 2023 and no further share options can be granted under the 2013 Share Option Scheme. There were no options granted under the 2013 Share Option Scheme but not yet exercised as at 31 December 2024.

In view of the expiration of the 2013 Share Option Scheme and pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 29 May 2025, a new share option scheme of the Company (the "2025 Share Option Scheme") was adopted by the Company.

Purpose of the 2025 Share Option Scheme

The purpose of the 2025 Share Option Scheme is to attract and retain the best available and high calibre personnel of the Group, to provide additional incentives to the eligible participants and to promote the overall success of the business of the Group. The 2025 Share Option Scheme gives the eligible participants an opportunity to have a personal stake in the Company which will help motivate the eligible participants in optimising their performance and efficiency and attract and retain the eligible participants whose contributions are important to the long-term growth and profitability of the Group.

Participants of the 2025 Share Option Scheme

Pursuant to the terms of the 2025 Share Option Scheme, eligible participants include the employee participants, which are the director(s) and employee(s) (whether full-time or part-time but excludes a former employee of the Group unless such former employee otherwise qualifies as an eligible participant) of any member of the Group (including persons who are granted options under the 2025 Share Option Scheme as inducement to enter into employment contracts with any member of the Group).

The total number of shares which may be issued in respect of all share options which may be granted under the 2025 Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the Company shall not exceed such number of shares as equivalent to 10% of the issued share capital (excluding treasury shares) of the Company as at the date of approval of the 2025 Share Option Scheme (the "Scheme Mandate Limit"). Share options lapsed in accordance with the terms of the 2025 Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. On the contrary, options may be cancelled pursuant to the terms of the 2025 Share Option Scheme. The options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. As at the date of approval of the 2025 Share Option Scheme and 31 December 2025, the total number of shares available for issue under the Scheme Mandate Limit was 19,471,215 and 19,471,215 respectively and divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the respective period was approximately 10.00% and 10.00%.

Notes to Financial Statements

31 December 2025

26. SHARE OPTION AND SHARE AWARD SCHEMES *(continued)*

Share option scheme *(continued)*

Maximum entitlement under the 2025 Share Option Scheme

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, under the 2025 Share Option Scheme must be approved by the independent non-executive directors of the Company (excluding an independent non-executive director who is the proposed grantee of the Company).

In addition, any share options are proposed to be granted to an independent non-executive director or a substantial shareholder (as defined in the Listing Rules) or any of their respective associates and if such grant would result in the shares issued and to be issued (including any treasury shares which may be transferred, as applicable) in respect of all share options and awards granted and to be granted (excluding any share options and awards lapsed in accordance with the terms of the relevant schemes) to such person in any twelve (12)-month period up to and including the date of grant representing in aggregate over 0.1% of the total issued shares (excluding any treasury shares), such further grant of share options must be approved by shareholders in a general meeting of the Company with such grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour of the proposed grant at such general meeting.

Option period under the 2025 Share Option Scheme

The period within which the option may be exercised by the grantee is to be determined and notified by the Directors to the grantee in respect of any particular option at the time of making an offer for grant of the option provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular option but subject to the provisions for early termination contained in the 2025 Share Option Scheme.

Vesting period under the 2025 Share Option Scheme

Save for specified circumstances under the terms of the 2025 Share Option Scheme, an option must be held by the grantee for at least twelve (12) months before the option can be exercised.

Amount payable on acceptance and period for payment under the 2025 Share Option Scheme

An offer shall remain open for acceptance for a period of 21 days from the offer date, after which the offer shall be deemed to have been irrevocably declined and lapsed automatically without notice. An offer shall be deemed to have been accepted by an eligible participant concerned in respect of all shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant with the number of shares in respect of which the offer is accepted, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company.

26. SHARE OPTION AND SHARE AWARD SCHEMES *(continued)*

Share option scheme *(continued)*

Basis of determining exercise price under the 2025 Share Option Scheme

The price for shares to be subscribed under the 2025 Share Option Scheme may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of:

- (a) the closing price of the shares as shown in the daily quotations sheet of the Stock Exchange on the offer date;
- (b) the average of the closing prices of the shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive business days immediately preceding the offer date; and
- (c) the nominal value of the share on the offer date.

Life of the 2025 Share Option Scheme

The 2025 Share Option Scheme shall continue in force for the period commencing from 29 May 2025, being the adoption date, and expiring at the close of business on the date which falls ten (10) years after the adoption date, after such period no further share options will be granted but the provisions of the 2025 Share Option Scheme shall remain in full force and effect in respect of any share options granted before its expiry or termination but not yet exercised.

During the Year and up to the date of this report, no share options were granted by the Company under the 2025 Share Option Scheme.

Share Award Scheme Operated by the Company

Participant and basis of determining the purchase price of the shares awarded under the Share Award Scheme

The Company adopted a share award scheme on 17 January 2022 (the "Share Award Scheme") under which the Directors may, from time to time, at its absolute discretion select any employee (other than excluded employee) for participation in the Share Award Scheme and determine the number of the awarded shares to be awarded to the selected employee(s) at a price per awarded share not less than the higher of:

- (a) the par value of the share of the Company;
- (b) 50% of the closing price of the shares of the Company as quoted on the Stock Exchange on the grant date; and
- (c) 50% of the average of the closing prices of the shares of the Company as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the grant date.

The Board is entitled to impose any conditions, as it deems appropriate with respect to the entitlement of the selected employee to the awarded shares.

Notes to Financial Statements

31 December 2025

26. SHARE OPTION AND SHARE AWARD SCHEMES *(continued)*

Share Award Scheme Operated by the Company *(continued)*

Purpose of the Share Award Scheme

The purpose of the Share Award Scheme is to (i) establish a mechanism of “risk sharing and benefit sharing” between middle and senior management and the Group, so that the middle and senior management have the opportunity to share the results of the Group’s strategic development and organisational changes, and attract and retain core talents; (ii) establish an equity reward model linked to the Company’s overall value and personal performance indicators and achieve diversified and long-term rewards for middle and senior management; and (iii) attract suitable personnel for further development of the Group.

Vesting period under the Share Award Scheme

Subject to the terms and conditions of the Share Award Scheme and the fulfilment of all specified vesting conditions (if any) specified, the respective awarded shares shall vest in such selected employee in accordance with the vesting schedule as set out in the award letter.

Amount payable on acceptance and period for payment under the Share Award Scheme

The total consideration payable for the awarded shares and the period for payment shall be specified in the relevant award letter.

Maximum entitlement under the Share Award Scheme

The maximum number of shares of the Company which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the shares in issue of the Company from time to time.

Life of the Share Award Scheme

The Share Award Scheme shall be valid and effective for a term of 10 years from 17 January 2022 unless terminated earlier by the Board and is administered by the Board and the trustee of the Share Award Scheme.

Shares available for award under the Share Award Scheme

The total number of shares to be awarded under the Share Award Scheme shall not exceed 10% of the total number of issued shares of the Company as at the adoption date of the Share Award Scheme. During the year ended 31 December 2025, 581,000 (2024: 182,000) awarded shares were lapsed or terminated and total issue price paid for these awarded shares was refunded accordingly. Such lapsed awarded shares are available for further grant pursuant to the Share Award Scheme. The number of awards available for grant under the Share Award Scheme as at 1 January 2024, 31 December 2024 and 31 December 2025 was 18,381,215, 18,563,215 and 19,144,215 respectively after adjustment upon the Share Consolidation. The maximum number of shares of the Company which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the shares in issue of the Company from time to time.

26. SHARE OPTION AND SHARE AWARD SCHEMES (continued)

Share Award Scheme Operated by the Company (continued)

Set out below is a summary of the grant of award shares under the Share Award Scheme since the adoption date of the Share Award Scheme up to and including 31 December 2025 after adjustment upon the Share Consolidation:

Grant date	Fair value per share at grant date (HK\$)	Issue price per share (HK\$)	Closing price per share immediately before date of grant (HK\$)	Vesting period	Number of awarded shares (Restated)										
					As at 1 January 2024		Terminated/ lapsed Cancelled				As at 31 December 2024		Terminated/ lapsed Cancelled		As at 31 December 2025
					Granted	Vested	lapsed Note 3	Cancelled	Granted	Vested	lapsed Note 4/Note 5	Cancelled	Granted	Cancelled	
17 January 2022	0.240	0.1232 ^{Note 2}	0.245	17 January 2023 to 17 January 2024	327,000	-	-	(78,000)	-	249,000	-	-	(249,000)	-	-
17 January 2022	0.237	0.1232 ^{Note 2}	0.245	17 January 2024 to 17 January 2025	436,000	-	-	(104,000)	-	332,000	-	-	(332,000)	-	-
				Total	763,000	-	-	(182,000)	-	581,000	-	-	(581,000)	-	-

Notes:

- The 1,290,000 awarded shares were allotted and issued pursuant to the general mandate granted by the shareholders of the Company at the annual general meeting of the Company held on 14 May 2021.
- The issue price of HK\$0.1232 was determined in accordance with the terms of the Share Award Scheme at an issue price not less than the higher of (a) the par value of the shares; (b) 50% of the closing price of the shares as quoted on the Stock Exchange on the date of grant; and (c) 50% of the average of the closing prices of the shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of grant. The grantees of the awarded shares shall pay the aggregate issue price, representing an aggregate issue price of HK\$7,946,400 as at the date of grant, to the Company within 5 business days after the date of acceptance of the awarded shares. The aggregate issue price of the terminated share awards of the Company in 2025 was HK\$3,578,960 (2024: HK\$1,121,120).
- During the year ended 31 December 2024, a total of 182,000 awarded shares were returned due to the termination of employment of a selected employee.
- As at 31 December 2024, a total number of 249,000 awarded shares with vesting period from 17 January 2023 to 17 January 2024 have not been vested given certain vesting conditions stated in the relevant award letters have not been fulfilled.
- Certain vesting conditions of the 581,000 awarded shares have not been fulfilled and therefore lapsed during the year ended 31 December 2025. Total issue price paid for these awarded shares was refunded accordingly.

Notes to Financial Statements

31 December 2025

26. SHARE OPTION AND SHARE AWARD SCHEMES *(continued)*

Share Award Scheme Operated by the Company *(continued)*

The Group measured the fair value of the awarded shares at grant date with reference to the binomial model carried out by an independent professional valuer with input of Share's spot price of HK\$0.244 per share, dividend yield of 0%, expected volatility of 0.34%–1.02%, etc.

During the year ended 31 December 2025, net share awards expense of HK\$4,441,000 (2024: HK\$957,000) was reversed (2024: charged) to the consolidated income statement.

Share Award Scheme Operated By A Subsidiary

Tongda Chuang Zhi established and approved a restricted A share incentive scheme ("Incentive Scheme") on 4 January 2024. The Incentive Scheme is designed to provide long-term incentives for middle level managers and above (excluding directors, supervisor, shareholders of Tongda Chuang Zhi who hold over 5% shares in Tongda Chuang Zhi and their direct family members) to deliver long-term shareholder returns.

The Incentive Scheme shall be valid not exceed 60 months from the date of completion of the registration of the first grant of the restricted A shares to the date when all these restricted A shares granted to the selected employee are released from restricted sale or repurchased and canceled. The total number of shares to be awarded under the Incentive Scheme did not exceed 10% of the total number of issued shares of Tongda Chuang Zhi at the announcement date of the Incentive Scheme. The maximum number of shares of Tongda Chuang Zhi which to be awarded to a selected employee under the Incentive Scheme did not exceed 1% of the shares in issue of Tongda Chuang Zhi at the announcement date of the Incentive Scheme. The number of awards available for grant under the Incentive Scheme as at 31 December 2024 and 31 December 2025 was 9,363,056 and 10,079,836 respectively.

Under the Incentive Scheme, 76 participants are granted 1,867,600 restricted A shares with a grant price of HK\$14.31 (equivalent to RMB13.10) per share on 4 January 2024.

On 2 December 2024, the Board of Tongda Chuang Zhi resolved to grant a total of 336,000 restricted A shares to 19 proposed participants under the Incentive Scheme granted on 4 January 2024, as the grant date of the reserved grant, at the grant price of RMB11.65 per share under the reserved grant. Except for 2 proposed participants under the reserved grant (who were granted a total of 29,000 restricted A shares) who voluntarily decided not to participate in the reserved grant, 17 proposed participants under the reserved grant had accepted and subscribed for a total of 307,000 restricted A shares granted to them under the reserved grant. The share registration of those newly issued registered A shares was completed on 27 December 2024 at the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

26. SHARE OPTION AND SHARE AWARD SCHEMES (continued)

Share Award Scheme Operated By A Subsidiary (continued)

The grant price was determined by not less than the higher of:

- the par value of the share of Tongda Chuang Zhi;
- 50% of the average price of the shares of Tongda Chuang Zhi as quoted on the Main Board of Shenzhen Stock Exchange on 1 day before the grant date; and
- 50% of the average price of the shares of Tongda Chuang Zhi as quoted on the Main Board of Shenzhen Stock Exchange on 120 days before the grant date.

All these shares are restricted for sale until certain service and performance conditions are met.

Set out below is a summary of the grant of restricted A shares under the Incentive Scheme since the adoption date of the Incentive Scheme up to and including 31 December 2025:

Grant date	Fair value per share at grant date (HK\$)	Issue price per share (HK\$)	Closing price per share immediately before date of grant (HK\$)	Vesting period	As at 1 January 2024		Terminated/ lapsed Cancelled Note 1		As at 31 December 2024		Terminated/ lapsed Cancelled Note 2 Note 3		As at 31 December 2025	
					Granted	Vested	Granted	Vested	Granted	Vested	Granted	Vested		
4 January 2024	27.37 (equivalent to RMB25.06)	14.31 (equivalent to RMB13.10)	26.75 (equivalent to RMB24.50)	24 January 2024 to 24 March 2025	-	560,280	-	(169,656)	-	390,624	-	(390,624)	-	-
4 January 2024	26.73 (equivalent to RMB24.48)	14.31 (equivalent to RMB13.10)	26.75 (equivalent to RMB24.50)	24 January 2024 to 24 March 2026	-	560,280	-	(72,000)	-	488,280	-	-	(488,280)	-
4 January 2024	26.08 (equivalent to RMB23.88)	14.31 (equivalent to RMB13.10)	26.75 (equivalent to RMB24.50)	24 January 2024 to 24 March 2027	-	747,040	-	(96,000)	-	651,040	-	-	(66,000)	585,040
2 December 2024	23.54 (equivalent to RMB21.73)	12.62 (equivalent to RMB11.65)	23.69 (equivalent to RMB21.88)	25 December 2024 to 25 February 2026	-	153,500	-	-	-	153,500	-	-	(153,500)	-
2 December 2024	23.05 (equivalent to RMB21.29)	12.62 (equivalent to RMB11.65)	23.69 (equivalent to RMB21.88)	25 December 2025 to 25 February 2027	-	153,500	-	-	-	153,500	-	-	(9,000)	144,500
						2,174,600	-	(337,656)	-	1,836,944	-	(390,624)	(716,780)	729,540

Notes to Financial Statements

31 December 2025

26. SHARE OPTION AND SHARE AWARD SCHEMES *(continued)*

Share Award Scheme Operated By A Subsidiary *(continued)*

The Group measured the fair value of the awarded shares at grant date valued by an independent professional valuer with inputs of Share's spot price of RMB25.69 and RMB21.88 per share, risk-free rate of 1.88%–2.34%, etc. During the year ended 31 December 2025, net share awards expense of HK\$602,000 (2024: HK\$10,674,000) was charged to the consolidated income statement.

Notes:

1. During the year ended 31 December 2024, certain participants had resigned or failed to fulfil the sale and performance conditions under the Incentive Scheme, the Board of Tongda Chuang Zhi has resolved to cancel and repurchase a total of 337,656 restricted A shares from these participants with the predetermined repurchase price. During the year ended 31 December 2025, the repurchase was completed, accordingly, the reverse of capital reserve of HK\$3,858,000 was recognised in the consolidated statement of changes in equity.
2. During the year ended 31 December 2025, all vesting conditions of first tranche of Incentive Scheme were fulfilled and total of 390,624 restricted A shares were vested and unlocked to trade in the public market. The difference between the share price of Tongda Chuang Zhi and issued price of Incentive Scheme was recognised as capital reserve of HK\$10,438,000 in the consolidated statement of changes in equity.
3. During the year ended 31 December 2025, certain participants had resigned or failed to fulfil of the sale and performance conditions under the Incentive Scheme, the Board of Tongda Chuang Zhi has resolved to cancel and repurchase a total of 716,780 restricted A shares from these participants with the predetermined repurchase price.

27. RESERVES

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 of the consolidated financial statements.

(i) Capital reserve

The capital reserve of the Group represents principally (1) the excess fair values ascribed to the net underlying assets of certain subsidiaries acquired prior to the Group's reorganisation completed on 7 December 2000 in preparation for the listing of the Company's shares, over the purchase consideration paid therefor; (2) the difference between the consideration paid and the net assets acquired for the further acquisition of Xiamen Optic Conduct Cable Company Limited during the year ended 31 December 2010; (3) the difference between the consideration received and the net liabilities disposed of for the partial disposal of Tongda Optical Company Limited ("Tongda Optical") during the year ended 31 December 2010; (4) the difference between the net consideration paid and the net assets acquired arose from the step acquisition of Tongda Optical during the year ended 31 December 2013; (5) the difference between the net consideration and the net assets acquired arose from the acquisition of Grand Prosper Investments Limited during the year ended 31 December 2015; (6) the difference between the net consideration paid and the net assets acquired arose from the acquisition of Tongda Precision Technology Company Limited during the year ended 31 December 2018; (7) the difference between the net consideration paid and the net assets acquired arose from the acquisition of the remaining 20% interest of Tongda (Xiamen) Communications Company Limited during the year ended 31 December 2019; (8) the difference between the net consideration paid and the net assets acquired arose from the deemed acquisition of a 20% interest of 廈門市創智健康用品有限公司 during the year ended 31 December 2020; (9) net contribution from non-controlling shareholders of Tongda Smart Technology Company Limited for its listing on the Main Board of the Shenzhen Stock Exchange during the year ended 31 December 2023; and (10) share of capital reserve movement of an associate during the year ended 31 December 2023.

(ii) Statutory reserve

In accordance with the relevant regulations applicable in the PRC, subsidiaries established in the PRC are required to transfer a certain percentage of their profit after tax, if any, to the statutory reserve funds, which are non-distributable, before profit distributions to shareholders. The amount of the transfer is subject to the approval of the boards of directors of these subsidiaries.

Notes to Financial Statements

31 December 2025

28. COMMITMENTS

The Group had the following capital commitments contracted, but not provided for, at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Contracted for commitments in respect of		
– Purchases of property, plant and equipment	39,605	33,666

Save as disclosed above, the Company had no other significant commitments at the end of the reporting period (2024: nil).

29. RELATED PARTY TRANSACTIONS

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

	Notes	2025 HK\$'000	2024 HK\$'000
A jointly-controlled entity:			
Management fee and utility charges	(i)	4,342	3,978
Subcontracting fee	(ii)	31,875	11,420
Interest income	(iii)	2,128	2,686
An associate:			
Rental and utility charges	(iv)	9,369	4,309

29. RELATED PARTY TRANSACTIONS *(continued)*(a) *(continued)*

Notes:

- (i) The management fee and utility charges from a jointly-controlled entity represented the management fee charged for factory premises at a predetermined monthly rate and the related utility charges.
- (ii) The subcontracting fee to the jointly-controlled entity was made on a basis mutually agreed by both parties.
- (iii) The interest income was charged at 2% per annum (2024: 2% per annum) on the loan balances to the jointly-controlled entity.
- (iv) The rental and utility charges from an associate represented the rental charged at a predetermined monthly rate and the related utility charged.

(b) Outstanding balances with related parties

Details of the Group's balances with a jointly-controlled entity and associates as at the end of the reporting period are disclosed in notes 15 and 16, respectively.

(c) Compensation of key management personnel of the Group

	2025 HK\$'000	2024 HK\$'000
Short term employee benefits	2,787	2,683
Post-employment benefits	18	18
Total compensation paid to key management personnel	2,805	2,701

The above compensation does not include directors' remuneration which is disclosed in note 8.

Notes to Financial Statements

31 December 2025

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

- (i) Save as disclosed elsewhere in the consolidated financial statements, during the year ended 31 December 2025, deposits for the acquisition of property, plant and equipment of HK\$45,628,000 (2024: HK\$69,336,000) were utilised as additions to property, plant and equipment (note 17).
- (ii) During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$10,903,000 (2024: HK\$8,076,000) and HK\$10,903,000 (2024: HK\$8,076,000), respectively, in respect of lease arrangements.
- (iii) During the year, the Group acquired property, plant and equipment of HK\$14,396,000 (2024: HK\$23,432,000), which was not yet settled as at 31 December 2025 and amounts of HK\$14,396,000 (2024: HK\$23,432,000) were included in “Accrued liabilities and other payables (current liabilities)” in the consolidated statement of financial position.

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

(b) Changes in liabilities arising from financing activities and other changes

	2025	
	Interest-bearing bank and other borrowings HK\$'000	Lease liabilities HK\$'000
As at 1 January 2025	980,357	25,093
New bank loans	861,374	–
Repayment of bank loans	(822,433)	–
New leases	–	10,903
Interest expense	–	1,722
Interest paid classified as operating cash flows	–	(1,722)
Changes from financing cash flows	–	(3,879)
Exchange realignment	43,539	2,169
	1,062,837	34,286
	2024	
	Interest-bearing bank and other borrowings HK\$'000	Lease liabilities HK\$'000
As at 1 January 2024	3,104,284	31,549
New bank loans	1,266,656	–
Repayment of bank loans	(3,298,639)	–
New leases	–	32,398
Interest expense	–	1,350
Interest paid classified as operating cash flows	–	(1,350)
Changes from financing cash flows	–	(7,336)
Disposal of subsidiaries (note 38)	(117,115)	(31,701)
Acquisition of subsidiaries (note 37)	59,324	–
Exchange realignment	(34,153)	183
	980,357	25,093

Notes to Financial Statements

31 December 2025

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

(c) Total cash outflow for leases

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

	2025 HK\$'000	2024 HK\$'000
Within operating activities	1,722	1,350
Within financing activities	3,879	7,336
	5,601	8,686

(d) Total taxes paid

The total taxes paid during the year were:

	2025 HK\$'000	2024 HK\$'000
Operating activities:		
Hong Kong profits tax paid	1,639	30,062
Overseas taxes paid	15,914	45,839
	17,553	75,901

31. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

Financial assets

	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Trade and bills receivables	181,806	-	1,851,279	2,033,085
Financial assets included in prepayments, deposits and other receivables	-	-	15,592	15,592
Time deposits	-	-	276,813	276,813
Pledged deposits	-	-	277,418	277,418
Financial assets at fair value through profit or loss	-	300,269	-	300,269
Cash and cash equivalents	-	-	754,145	754,145
	181,806	300,269	3,175,247	3,657,322

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade and bills payables	2,138,847
Financial liabilities included in accrued liabilities and other payables	122,744
Interest-bearing bank and other borrowings	1,062,837
Lease liabilities	34,350
	3,358,778

Notes to Financial Statements

31 December 2025

31. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2024

Financial assets

	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Trade and bills receivables	165,839	–	1,952,692	2,118,531
Financial assets included in prepayments, deposits and other receivables	–	–	28,838	28,838
Due from a jointly-controlled entity	–	–	8,376	8,376
Time deposits	–	–	215,000	215,000
Pledged deposits	–	–	249,519	249,519
Financial assets at fair value through profit or loss	–	310,596	–	310,596
Cash and cash equivalents	–	–	840,592	840,592
	165,839	310,596	3,295,017	3,771,452

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade and bills payables	2,525,086
Financial liabilities included in accrued liabilities and other payables	145,715
Interest-bearing bank and other borrowings	980,357
Lease liabilities	25,093
	3,676,251

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, amount due from a jointly-controlled entity, financial liabilities included in accrued liabilities and other payables, and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. 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 financial controller. 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 assumptions were used to estimate the fair values:

The fair values of the financial assets at fair value through profit or loss, non-current portion of the interest-bearing bank and other borrowings 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 changes in fair value as a result of the Group's own non-performance risk for financial assets at fair value through profit or loss, interest-bearing bank and other borrowings and lease liabilities as at 31 December 2025 were assessed to be insignificant. The fair values of the financial assets at fair value through profit or loss, interest-bearing bank and other borrowings and lease liabilities approximate to their carrying amounts as at the end of the reporting period.

Notes to Financial Statements

31 December 2025

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

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at fair value through profit or loss	–	300,269	–	300,269
Trade and bills receivables	–	181,806	–	181,806
Total	–	482,075	–	482,075

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at fair value through profit or loss	–	310,596	–	310,596
Trade and bills receivables	–	165,839	–	165,839
Total	–	476,435	–	476,435

33. TRANSFERRED FINANCIAL ASSETS

- (i) Transferred financial assets that are not derecognised in their entirety

The following table provides a summary of financial assets that have been transferred in such a way that part of the transferred financial assets does not qualify for derecognition, together with the associated liabilities:

2025

	Bills receivable Notes (a) and (b) HK\$'000
Carrying amount of assets that continued to be recognised	<u>179,822</u>
Carrying amount of associated liabilities	<u>179,822</u>

2024

	Bills receivable Notes (a) and (b) HK\$'000
Carrying amount of assets that continued to be recognised	<u>181,901</u>
Carrying amount of associated liabilities	<u>181,901</u>

Notes to Financial Statements

31 December 2025

33. TRANSFERRED FINANCIAL ASSETS *(continued)*

(i) Transferred financial assets that are not derecognised in their entirety *(continued)*

Notes:

(a) Discounting of bills receivable

At 31 December 2025, the Group discounted certain bills receivable (the “Discounted Bills”) with a carrying amount of HK\$123,782,000 (2024: HK\$92,989,000) to a local bank (2024: a local bank) in the PRC for cash. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to the Discounted Bills, and accordingly, the Group continued to recognise the full carrying amount of the Discounted Bills and the respective bank and other loans. Subsequent to the discounting, the Group does not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate carrying amount of the bank and other borrowings recognised due to the Discounted Bills was HK\$123,782,000 (2024: HK\$92,989,000) as at 31 December 2025.

(b) Bills endorsement under the Law of Negotiable Instruments of the PRC

At 31 December 2025, the Group endorsed certain bills receivable issued by certain local banks and certain local financial institutions in the PRC (the “Endorsed Bills”) with a carrying amount of HK\$56,040,000 (2024: HK\$88,912,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amount of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse was HK\$56,040,000 (2024: HK\$88,912,000) as at 31 December 2025.

33. TRANSFERRED FINANCIAL ASSETS *(continued)*

(ii) Transferred financial assets that are derecognised in their entirety

(a) *Discounting of bills receivable*

At 31 December 2025, the Group discounted certain bills receivable (the “Derecognised Discounted Bills”) with a carrying amount of HK\$102,443,000 (2024: HK\$133,878,000) to certain reputable banks (2024: certain reputable banks) in the PRC. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Discounted Bills have a right of recourse against the Group if the bills default (the “Continuing Involvement”). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Discounted Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Discounted Bills. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Discounted Bills and the undiscounted cash flows to repurchase these Derecognised Discounted Bills is equal to their carrying amounts of HK\$102,443,000 (2024: HK\$133,878,000). In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Discounted Bills are not significant. All Derecognised Discounted Bills have a maturity period from three to six months (2024: three to six months).

During the year, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Discounted Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The discounting of bills has been made evenly throughout the year.

Notes to Financial Statements

31 December 2025

33. TRANSFERRED FINANCIAL ASSETS *(continued)*

(ii) Transferred financial assets that are derecognised in their entirety *(continued)*

(b) *Bills endorsement under the Law of Negotiable Instruments of the PRC*

At 31 December 2025, the Group endorsed certain bills receivable issued by certain reputable banks in the PRC (the “Derecognised Endorsed Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of HK\$234,044,000 (2024: HK\$82,591,000). The Derecognised Endorsed Bills had a maturity from three to six months (2024: three to six months) at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Endorsed Bills may exercise the right of recourse against any, several or all the persons liable for the Derecognised Endorsed Bills, including the Group, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Endorsed Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Endorsed Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Endorsed Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Endorsed Bills and the undiscounted cash flows to repurchase these Derecognised Endorsed Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Endorsed Bills are not significant.

During the year, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Endorsed Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, commodity price risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The interest rates of the interest-bearing bank and other borrowings of the Group are disclosed in note 23.

The following table demonstrates the sensitivity to a reasonably possible change in the Hong Kong dollar interest rate, with all other variables held constant, of the Group's profit/(loss) after tax and equity through the impact on floating rate borrowings.

	Increase/(decrease) in percentage points	Increase/(decrease) in profit after tax and equity HK\$'000
2025		
Hong Kong dollars	0.5%	(123)
Hong Kong dollars	(0.5%)	123
	Increase/(decrease) in percentage points	(Increase)/decrease in loss after tax and equity HK\$'000
2024		
Hong Kong dollars	0.5%	(295)
Hong Kong dollars	(0.5%)	295

Notes to Financial Statements

31 December 2025

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

Commodity price risk

The major raw materials used in the production of the Group's products included plastic materials and aluminum. The Group is exposed to fluctuations in the prices of these raw materials which are influenced by global as well as regional supply and demand conditions. Fluctuations in the prices of raw materials could adversely affect the Group's financial performance. The Group has not historically entered into any commodity derivative instruments to hedge the potential commodity price changes.

Foreign currency risk

The Group carries on its trading transactions mainly in Hong Kong dollars, United States dollars and RMB. As the foreign currency risk arising from the sales and purchases can be set off with each other and given that the Hong Kong dollar is pegged to the United States dollar, the related foreign currency risk is minimal for the Group. It is the policy of the Group to continue maintaining the balance of its sales and purchases in the same currency.

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

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Hong Kong dollar and RMB exchange rate, with all other variables held constant, of the Group's net profit/loss.

	Increase/(decrease) in RMB rate %	Increase/(decrease) in the Group's net profit/loss HK\$'000
2025		
If the Hong Kong dollar weakens against RMB	5	(61,131)
If the Hong Kong dollar strengthens against RMB	5	61,131
<hr/>		
2024		
If the Hong Kong dollar weakens against RMB	5	(24,109)
If the Hong Kong dollar strengthens against RMB	5	24,109
<hr/>		

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)***Credit risk**

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and on an individual basis. Each of the customers has been attached with a trading limit and any excess to the limit must be approved by the director of the operation unit.

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 and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Debt investments at fair value through other comprehensive income:					
– Trade receivables*	–	–	–	58,023	58,023
– Bills receivable					
– Normal**	123,783	–	–	–	123,783
Trade and bills receivables*	–	–	–	1,891,451	1,891,451
Financial assets included in prepayments, deposits and other receivables					
– Normal**	15,592	–	–	–	15,592
Due from a jointly-controlled entity					
– Credit impaired	–	–	128,060	–	128,060
Time deposits					
– Not yet past due	276,813	–	–	–	276,813
Pledged deposits					
– Not yet past due	277,418	–	–	–	277,418
Cash and cash equivalents					
– Not yet past due	754,145	–	–	–	754,145
	1,447,751	–	128,060	1,949,474	3,525,285

Notes to Financial Statements

31 December 2025

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

Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

As at 31 December 2024

	12-month	Lifetime ECLs			Total HK\$'000
	ECLs	Stage 2	Stage 3	Simplified	
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	approach HK\$'000	
Debt investments at fair value through other comprehensive income:					
– Trade receivables*	–	–	–	72,850	72,850
– Bills receivable					
– Normal**	92,989	–	–	–	92,989
Trade and bills receivables*	–	–	–	1,978,070	1,978,070
Financial assets included in prepayments, deposits and other receivables					
– Normal**	28,838	–	–	–	28,838
Due from a jointly-controlled entity					
– Not yet past due	8,376	–	–	–	8,376
– Credit impaired	–	–	314,369	–	314,369
Time deposits					
– Not yet past due	215,000	–	–	–	215,000
Pledged deposits					
– Not yet past due	249,519	–	–	–	249,519
Cash and cash equivalents					
– Not yet past due	840,592	–	–	–	840,592
	1,435,314	–	314,369	2,050,920	3,800,603

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19.

** The credit quality of the bills receivable included in trade and bills receivables and the financial assets included in prepayments, deposits and other receivables, and lease receivable 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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, lease liabilities and other banking facilities such as trust receipt loans.

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:

	2025					Total HK\$'000
	On demand HK\$'000	Less than 3 months HK\$'000	less than 3 to 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	
Lease liabilities	-	1,567	4,987	24,363	11,260	42,177
Trade and bills payables	-	2,138,847	-	-	-	2,138,847
Financial liabilities included in accrued liabilities and other payables	122,744	-	-	-	-	122,744
Interest-bearing bank and other borrowings	-	351,219	389,843	489,019	-	1,230,081
	122,744	2,491,633	394,830	513,382	11,260	3,533,849

	2024					Total HK\$'000
	On demand HK\$'000	Less than 3 months HK\$'000	less than 3 to 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	
Lease liabilities	-	823	2,369	14,979	14,595	32,766
Trade and bills payables	-	2,525,086	-	-	-	2,525,086
Financial liabilities included in accrued liabilities and other payables	145,715	-	-	-	-	145,715
Interest-bearing bank and other borrowings	-	162,459	400,397	486,801	-	1,049,657
	145,715	2,688,368	402,766	501,780	14,595	3,753,224

Notes to Financial Statements

31 December 2025

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

Capital management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to the equity holders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt over total equity. Net debt includes interest-bearing bank and other borrowings, less cash and cash equivalents, structured deposits and wealth management products, time deposits and pledged deposits. As at 31 December 2025 and 2024, the Group maintained a net cash position, the gearing ratio is not applicable. The gearing ratio as at 31 December 2025 is as follows:

	2025	2024
	HK\$'000	HK\$'000
Interest-bearing bank and other borrowings	1,062,837	980,357
Less: Cash and cash equivalents	(754,145)	(840,592)
Less: Pledged deposits	(277,418)	(249,519)
Less: Structured deposits and wealth management products	(300,269)	(310,596)
Less: Time deposits	(276,813)	(215,000)
Net cash/(debt)	(545,808)	(635,350)
Total equity	3,151,435	2,904,843
Gearing ratio	N/A	N/A

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2025	2024
	HK\$'000	HK\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	117,940	117,940
Loan to a subsidiary	12,610	12,610
Total non-current assets	130,550	130,550
CURRENT ASSETS		
Due from subsidiaries	1,853,008	1,894,345
Prepayments, deposits and other receivables	280	770
Loan to a subsidiary	7,857	7,857
Cash and cash equivalents	4,344	634
Total current assets	1,865,489	1,903,606
CURRENT LIABILITIES		
Accrued liabilities and other payables	22,089	9,795
Interest-bearing bank borrowings	19,376	29,718
Tax payable	64,217	64,217
Total current liabilities	105,682	103,730
NET CURRENT ASSETS	1,759,807	1,799,876
Net assets	1,890,357	1,930,426
EQUITY		
Issued capital	97,356	97,356
Reserves (Note)	1,793,001	1,833,070
Total equity	1,890,357	1,930,426

Notes to Financial Statements

31 December 2025

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

Note:

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

	Share premium account	Share award reserve	Contributed surplus	Capital redemption reserve	Retained profits/ (accumulated loss)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	1,780,859	3,484	79,179	884	128,903	1,993,309
Loss for the year	-	-	-	-	(161,196)	(161,196)
Share award expense, net (note 26)	-	957	-	-	-	957
At 31 December 2024 and 1 January 2025	1,780,859	4,441	79,179	884	(32,293)	1,833,070
Loss for the year	-	-	-	-	(35,628)	(35,628)
Share award expense, net (note 26)	-	(4,441)	-	-	-	(4,441)
At 31 December 2025	1,780,859	-	79,179	884	(67,921)	1,793,001

- (i) Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributable to its shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.
- (ii) As at 31 December 2025, in the opinion of the directors, the reserves of the Company available for distribution to shareholders amounted to HK\$1,792,117,000 (2024: HK\$1,827,745,000) subject to the restriction stated in note (i) above.
- (iii) The contributed surplus of the Company arose as a result of the Group's reorganisation completed on 7 December 2000 in preparation for the listing of the Company's shares, and represents the excess of the combined net assets of the subsidiaries then acquired by the Company, over the nominal value of the share capital of the Company issued in exchange therefor.

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary share/ paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			2025	2024	
Indirectly held					
福建省石獅市通達電器有限公司 (Tongda Electrics Company Limited, Shishi City, Fujian)	PRC/Mainland China	Registered HK\$1,820,000,000 (2024: HK\$1,820,000,000)	100	100	Manufacture and sale of accessories for electrical appliance products
通達(石獅)科技有限公司 (Tongda (Shishi) Technology Company Limited)	PRC/Mainland China	Registered RMB1,030,000,000 (2024: RMB1,030,000,000)	100	100	Manufacture and sale of handset casings
通達(廈門)科技有限公司 (Tongda (Xiamen) Technology Company Limited)	PRC/Mainland China	Registered RMB275,817,231 (2024: RMB275,817,231)	100	100	Manufacture and sale of precision injection and printing parts
通達創智(廈門)股份有限公司 (Tongda Smart Tech (Xiamen) Co., Ltd.)	PRC/Mainland China	Registered RMB113,836,944 (2024: RMB114,174,600)	66.4	66.2	Manufacture and sale of household goods
通達精密組件(東莞)有限公司 (Tongda Precision Component (Dongguan) Company Limited)	PRC/Mainland China	Registered HK\$160,000,000 (2024: HK\$160,000,000)	100	100	Manufacture and sale of ironware products
通達揚帆科技(東莞)有限公司 (Tongda YF Technology (Dongguan) Company Limited)	PRC/Mainland China	Registered HK\$50,000,000 (2024: HK\$50,000,000)	100	100	Manufacture and sale of ironware products

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

Notes to Financial Statements

31 December 2025

37. BUSINESS COMBINATION

On 22 December 2023, Tongda Intelligence (BVI) Co Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser, and Tongda Group (Asia) Limited, as the vendor, entered into the sale and purchase agreement (the “Sale and Purchase Agreement”), pursuant to which the purchaser has conditionally agreed to purchase, and the vendor has conditionally agreed to sell all issued shares of Credence Technology Limited (“Target Company”), a company incorporated in the British Virgin Islands with limited liability, at the consideration of HK\$60,000,000, subject to the terms and conditions as set out in the Sale and Purchase Agreement. The vendor is owned as to 25% each by Mr. Wang Ya Nan, Mr. Wang Ya Hua, Mr. Wong Ah Yu and Mr. Wong Ah Yeung, being the controlling shareholders and connected persons of the Company.

Pursuant to the Sale and Purchase Agreement, the vendor guarantees to the purchaser that the audited consolidated earnings before interest, taxes, depreciation and amortisation (“EBITDA”) of the Target Company will not be less than HK\$12,000,000 for the financial year ended 31 December 2024. If the actual audited consolidated EBITDA of the Target Company for the financial year ended 31 December 2024 as shown in the audited consolidated financial statements of the Target Company for the year ended 31 December 2024 is less than HK\$12,000,000, then the vendor shall pay to the purchaser in cash within seven days after the delivery of such financial statements an amount calculated. Based on consolidated management account of the Target Company as at 31 December 2024, the consolidated EBITDA of the Target Company exceeded HK\$12,000,000 for the year ended 31 December 2024.

The acquisition was made as part of the Group’s strategy to expand and create synergy with the existing electrical appliances business. The acquisition was completed on 3 January 2024 and the consideration was satisfied by the payment of the cash of HK\$60,000,000. Further details of the acquisition was set out in the Company’s announcement dated 22 December 2023.

Acquisition-related costs of HK\$1,459,000 for the year ended 31 December 2024 that were not directly attributable to the issue of shares are included in administrative expenses in the consolidated statement of income statement and in operating cash flows in the consolidated statement of cash flows.

The assets acquired and liabilities assumed by the Group in the acquisition reflected the fair values based on management’s analysis, including work performed by independent professional valuer.

37. BUSINESS COMBINATION *(continued)***Acquisition-related costs**

The following is a summary of the fair values of the assets acquired and liabilities assumed as at the acquisition date (3 January 2024):

	Fair value HK\$000
Net identifiable assets acquired:	
Property, plant and equipment	81,445
Customer relationship (included in intangible assets)	9,388
Financial assets at fair value through profit or loss	7,020
Inventories	40,668
Trade and other receivables	75,122
Tax recoverable	1,322
Cash and cash equivalents	8,305
Bank borrowings	(59,324)
Trade and other payables	(103,946)
<hr/>	
Net identifiable assets acquired	60,000
Total consideration satisfied by cash	60,000
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Net cash outflow arising on acquisition:	
Cash consideration paid	(60,000)
Cash and cash equivalents acquired	8,305
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Net outflow of cash and cash equivalents included in cash flows from investing activities	(51,695)
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(i) Revenue and profit contribution

The Target Company and its subsidiaries contributed HK\$257,334,000 and HK\$917,000 to the Group's revenue and profit for the period between the date of acquisition and 31 December 2024, respectively.

Notes to Financial Statements

31 December 2025

38. DISPOSAL OF SUBSIDIARIES

On 22 December 2023, Tongda Precision Technology Company Limited, a wholly-owned subsidiary of the Company as a seller, an independent third party as a purchaser, and the Company as the guarantor, entered into a business transfer agreement whereby the Group agreed to dispose of the business of manufacturing high-precision micro components (the “High Precision Business”) as currently conducted by the Group for a consideration of HK\$2,015,000,000 (the “High Precision Disposal”). The High Precision Disposal was completed on 3 April 2024.

On 4 November 2024, Tongda (Shanghai) Company Limited and Meijitsu Tongda (HK) Company Limited, the wholly-owned subsidiaries of the Company as sellers (the “Sellers”), and an independent third party as a purchaser, entered into an equity transfer agreement whereby the Sellers agreed to dispose of their 100% equity interests in Tongda Fuso (HK) Company Limited (“Tongda Fuso”) at a cash consideration of HK\$1,000,000 (the “Fuso Disposal”). Tongda Fuso and its subsidiaries were primarily engaged in manufacturing of various types of labels and decorative printing (the “Fuso Business”). Disposal of this business allows the Group to concentrate its resource to its core businesses. The Fuso Disposal has been completed on 4 November 2024.

The followings are the assets and liabilities in respect of the disposal of “High Precision Business” and “Fuso Business” at their respective completion date:

	High Precision Business HK\$'000	Fuso Business HK\$'000	Total HK\$'000
Net assets disposed of:			
Property, plant and equipment	734,867	965	735,832
Right-of-use assets	32,583	–	32,583
Inventories	698,991	11,083	710,074
Trade and other receivables, deposits and prepayments	908,960	13,505	922,465
Tax recoverable	8,580	–	8,580
Bank balances and cash	105,895	4,501	110,396
Lease liabilities	(31,701)	–	(31,701)
Trade and other payables	(732,277)	(14,809)	(747,086)
Bank borrowings	(117,115)	–	(117,115)
	1,608,783	15,245	1,624,028
Consideration received	2,015,000	1,000	2,016,000
Net assets disposed of	(1,608,783)	(15,245)	(1,624,028)
Release of exchange fluctuation reserve	(58,671)	904	(57,767)
Gain/(loss) on disposal of subsidiaries	347,546	(13,341)	334,205
Transaction costs directly related to the disposal	(53,037)	(29)	(53,066)
Income tax expense	(148,089)	–	(148,089)
Net gain/(loss) on disposal of subsidiaries	146,420	(13,370)	133,050

38. DISPOSAL OF SUBSIDIARIES *(continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	High Precision Business HK\$'000	Fuso Business HK\$'000	Total HK\$'000
Consideration received in cash and cash equivalents	2,015,000	1,000	2,016,000
Less:			
Cash and cash equivalents of subsidiaries disposed of	(105,895)	(4,501)	(110,396)
Withholding tax paid	(146,883)	–	(146,883)
	<hr/>	<hr/>	<hr/>
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries, net of tax	1,762,222	(3,501)	1,758,721

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 26 March 2026.

Five-Year Financial Summary

A summary of the results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below. This summary does not form part of the audited financial statements.

RESULTS

	2025	2024	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Re-presented)	(Re-presented)	(Re-presented)
Revenue	5,180,235	5,589,739	6,521,928	7,972,063	9,969,119
Gross (loss)/profit	793,785	(327,955)	345,783	1,229,742	1,640,069
Profit/(loss) for the year attributable to:					
Owners of the Company	120,355	(3,942,177)	(1,229,656)	137,287	228,198
Non-controlling interests	31,600	38,206	24,743	14,414	15,071

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	2025	2024	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	2,689,644	2,716,395	5,269,173	6,235,924	7,401,561
Current assets	4,374,723	4,437,841	8,033,557	7,992,961	9,353,568
Total assets	7,064,367	7,154,236	13,302,730	14,228,885	16,755,129
Non-current liabilities	(644,070)	(588,875)	(1,226,366)	(1,153,684)	(813,672)
Current liabilities	(3,268,862)	(3,660,518)	(5,072,868)	(5,444,365)	(7,719,965)
Total liabilities	(3,912,932)	(4,249,393)	(6,299,234)	(6,598,049)	(8,533,637)
Net assets	3,151,435	2,904,843	7,003,496	7,630,836	8,221,492
Total assets less current liabilities	3,795,505	3,493,718	8,229,862	8,784,520	9,035,164
Equity attributable to owners of the Company	2,827,594	(2,605,518)	(6,682,824)	(7,562,811)	(8,160,182)
Non-controlling interests	(323,841)	(299,325)	(320,672)	(68,025)	(61,310)