



# GLORIOUS SUN ENTERPRISES LIMITED

(Incorporated in Bermuda with limited liability) (Stock Code : 393)

## 2025 Annual Report



Steadfast in the Pursuit of  
High-quality Development

Jeanswest

玩真的  
GIVE YOUR ALL

王一博  
真维斯休闲装 品牌全球代言人



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## **OUR CORE BUSINESS**

- Financial investments
- Interior decoration and renovation
- Export of casual wear apparel
- Retail of casual wear apparel

## **OUR VISION**

- To be an outstanding financial investor in the region
- To be an outstanding services provider in interior decoration and renovation industry
- To be one of the best casual wear apparel suppliers
- To become a market leader in casual wear apparel retailing

## **OUR MISSION**

- Focused on providing quality products and services with added value to our customers
- Focused on investing in high quality financial products to secure stable profits

We strive after:

- customer satisfaction;
- staff development;
- reasonable equity return; and
- growth with our business partners,

so as to benefit our community.

# *Contents*

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Corporate Information	<b>2</b>
Notice of Annual General Meeting	<b>3</b>
Chairman’s Statement	<b>13</b>
Management Discussion and Analysis	<b>19</b>
Financial Highlights	<b>25</b>
Directors’ and Senior Management’s Biographies	<b>28</b>
Corporate Governance Report	<b>30</b>
Report of the Directors	<b>44</b>
Independent Auditor’s Report	<b>54</b>
Consolidated Statement of Profit or Loss	<b>60</b>
Consolidated Statement of Comprehensive Income	<b>61</b>
Consolidated Statement of Financial Position	<b>62</b>
Consolidated Statement of Changes in Equity	<b>64</b>
Consolidated Statement of Cash Flows	<b>66</b>
Notes to Financial Statements	<b>68</b>
Financial Summary	<b>142</b>

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### *Executive Directors*

Dr. Charles Yeung, GBM, GBS, JP (*Chairman*)

Yeung Chun Fan, BBS (*Vice-chairman*)

Hui Chung Shing, Herman, GBS, MH, JP

Ms. Cheung Wai Yee

Yeung Yin Chi, Jennifer, JP

### *Independent Non-executive Directors*

Lau Hon Chuen, Ambrose, GBS, JP

Dr. Chan Chung Bun, Bunny, GBM, GBS, JP

Ng Wing Ka, Jimmy, SBS, JP

Choi Tak Shing, Stanley, JP

## BOARD COMMITTEES

### *Audit Committee*

Lau Hon Chuen, Ambrose, GBS, JP (*Chairman*)

Ng Wing Ka, Jimmy, SBS, JP

Choi Tak Shing, Stanley, JP

### *Remuneration Committee*

Dr. Chan Chung Bun, Bunny, GBM, GBS, JP (*Chairman*)

Hui Chung Shing, Herman, GBS, MH, JP

Choi Tak Shing, Stanley, JP

### *Nomination Committee*

Dr. Charles Yeung, GBM, GBS, JP (*Chairman*)

Lau Hon Chuen, Ambrose, GBS, JP

Dr. Chan Chung Bun, Bunny, GBM, GBS, JP

Ng Wing Ka, Jimmy, SBS, JP

Ms. Cheung Wai Yee

### *Investment Committee*

Dr. Charles Yeung, GBM, GBS, JP (*Chairman*)

Yeung Chun Fan, BBS

Yeung Yin Chi, Jennifer, JP

Dr. Chan Chung Bun, Bunny, GBM, GBS, JP

## COMPANY SECRETARY

Ms. Cheung Kar Mun, Cindy

## AUTHORISED REPRESENTATIVES

Hui Chung Shing, Herman, GBS, MH, JP

Yeung Yin Chi, Jennifer, JP

## AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor under  
the Accounting and Financial Reporting Council  
Ordinance

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor

Services Limited

Shops 1712–1716, 17th Floor, Hopewell Centre

183 Queen's Road East

Wan Chai, Hong Kong

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

38/F., One Kowloon

1 Wang Yuen Street

Kowloon Bay

Hong Kong

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation  
Limited

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

UBS Group AG

Industrial and Commercial Bank of China (Asia) Limited

## WEBSITE

<http://www.glorisun.com>

## STOCK CODE

393

## BOARD LOT

4,000 shares

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Glorious Sun Enterprises Limited (the “Company”) will be held at Dynasty II, The Dynasty Club, 7th Floor, South West Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong on Thursday, 21 May 2026 at 3:30 p.m. for the following purposes:

- (1) To receive and adopt the audited consolidated financial statements, the report of the directors and the independent auditor’s report for the year ended 31 December 2025.
- (2) To approve and declare the final dividend for the year ended 31 December 2025.
- (3) (A) (I) To re-elect Ms. Yeung Yin Chi, Jennifer as an executive director of the Company.  
(II) To re-elect Mr. Chan Chung Bun, Bunny as an independent non-executive director of the Company.  
(III) To re-elect Mr. Ng Wing Ka, Jimmy as an independent non-executive director of the Company.  
(IV) To re-elect Mr. Choi Tak Shing, Stanley as an independent non-executive director of the Company.  
(B) To authorise the board of directors of the Company to fix the remuneration for all directors.
- (4) To re-appoint Ernst & Young as the auditor of the Company and to authorise the board of directors of the Company to fix their remuneration.
- (5) To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

## ORDINARY RESOLUTIONS

- (A) **“THAT:**
  - (I) subject to sub-paragraph (III) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
  - (II) the approval in sub-paragraph (I) of this resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

## NOTICE OF ANNUAL GENERAL MEETING

(III) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in sub-paragraph (I) of this resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined) or upon the exercise of rights of conversion or subscription under any securities which are convertible into shares of the Company or (b) the share option scheme or similar arrangement of the Company for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or (c) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company, shall not exceed the aggregate of: (aa) 20 per cent. of the aggregate number of issued shares of the Company (excluding treasury shares, if any) on the date of this resolution and (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the number of shares of the Company bought back by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate number of issued shares of the Company (excluding treasury shares, if any) at the date of passing this resolution) and the said approval shall be limited accordingly; and

(IV) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; or
- (c) the revocation or variation of the authority set out in this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(B) **“THAT:**

- (I) subject to sub-paragraph (II) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase shares in the issued share capital of the Company be and is hereby generally and unconditionally approved;
- (II) the aggregate number of shares of the Company which the Company is authorised to repurchase pursuant to the approval in sub-paragraph (I) of this resolution shall not exceed 10 per cent. of the aggregate number of issued shares of the Company (excluding treasury shares, if any) on the date of this resolution and the said approval shall be limited accordingly; and

# NOTICE OF ANNUAL GENERAL MEETING

(III) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; or
- (c) the revocation or variation of the authority set out in this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

(C) “**THAT** the directors of the Company be and are hereby authorised to exercise the powers of the Company being extended as referred to in paragraph (I) of the resolution set out as resolution (5)(A) in the notice of the meeting of which this resolution forms a part in respect of the number of shares of the Company referred to in sub-paragraph (bb) of paragraph (III) of such resolution.”

(6) As special business, to consider and, if thought fit, pass the following resolution as a special resolution:

## SPECIAL RESOLUTION

“**THAT** the existing bye-laws of the Company (the “Bye-laws”) be and is hereby amended as follows:

### **Bye-law Proposed amendments to the existing Bye-laws**

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1. The following new paragraph be inserted at the end in Bye-law 1 of the Bye-laws:

“References to a document (including, but without limitation, a resolution in writing) being signed or executed include references to it being signed or executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not.”

46. Bye-law 46 be deleted in its entirety and be replaced with the following:

“46. The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in any newspapers in accordance with the requirements of any Designated Stock Exchange or by any means (electronic or otherwise) in such manner as may be accepted by the Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.”

# NOTICE OF ANNUAL GENERAL MEETING

## Bye-law Proposed amendments to the existing Bye-laws

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69. Bye-law 69 be deleted in its entirety and be replaced with the following:

“69. General meetings may be held in any part of the world as may be determined by the Board. A meeting of members or any class thereof may be held physically, as a hybrid meeting (partially physical and partially electronic) or wholly by electronic means, using such telephone, electronic or other communication facilities as to permit all persons participating in the meeting to communicate with each other, and participation in such a meeting shall constitute presence at such meeting. Unless otherwise determined by the Directors, the procedures for convening and conducting a general meeting set out in these Bye-laws shall apply, *mutatis mutandis*, to hybrid or wholly electronic meetings. In the event of any technical difficulties, disruptions, or procedural issues arising during a hybrid or electronic meeting, including but not limited to connectivity problems, platform malfunctions, or disputes regarding the conduct of the meeting, the chairman of the meeting shall have the authority to make any rulings or decisions necessary to address such issues. Any ruling, determination, or decision made by the chairman of the meeting under the scope of this provision shall be final, conclusive, and binding on the Company and all members.”

78. Bye-law 78 be deleted in its entirety and be replaced with the following:

“78. (A) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that the Chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Bye-law, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its members; and (ii) relate to the Chairman’s duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all members a reasonable opportunity to express their views. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the Chairman of the meeting may determine.

# NOTICE OF ANNUAL GENERAL MEETING

## Bye-law Proposed amendments to the existing Bye-laws

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- (B) Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:
- (i) by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
  - (ii) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
  - (iii) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by the member.”

79. Bye-law 79 be deleted in its entirety and be replaced with the following:

“79. Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution. The result of the poll shall be deemed to be the resolution of the meeting. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.”

80. Bye-law 80 be deleted in its entirety and be replaced with the following:

“80. On a poll votes may be given either personally or by proxy.”

81. Bye-law 81 be deleted in its entirety and be replaced with the following:

“81. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.”

# NOTICE OF ANNUAL GENERAL MEETING

## Bye-law Proposed amendments to the existing Bye-laws

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82. Bye-law 82 be deleted in its entirety and be replaced with the following:
- “82. All questions submitted to a meeting shall be decided by a simple majority of votes except where a greater majority is required by these Bye-laws or by the Companies Act. In the case of an equality of votes, the Chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.”
85. Bye-law 85 be deleted in its entirety and be replaced with the following:
- “85. *[intentionally deleted].*”
92. Bye-law 92 be amended by deleting the words “(...) or on a poll demanded at a meeting or an adjourned meeting (...)”.
178. Bye-law 178 be amended by inserting “For the purpose of this Bye-law, only if specifically requested in writing by a member of the Company;” at the beginning of this Bye-law.
180. Bye-law 180 be amended with deletions shown in strikethrough and additions shown in underline as follows:
- “180. A notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a member by sending it via electronic means or through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the electronic or postal address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such ~~an electronic or postal address~~ has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.”
182. Bye-law 182 be amended with deletions shown in strikethrough and additions shown in underline as follows:
- “182. Any notice or document ~~given, delivered or sent in any manner permitted by these Bye-laws including but not limited to by electronic means,~~ post to, or left at the registered address of any member in pursuance of these presents, shall, notwithstanding that such member be then deceased or bankrupt or that any other event has occurred and whether or not the eCompany has notice of his death or bankruptcy or other event, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint holder thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his personal representatives and all person(s) (if any) jointly interested with him in any such shares.”

# NOTICE OF ANNUAL GENERAL MEETING

(7) To transact any other ordinary business of the Company.

By Order of the Board  
**Glorious Sun Enterprises Limited**

**Cheung Kar Mun, Cindy**  
*Company Secretary*

Hong Kong Special Administrative Region of the People's Republic of China

22 April 2026

*Principal Place of Business:*  
38/F., One Kowloon  
1 Wang Yuen Street  
Kowloon Bay  
Hong Kong

*Registered Office:*  
Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Notes:*

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote in his stead. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company.
2. A form of proxy for the annual general meeting is enclosed. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the meeting or any adjournment thereof.
3. Where there are joint holders of any share of the Company, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders are present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
4. The register of members of the Company will be closed from Monday, 18 May 2026 to Thursday, 21 May 2026, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the entitlement to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 15 May 2026. The record date for determining the eligibility of shareholders to attend and vote at the annual general meeting is Thursday, 21 May 2026.
5. The register of members of the Company will also be closed from Thursday, 28 May 2026 to Monday, 1 June 2026, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 27 May 2026. The record date for determining the entitlement of the shareholders to the proposed final dividend is Monday, 1 June 2026.

## NOTICE OF ANNUAL GENERAL MEETING

6. In relation to agenda item No. (3)(A) in this notice regarding re-election of directors, Ms. Yeung Yin Chi, Jennifer, Dr. Chan Chung Bun, Bunny and Mr. Ng Wing Ka, Jimmy will retire from office by rotation at the annual general meeting of the Company pursuant to bye-law 110(A) of the Company's Bye-laws and, being eligible, offer themselves for re-election. In addition, Mr. Choi Tak Shing, Stanley will also retire at the annual general meeting of the Company at which his term of appointment will expire, and he is eligible for re-election.

To ensure that the board of directors of the Company (the "Board") has a balance of skills, knowledge, experience and diversity of perspectives appropriate to the Company's business needs and development, and with due regard to the board diversity of the Company, the Nomination Committee of the Company reviews the structure, size and composition of the Board from multiple perspectives annually, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge, and forms its recommendations to the Board on the proposals on re-election of the retiring directors.

Dr. Chan Chung Bun, Bunny, Mr. Ng Wing Ka, Jimmy and Mr. Choi Tak Shing, Stanley, independent non-executive directors of the Company, have given written confirmation to the Company of their independence. The Board has considered that they have met the independence criteria set out in Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Based on the biographical details disclosed to the Company, none of Dr. Chan, Mr. Ng and Mr. Choi currently hold more than six directorships in listed companies in Hong Kong and each of them has been properly performing his duties as a director of the Company.

With Dr. Chan's extensive experience in commerce, financial investment and community affairs in Hong Kong, Mr. Ng's extensive experience in the legal field and the public sector, and Mr. Choi's professional qualification in accounting and extensive experience in accounting, finance and investment, the Nomination Committee of the Company believes that their different professional knowledge can promote the diversity of skills and experience of the Board, enhance the Company's corporate governance, and benefit the Board's decision-making. During their tenure, Dr. Chan Chung Bun, Bunny, Mr. Ng Wing Ka, Jimmy and Mr. Choi Tak Shing, Stanley have actively participated in the meetings of the Board and the Board committees, and provided independent and objective judgment and advice to the Board to safeguard the interests of the Company and the shareholders as a whole. The Nomination Committee of the Company believes that their re-election as independent non-executive directors of the Company is in the interests of the Company.

The Board, after considering the above factors and with the recommendation of the Nomination Committee of the Company, has nominated Dr. Chan Chung Bun, Bunny, Mr. Ng Wing Ka, Jimmy and Mr. Choi Tak Shing, Stanley for re-election as independent non-executive directors of the Company at the annual general meeting for a term of two years.

7. The biographies of the directors who stand for re-election at the annual general meeting are set out in the "Directors' and Senior Management's Biographies" contained in this annual report.
8. The amount of emoluments paid for the year ended 31 December 2025 to the directors who stands for re-election at the annual general meeting is set out in note 8 to the financial statements in this annual report and the basis of determining such emoluments is set out in the "Remuneration Policy" section in the Report of the Directors contained in this annual report.

Ms. Yeung Yin Chi, Jennifer, is currently entitled to a salary of HK\$261,600 per annum, plus annual discretionary bonus which will be determined by reference to the operating results of the Group and individual performance of the director. Each of Dr. Chan Chung Bun, Bunny, Mr. Ng Wing Ka, Jimmy and Mr. Choi Tak Shing, Stanley, is currently entitled to a fixed fee of HK\$300,000 per annum.

## NOTICE OF ANNUAL GENERAL MEETING

9. Other biographical details of each of the directors who stands for re-election at the annual general meeting are set out below to enable shareholders to make an informed decision on their re-elections. Save for the information set out in this paragraph 9 and in paragraphs 6 to 8 above, there is no information to be disclosed pursuant to any requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there other matters that need to be brought to the attention of the shareholders in respect of the directors who stand for re-election at the annual general meeting.

9.1 Yeung Yin Chi, Jennifer, JP, aged 46, is an executive director, a member of the Investment Committee of the Company, and concurrently holds directorships in various subsidiaries of the Company. Ms. Yeung has been a director of the Company for around nine years. Ms. Yeung is a niece of Dr. Charles Yeung, Mr. Yeung Chun Fan and Ms. Cheung Wai Yee, all of whom are directors and substantial shareholders of the Company.

Ms. Yeung was a director of the following dissolved company:

Name of company	Place of incorporation	Principal business activity prior to dissolution	Date of commencement of dissolution/ Date of dissolution	Means of dissolution	Reason for dissolution
Rihong Trading (Zhuhai) Limited (日宏貿易(珠海)有限公司) <sup>®</sup>	Chinese mainland	Not yet commenced business	3 January 2019/ 3 April 2019	Dissolution by resolutions of the company	Cancellation of a proposed business

<sup>®</sup> The official name of this company is in Chinese. The English name of the company is included for identification purpose only.

Save as disclosed above, Ms. Yeung has no relationship with any directors, senior management or substantial or controlling shareholders of the Company, has not held any other position in the Company or any of its subsidiaries, and has not held any directorship in any Hong Kong or overseas listed public companies in the last three years. As at the date of this notice, Ms. Yeung did not have any interest in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws in Hong Kong) ("SFO").

9.2 Dr. Chan Chung Bun, Bunny, GBM, GBS, JP, aged 68, is an independent non-executive director of the Company, the Chairman of the Remuneration Committee, and a member of the Nomination Committee and the Investment Committee of the Company. Dr. Chan has been a director of the Company for around seven years. Dr. Chan is also an independent non-executive director of Li Ning Company Limited and MTR Corporation Limited (companies listed on the Stock Exchange). In the past three years, Dr. Chan was an independent non-executive director of Great Harvest Maeta Holdings Limited (a company listed on the Stock Exchange).

Save as disclosed above, Dr. Chan has no relationship with any directors, senior management or substantial or controlling shareholders of the Company, has not held any other position in the Company or any of its subsidiaries, and has not held any directorship in any Hong Kong or overseas listed public companies in the last three years. As at the date of this notice, Dr. Chan did not have any interest in the securities of the Company within the meaning of Part XV of the SFO.

9.3 Ng Wing Ka, Jimmy, SBS, JP, aged 56, is an independent non-executive director of the Company, a member of the Audit Committee and the Nomination Committee of the Company. Mr. Ng has been a director of the Company for around seven years. Mr. Ng is also an independent non-executive director of Yanchang Petroleum International Limited and MTR Corporation Limited (companies listed on the Stock Exchange).

Save as disclosed above, Mr. Ng has no relationship with any directors, senior management or substantial or controlling shareholders of the Company, has not held any other position in the Company or any of its subsidiaries, and has not held any directorship in any Hong Kong or overseas listed public companies in the last three years. As at the date of this notice, Mr. Ng did not have any interest in the securities of the Company within the meaning of Part XV of the SFO.

## NOTICE OF ANNUAL GENERAL MEETING

- 9.4 Choi Tak Shing, Stanley, JP, aged 49, is an independent non-executive director of the Company, a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Choi has been a director of the Company for around five years.

Save as disclosed above, Mr. Choi has no relationship with any directors, senior management or substantial or controlling shareholders of the Company, has not held any other position in the Company or any of its subsidiaries, and has not held any directorship in any Hong Kong or overseas listed public companies in the last three years. As at the date of this notice, Mr. Choi did not have any interest in the securities of the Company within the meaning of Part XV of the SFO.

10. Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at the meeting will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.
11. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect or “extreme conditions” caused by super typhoon is announced by the Government of Hong Kong any time after 1:30 p.m. on the date of the above meeting, the meeting will be postponed. The Company will post an announcement on the website of the Stock Exchange and the website of the Company to notify shareholders of the date, time and place of the rescheduled meeting.

As at the date of this notice, the directors of the Company are as follows:

*Executive Directors:*

Dr. Charles Yeung, GBM, GBS, JP, Yeung Chun Fan, BBS, Hui Chung Shing, Herman, GBS, MH, JP, Ms. Cheung Wai Yee and Yeung Yin Chi, Jennifer, JP

*Independent Non-executive Directors:*

Lau Hon Chuen, Ambrose, GBS, JP, Dr. Chan Chung Bun, Bunny, GBM, GBS, JP, Ng Wing Ka, Jimmy, SBS, JP and Choi Tak Shing, Stanley, JP

## CHAIRMAN'S STATEMENT



### RESULTS

Looking back to the 2025, amidst tariff wars and geopolitical tensions, uncertainties continued to cloud the global political and economic landscape. Markets were highly focused on the tariff and trade policies announced by US President Trump following his inauguration, prompting major corporations to persistently reconfigure their supply chains. This led to rising costs and fueled concerns over inflation, which in turn influenced interest rate trajectories and triggered stock market volatility. China and the United States remained at the epicentre of trade conflicts. Although a trade truce was reached between the two nations by late 2025, lingering uncertainties in China-US relations cast a shadow over the economic outlook.

On another front, strong market enthusiasm for artificial intelligence drove major US technology companies to pour substantial investments into AI development, contributing to robust performance in US technology stocks. However, lofty equity valuations, stubborn inflation, and ongoing geopolitical tensions posed potential challenges to the market. Despite navigating an unpredictable environment in 2025, global markets rarely experienced a comprehensive bull market, with positive performance across equities, bonds, and commodities assets alike. Global equity index rose 20.6% over the year, while global bond index delivered a return of 7.5%. Amid prevailing macroeconomic and policy uncertainties, gold served as an ideal safe-haven asset, surging 64.6% to close the year at US\$4,341 per ounce.

China recorded a full-year economic growth rate of 5.0% in 2025, maintaining overall economic stability. Despite pressure from US tariffs, exports remained robust, with China becoming the first country to register an annual trade surplus exceeding one trillion US dollars. Domestically, weak consumption and structural challenges arising from the property sector remained unresolved. The central government introduced the “15th Five-Year Plan” to advance Chinese-style modernisation, with an emphasis on high-quality development and technological self-reliance. Looking ahead to the inaugural year of the 15th Five-Year Plan period, macroeconomic policies are expected to be more proactive and impactful, effectively hedging against external risks and invigorating domestic demand, thereby laying the foundation for sustained high-quality economic growth in the long run.

In Hong Kong, favourable export performance and robust investment activity drove full-year economic growth of 3.5% in 2025. On the retail front, despite shifts in consumption patterns among both local residents and tourists, the government's proactive promotion of mega events, including international sports tournaments, concert economy activities, and large-scale exhibitions, helped sustain a steady increase in tourist arrivals and supported the retail sector. The total value of retail sales rose by 1.0% for the year. Equity market performance also brought pleasant surprises. Accelerated inflows of southbound and overseas capital invigorated trading activity in Hong Kong stocks, while increased fundraising from new listings propelled the Hang Seng Index to a substantial annual gain of 27.8%.

## CHAIRMAN'S STATEMENT

The Group adhered to the strategy set at the beginning of the year, continued to implement “comprehensively advancing high-quality development”, focused on core businesses, and constantly maintained and enhanced its competitiveness. Faced with uncertainties surrounding US tariff policies and China-US relations, the Group adopted a strategy of “coping with shifting circumstances by sticking to a fixed principle”, concentrating human resources, financial resources, and energy on the most profitable companies and the most important projects. It remained committed to “high-quality development” and firmly pursued “effectivism”, “independent accounting, full responsibility for profits and losses”. Its approach was twofold, “expanding revenue” and “reducing expenditure”, by scaling or even closing down loss-making companies and businesses, while scaling up profitable ones to pursue the goals set at the beginning of the year. The Group conducted reviews and follow-ups items by items, weeks after weeks, and months after months and delivered satisfactory results. Thanks to management’s ability to “think of potential perils and plan ahead even currently on safe ground”, the Group’s operations were not significantly rocked by the tariff war and managed to achieve sustainable and steady development.

The Group’s turnover for the year was HK\$976,676,000 (2024: HK\$910,170,000), which increased by 7.31% compared with the previous year. The Group’s investments in high-quality, high-yield blue-chip stocks and fixed time deposits brought back reasonable returns during the year. In addition, impairment provisions against its holdings of mainland real estate bonds decreased. As a result, the profit attributable to shareholders was HK\$75,176,000 (2024: HK\$61,380,000), increased by 22.48% compared with the previous year.

The following are the main operating data of the Group during the year under review:

	2025	2024	Change
(Unit: HK\$'000)			
Consolidated revenue	<b>976,676</b>	910,170	+7.31%
of which:			
A. Financial investments	<b>109,460</b>	194,385	-43.69%
B. Interior decoration and renovation	<b>570,368</b>	377,891	+50.93%
C. Export operations	<b>253,958</b>	281,355	-9.74%
D. Hong Kong retailing and overseas franchising	<b>39,903</b>	56,296	-29.12%
Profit attributable to ordinary equity holders of the Company	<b>75,176</b>	61,380	+22.48%
(Unit: HK cents)			
Earnings per share (basic)	<b>5.01</b>	4.06	+23.40%
Dividend per share			
– Final	<b>5.80</b>	5.80	–
– Total	<b>9.80</b>	9.80	–
	<b>As at</b>	As at	
	<b>31 December</b>	31 December	
	<b>2025</b>	2024	Change
(Unit: HK\$'000)			
Net cash and near cash in hand*	<b>3,264,117</b>	2,968,709	+9.95%

\* “Net cash and near cash in hand” consists of debt investments at amortised cost after impairment provision, listed equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss, cash and cash equivalents, net of interest-bearing bank borrowings.

# CHAIRMAN'S STATEMENT

## FINAL DIVIDEND

The Board of Directors has resolved to recommend the payment of a final dividend of HK5.80 cents (2024: HK5.80 cents) per share for the year ended 31 December 2025 to the shareholders, aggregate amount estimated to be HK\$87,000,000. It is expected that the final dividend will be paid on Wednesday, 17 June 2026, to those shareholders whose names appear on the register of members of the Company on Monday, 1 June 2026, subject to shareholders' approval at the forthcoming annual general meeting to be held on Thursday, 21 May 2026.

## REVIEW OF BUSINESSES

### Financial Investments

Regarding the Group's financial investment, Trump's "America First" policy, coupled with the Federal Reserve's interest rate cuts initiated last September and the end of quantitative tightening, is expected to continue casting uncertainties over the global economy and investment markets. In response, the management has adopted a more cautious approach to investment, adhering to the successful business strategies of recent years. The decision is to preserve the current strong position, maintain a certain level of cash reserves, and act only after careful deliberation. In a global low-interest-rate environment, demand for high-yield investment products is anticipated to intensify. The management made decisive moves to acquire high-quality domestic bank stocks as long-term investments at the last market bottom and secured high dividend yields to safeguard shareholder returns.

As the high-yield domestic bank shares held by the Group adopted a policy of distributing an interim dividend for the first time in 2024, a higher amount of dividend income was recognised that year. As a result, the total income of the financial investment business was HK\$109,460,000 (2024: HK\$194,385,000) in 2025, decreased 43.69% over the same period last year.

### Interior Decoration and Renovation

The interior design and renovation business adhered to the "high-quality development remain unwavering" policy and focusing on the development strategy of "one body with two wings" to promote digitalised design, industrialised manufactures and intelligent applications. The one body with two wings strategy promotes "Green Store Building Solutions" and "Digital Management Solutions", through which the business seeks to expose its market presence, deepen cooperation with other leading brands, so as to enhance brand influence and market share.

For the year ended 31 December 2025, the total turnover of the interior decoration and renovation business was HK\$570,368,000 (2024: HK\$377,891,000), representing an increase of 50.93% compared with last year.



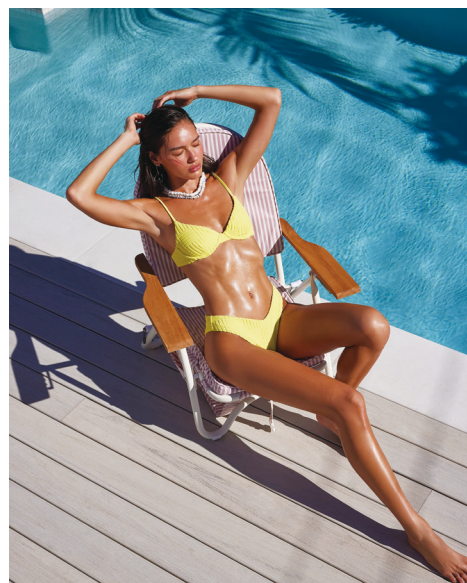
*Changhong offered interior design solution to XiaoLanJing image showroom*

## CHAIRMAN'S STATEMENT

### Export Operations

The export operations of the Group were mainly composed of “import & export trading” and “design centers”. For import & export trading, we expanded outside client business and cultivated new overseas customers, with the design centre’s primary market in the US. Although Trump imposed additional tariffs since taking over the White House, Rand Design, a subsidiary, had already made early preparations by fully shifting its procurement operations from China to South America two years ago. The adverse impact of the current tariff war was thereby avoided. Under the new tariff regime, manufacturers, wholesalers, and retailers worked jointly to absorb the additional tariff costs so as to minimise the impact.

For the year ended 31 December 2025, the total export turnover dropped from HK\$281,355,000 last year to HK\$253,958,000, representing a decrease of 9.74%.



*Our export business offers a total value-added package to serve customers' needs*



### Hong Kong Retailing and Overseas Franchising

The Hong Kong retail market was on a trajectory of bottoming out and rebounding. Although the momentum of recovery remained weak, and competition from mainland online platforms continued to intensify pressure on local retail, there was still room for reasonable rent negotiations for physical stores at present. The Hong Kong retail business continued to maintain a prudent operating approach and sustain its store size through flexible leasing arrangements. For the overseas franchising business, the ongoing global turbulence and uncertainties continue to impact the business plans and strategies of the franchisees. It is expected that a relatively restrained business development approach will be maintained for a certain period of time.

For the year ended 31 December 2025, the total turnover of Hong Kong retailing and overseas franchising business was HK\$39,903,000 (2024: HK\$56,296,000), representing a decrease of 29.12%.

# CHAIRMAN'S STATEMENT

## FINANCIAL POSITION

### Liquidity and Financial Resources

During the year, the financial position of the Group was solid. As at 31 December 2025, the Group held net cash and near cash in hand of HK\$3,264,117,000 (31 December 2024: HK\$2,968,709,000), representing an increase of 9.95% compared with last year.

As of 31 December 2025, the Group held cash and cash equivalents of HK\$1,204,208,000 (31 December 2024: HK\$1,201,518,000), of which US dollars accounted for 79.06%, Hong Kong dollars accounted for 3.33%, and RMB accounted for 17.61% (31 December 2024: US dollars accounted for 75.04%, Hong Kong dollars accounted for 9.33%, and RMB accounted for 15.63%). The Group had no bank borrowings (31 December 2024: Nil).

The Group had neither material capital commitment nor contingent liabilities as of 31 December 2025.

### Financial Investments Held

The significant investments held by the Group were debt instruments and stocks of listed companies. On 31 December 2025, the net carrying amount of the Group's investments was HK\$2,048,666,000 (31 December 2024: HK\$1,715,955,000), an increase of HK\$332,711,000. The change in total investments was mainly due to the acquisition of blue-chip high-yield stocks of approximately HK\$49,771,000, the increase of fair value on the stock investments by approximately HK\$313,929,000, and the impact of additional impairment provisions for bonds.

## HUMAN RESOURCES

As of 31 December 2025, the Group employed 398 members of staff (31 December 2024: 413). Furthermore, incentives were granted to employees depending on the Group's overall and individual performance.

## SOCIAL RESPONSIBILITY

It was the commitment of the Management that while maximising returns for shareholders, the Group would take up its social responsibilities. The Group adhered to the tenet of "Keep personal virtues when in distress and benefit the public when in power". It focused on implementing "helping people in crisis". We demanded our sub-contractors to adhere strictly to stringent environmental protection policies and regulations in their production process. We also supported and sponsored charitable activities to serve the society.

## PROSPECTS

Following the negotiations reached between China and the United States in late 2025, coupled with the gradually diminishing impact of tariff wars, markets initially anticipated an improvement in the global political landscape in 2026. However, since the beginning of this year, "unexpected variables" have emerged. Fluctuations in international relations and geopolitical tensions have become a focal point for investors and disrupted global orders. As the global economic environment continues to evolve, financial discipline and risk management are becoming increasingly important. The Group will continue to closely monitor global economic policies and make corresponding adjustments. In addition, global inflation, interest rate trajectory of the US Federal Reserve and China's economic policies will serve as important guides for the Group's future planning. Meanwhile, after four years of downturn, Hong Kong's property market has shown signs of bottoming out and stabilising. As economic activity gradually turns more positive, it is believed that Hong Kong's economy will achieve steady development in 2026.

## CHAIRMAN'S STATEMENT

Taking into account the domestic and international situation, the Group's strategy for 2026 is "high-quality development remains unwavered". The Group first implemented "high-quality development" six years ago. In a rapidly changing environment, we adopted the approach of "coping with shifting circumstances by sticking to a fixed principle" to maintain steady operations, and we continued to "think of potential perils when in a secure environment and plan ahead". We firmly pursued "effectivism", focused on our core businesses, sought truth from facts, and acted within our capabilities. We concentrate our resources, including talent, capital, time, and energy on the most promising and profitable businesses, while scaling down or closing underperforming companies and operations. We constantly maintain and enhance our competitiveness, striving for comprehensive and sustainable high-quality development.

In terms of financial and wealth management, as the Group holds a considerable portfolio of domestic bank stocks as long-term investments, the annual dividend payouts from these holdings secure a source of profit and dividends. The Group will continue to adopt the successful business strategies of recent years, maintaining a certain level of cash reserves to enable well-timed decisions that generate higher returns, thereby maximising benefits for shareholders.

### APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to the shareholders for their support, and to the Management and staff for their dedicated efforts.

**Dr. Charles Yeung, GBM, GBS, JP**

*Chairman*

Hong Kong Special Administrative Region of  
the People's Republic of China

26 March 2026

# MANAGEMENT DISCUSSION AND ANALYSIS

## RESULTS

The Group's revenue increased by 7.31% to HK\$976,676,000 (2024: HK\$910,170,000). The Group recorded a profit attributable to the shareholders of the Company amounting to HK\$75,176,000 (2024: HK\$61,380,000), representing an increase of 22.48%.

For the year ended 31 December 2025, the segment result of the financial investments improved by HK\$37,043,000 compared with that of last year, primarily attributable to a HK\$143,953,000 reduction in impairment loss of on debt investments at amortised costs, partially offset by a HK\$84,925,000 decrease in incomes from debt and listed equity investments. The aggregate performance of the other three segments declined by HK\$21,524,000, mainly reflecting a reduction in gross profit margins arising from intense market competition and the effects of increased US tariffs, together with higher expected credit losses relating to trade receivables and contract assets.

## DIVIDENDS

The Board has recommended a final dividend of HK5.80 cents (2024: HK5.80 cents) per share for the year ended 31 December 2025. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the final dividend, the total dividend amount for 2025 will be approximately HK\$147,026,000 (2024: HK\$147,466,000) which is 195.58% (2024: 240.25%) of the profit attributable to the shareholders of the Company for the year. Management is confident that the Group has sufficient funds for business operations and investments.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group had net current assets of HK\$949,850,000 (31 December 2024: HK\$1,032,790,000) as at 31 December 2025, including cash and cash equivalents of HK\$1,204,208,000 (31 December 2024: HK\$1,201,518,000). As at 31 December 2025, the cash and cash equivalents of the Group mainly denominated in United States dollar, Hong Kong dollar and Renminbi.

The current ratio remained unchanged at 2.32 times as at 31 December 2025 and as at 31 December 2024. The gearing ratio as at 31 December 2025, as measured by total bank borrowings divided by the total shareholder's equity plus total bank borrowings, was nil (31 December 2024: nil).

With plenty of cash and cash equivalents as well as available banking facilities, management believes that the Group has sufficient resources to satisfy its working capital requirement.

## BORROWINGS, GUARANTEES AND CHARGES ON ASSETS

The Group had no bank borrowings as at 31 December 2025 (31 December 2024: nil). During the fiscal year, all floating-rate bank loans denominated in United States dollars and fixed-rate bank loans denominated in Renminbi were fully repaid.

As at 31 December 2025, the net carrying amount of the Group's buildings was HK\$3,161,000 (31 December 2024: HK\$3,498,000). These assets were neither charged nor pledged to any bank borrowings as at 31 December 2025 and 31 December 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## TREASURY POLICIES

The Group strengthens and improves its financial risk control on a continual basis and has consistently adopted a prudent treasury policy in liquidity and financial management. Surplus cash is generally placed in fixed deposits and borrowings are arranged when considered appropriated. Financial resources are under close monitor to ensure the Group's efficient and effective operation, as well as flexibility to respond to opportunities and uncertainties. Management is of the opinion that the Group's existing financial structure is healthy and related resources are sufficient to cater for the Group's operation needs in the foreseeable future.

## CAPITAL STRUCTURE

As at 31 December 2025, the authorised share capital of the Company was HK\$600,000,000 divided into 6,000,000,000 shares of HK\$0.10 each, of which 1,500,000,000 (31 December 2024: 1,510,240,000) shares had been issued and fully paid. The decrease in the number of shares was due to the cancellation of 10,240,000 (2024: 12,404,000) repurchased shares of the Company during the year.

## COMMITMENTS, CONTINGENT LIABILITIES AND LITIGATION

The Group did not have any material capital commitments, material contingent liabilities nor any litigation against the Group as at 31 December 2025.

## FOREIGN EXCHANGE AND INTEREST RATE EXPOSURES

The Group has transactional currency exposures. Such exposures arise from sales and purchases by operating units in currencies other than the unit's functional currencies, mostly in United States dollars and Renminbi. In addition, the Group has currency exposure from debt investments at amortised cost and bank deposits, which are also in United States dollars and Renminbi. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and to mitigate the impact on exchange rate fluctuations by entering into currency hedge arrangement if necessary.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and cash equivalents and interest-bearing bank borrowings with floating interest rates. The Group manages its interest cost using a mix of fixed and variable rate debts.

## SIGNIFICANT INVESTMENTS HELD

Given the uncertain global economic environment, marked by formidable geoeconomic and geopolitical headwinds, management continues to maintain a prudent investment attitude. The Group held blue-chip high-yield stocks as long-term investments for stable dividend purpose.

The Group held financial assets being classified as financial assets at fair value through other comprehensive income, financial asset at fair value through profit or loss and debt investments at amortised cost as at 31 December 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial assets at fair value through other comprehensive income (“FVOCI”)

The financial assets at FVOCI were held for long-term strategic purposes. As at 31 December 2025, the investments consisted of listed and non-listed equity investments with fair value of HK\$2,044,017,000 (31 December 2024: HK\$1,679,490,000), representing 54.56% (31 December 2024: 47.13%) of the Group’s total assets. The listed investments mainly comprised high-yield bank stocks listed in Hong Kong and were expected to provide stable dividend income to the Group. The Group recognised other comprehensive gains of HK\$314,578,000 (2024: HK\$459,840,000) arising from changes in fair value of the investments. Dividend income for the year ended 31 December 2025 was HK\$109,425,000 (2024: HK\$163,755,000).

Details of the financial assets at fair value through other comprehensive income held were as follows:

Name of investee company	As at 31 December 2025				As at 31 December 2024		For the year ended 31 December 2025	
	Number of shares held	Percentage of issued share capital owned by the Group %	Percentage to the Group’s total assets %	Investment cost HK\$’000	Fair value HK\$’000	Fair value HK\$’000	Dividend received/receivables HK\$’000	Fair value gain recognised in other comprehensive income HK\$’000
China Construction Bank Corporation (“CCB”)	112,826,000	0.04313%	23.16%	556,845	867,632	713,552	47,504	134,110
Industrial and Commercial Bank of China Limited (“ICBC”)	131,263,000	0.03683%	22.04%	538,494	825,644	666,687	43,013	139,154
Bank of China Limited (“BOC”)	72,824,000	0.02260%	8.67%	213,633	324,795	289,111	18,308	35,684
BOC Hong Kong (Holdings) Limited (“BOC HK”)	262,000	0.00248%	0.28%	6,459	10,328	6,537	600	3,791
Other listed share in Hong Kong			0.29%	9,998	11,040	-	-	1,042
<b>Listed shares in Hong Kong</b>			<b>54.44%</b>	<b>1,325,429</b>	<b>2,039,439</b>	<b>1,675,887</b>	<b>109,425</b>	<b>313,781</b>
<b>Unlisted shares</b>			<b>0.12%</b>	<b>8,152</b>	<b>4,578</b>	<b>3,603</b>	<b>-</b>	<b>797</b>
<b>Total</b>			<b>54.56%</b>	<b>1,333,581</b>	<b>2,044,017</b>	<b>1,679,490</b>	<b>109,425</b>	<b>314,578</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

The principal activities of the issuers of the listed shares are as follows:

<b>Stock short name</b>	<b>Stock code</b>	<b>Principal business</b>
CCB	00939.HK, 601939.SH	Corporate and personal banking services, treasury and asset management services, and other financial services
ICBC	01398.HK, 601398.SH	Corporate and personal financial services, treasury operations, investment banking, asset management, trust, financial leasing, insurance and other financial services
BOC	03988.HK, 601988.SH	Corporate and personal banking, treasury operations, investment banking, insurance and other financial services
BOC HK	02388.HK	Corporate and personal banking, treasury operations, insurance and other financial services

A summary of movements in the financial assets at fair value through other comprehensive income held by the Group was as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Carrying amount at 1 January	<b>1,679,490</b>	576,054
Acquisitions	<b>49,771</b>	1,047,078
Gains arising from changes in fair value	<b>314,578</b>	459,840
Disposals	–	(403,403)
Exchange realignment	<b>178</b>	(79)
Carrying amount at 31 December	<b>2,044,017</b>	1,679,490

### Financial asset at fair value through profit or loss (“FVTPL”)

As at 31 December 2025, the financial assets at FVTPL consisted of listed and non-listed investments with amount of HK\$12,029,000 (31 December 2024: HK\$51,874,000), representing 0.32% (31 December 2024: 1.46%) of the Group’s total assets. The listed investment consisted of Hong Kong-listed real estate sector stock amount of HK\$786,000 (31 December 2024: HK\$638,000). The non-listed investments of HK\$11,243,000 (31 December 2024: HK\$51,236,000) were structured deposits and wealth management products based on the redemption values quoted by banks in the Chinese mainland with reference to the expected return of the underlying assets. The Group recognised gain of HK\$3,291,000 (2024: HK\$1,358,000) arising from changes in fair value of the investments. Dividends received for the year ended 31 December 2025 was HK\$35,000 (2024: HK\$40,000).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Debt investments at amortised cost

The debt investments at amortised cost of the Group were listed debt investments with maturity and subject to impairment testing. As at 31 December 2025, the net carrying amount of debt investments at amortised cost was HK\$8,441,000 (31 December 2024: HK\$39,430,000) and classified as current assets, representing 0.23% (31 December 2024: 1.11%) of the Group's total assets. As at 31 December 2024, the investments were further classified as non-current portion in the amount of HK\$28,073,000 and current portion of HK\$11,357,000. The significant decrease in net carrying amount of the debt investments was mainly due to the increase of impairment loss amounting to HK\$30,736,000 (2024: HK\$174,689,000) during the year.

Details of the debt instruments held were as follows:

Bond issuer and term of instrument	As at 31 December 2025				As at 31 December 2024		For the year ended 31 December 2025		
	Nominal value held US\$'000	Percentage to the Group's total assets %	Investment cost HK\$'000	Fair value HK\$'000	Net carrying amount HK\$'000	Net carrying amount HK\$'000	Interest income HK\$'000	Impairment loss HK\$'000	Exchange loss HK\$'000
Easy Tactic Limited*									
6.50%, due 2025	17,319	0.07%	135,860	4,312	2,431	11,357	-	(8,853)	(73)
6.50%, due 2027	42,811	0.16%	335,845	11,148	6,010	28,073	-	(21,883)	(180)
<b>Total</b>	<b>60,130</b>	<b>0.23%</b>	<b>471,705</b>	<b>15,460</b>	<b>8,441</b>	<b>39,430</b>	<b>-</b>	<b>(30,736)</b>	<b>(253)</b>

\* Easy Tactic Limited ("Easy Tactic") is one of the wholly-owned subsidiaries of Guangzhou R&F Properties Co., Ltd. whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 02777.HK). Guangzhou R&F Properties Co., Ltd. and its subsidiaries ("R&F Group") are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People's Republic of China.

The R&F Group announced its offshore debt restructuring plan which offered multiple options for debtholders ("scheme creditors") to choose according to their investment needs. On 28 November 2025, the R&F Group announced that scheme creditors representing approximately 77% of the aggregate outstanding principal amount of the in-scope debt have acceded or were taking steps to accede to the restructuring support agreement. Up to the date of this report, the restructuring plan has not been approved. Management considered that sufficient impairment provision had been provided for the outstanding bond interest receivables and principal of debt investments.

Save as disclosed above, none of investments in each investee company represented 5% or more of the Group's total assets as at 31 December 2025.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **SIGNIFICANT INVESTMENTS/MATERIAL ACQUISITIONS AND DISPOSALS**

Save as disclosed in the paragraphs headed “Significant investments held”, the Group did not make any significant investments or material acquisitions and disposals of subsidiaries during the year.

### **OUTLOOK**

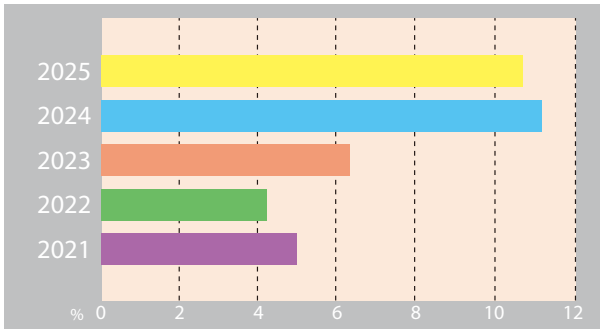
The Group will adhere to its prudent approach and adopt appropriate strategies to mitigate downside risk while seizing opportunities. With emphasis on the market driven and result oriented strategies on operations, Management will endeavour to maintain steady businesses development and continue to bring reasonable returns to its shareholders.

## FINANCIAL HIGHLIGHTS

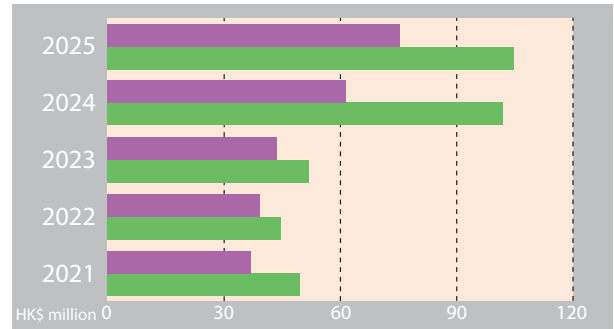
	<b>2025</b>	2024	2023	2022	2021
	<b>HK\$'000</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	<b>976,676</b>	910,170	821,237	1,060,681	997,841
Revenue analysis:					
1. Financial investments	<b>109,460</b>	194,385	49,715	42,570	55,059
2. Interior decoration and renovation	<b>570,368</b>	377,891	468,726	701,643	698,844
3. Export operations	<b>253,958</b>	281,355	244,313	268,191	193,693
4. Hong Kong retailing and overseas franchising	<b>39,903</b>	56,296	58,291	48,259	50,223
5. Other	<b>2,987</b>	243	192	18	22
Profit attributable to ordinary equity holders of the Company	<b>75,176</b>	61,380	43,610	39,229	36,996
Equity attributable to ordinary equity holders of the Company	<b>2,987,069</b>	2,750,789	2,376,529	2,428,821	2,466,827
Working capital	<b>949,850</b>	1,032,790	1,574,368	2,022,583	2,233,100
Return on revenue (%)	<b>7.70</b>	6.74	5.31	3.70	3.71
Operating margin (%)	<b>10.70</b>	11.18	6.31	4.20	4.97
Return on total assets (%)	<b>2.01</b>	1.72	1.43	1.26	1.12
Return on equity (%)	<b>2.52</b>	2.23	1.84	1.62	1.50
Current ratio (times)	<b>2.32</b>	2.32	3.40	4.01	3.85
Gearing ratio (times)	<b>-</b>	-	0.01	0.02	0.01
Earnings per share (HK cents)					
Basic	<b>5.01</b>	4.06	2.86	2.57	2.40
Diluted	<b>5.01</b>	4.06	2.86	2.57	2.40
Dividend per share (HK cents)	<b>9.80</b>	9.80	6.80	6.00	6.00

# FINANCIAL HIGHLIGHTS

## OPERATING MARGIN (AFTER FINANCE COSTS)

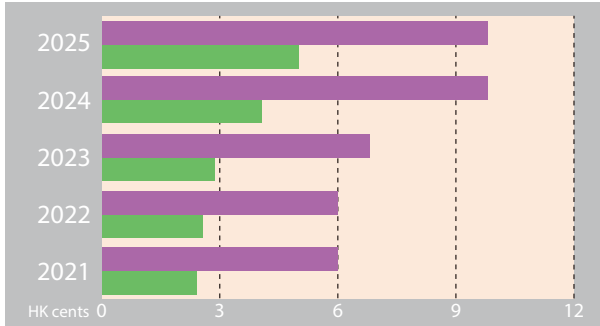


## OPERATING PROFIT AND PROFIT ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY



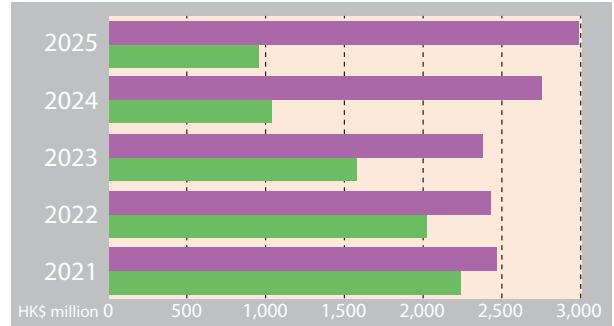
- Profit attributable to ordinary equity holders of the Company
- Operating profit (after finance costs)

## BASIC EARNINGS PER SHARE AND DIVIDEND PER SHARE



- Dividend per share
- Basic earnings per share

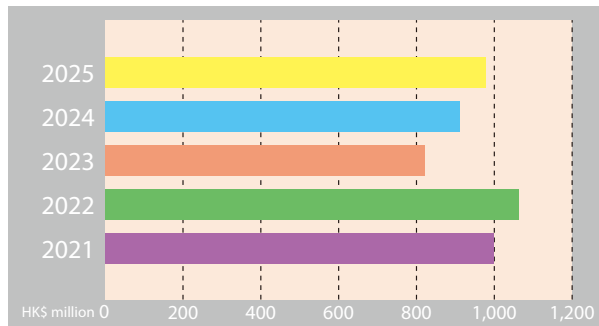
## WORKING CAPITAL AND EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY



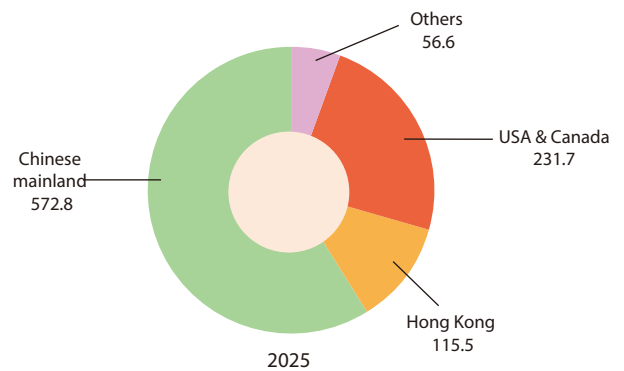
- Equity attributable to ordinary equity holders of the Company
- Working capital

# FINANCIAL HIGHLIGHTS

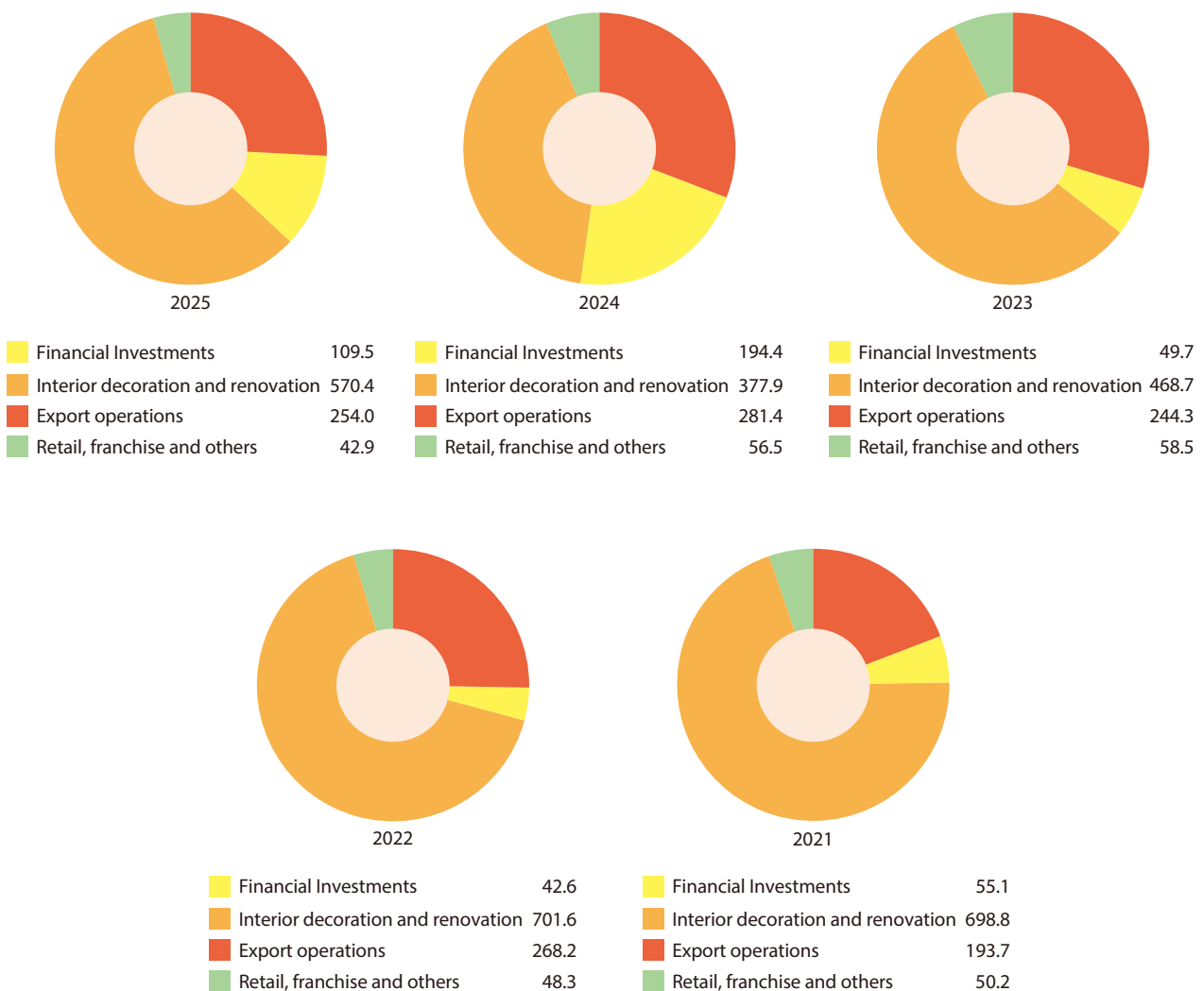
## REVENUE (HK\$ million)



## REVENUE BY GEOGRAPHICAL LOCATIONS (HK\$ million)



## TURNOVER BY ACTIVITIES (HK\$ million)



# DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

## EXECUTIVE DIRECTORS

**Dr. YEUNG Chun Kam, GBM, GBS, JP, alias Charles YEUNG**, aged 79, is the founder and Chairman of the Group. He is responsible for the Group's business strategies. He is also the Chairman of the Nomination Committee and the Investment Committee of the Company, and holds directorships in various subsidiaries of the Company. Dr. Yeung has over 55 years of experience in the garment industry. He was an awardee of the "Young Industrialist Award of Hong Kong" in 1991 and was conferred an honorary doctorate degree by the China Textile University in 1993 and an honorary fellow by The Professional Validation Council of Hong Kong Industries in 2002. Dr. Yeung served as a Member of the 9th, 10th, 11th and 12th National Committee of the Chinese People's Political Consultative Conference, the 48th and 49th Chairman of The Chinese General Chamber of Commerce and is a Life Honorary Chairman of The Chinese General Chamber of Commerce. Dr. Yeung is a brother of Mr. Yeung Chun Fan, a brother-in-law of Ms. Cheung Wai Yee and an uncle of Ms. Yeung Yin Chi, Jennifer. Dr. Yeung is also a director and shareholder of Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited which are substantial shareholders of the Company (as disclosed in the "Substantial shareholders" section in the Report of the Directors contained in this annual report).

**YEUNG Chun Fan, BBS**, aged 73, joined the Group in 1975. He is currently the Vice-chairman and General Manager of the Company, a member of the Investment Committee of the Company, and holds directorships in various subsidiaries of the Company. He has over 50 years of experience in the management of garment production and retail business. Mr. Yeung is a University Fellow of The Hong Kong Polytechnic University, an Honorary Fellow Member of the Hong Kong Institution of Textile and Apparel, the Chairman of The Hong Kong General Chamber of Textiles, a co-opted Councillor of the 36th term of Heung Yee Kuk, a Member of the Board of Trustees and an advisory professor of the Donghua University, an Honorary Trustee and an advisory professor of the Nanjiang University, an advisory professor of the Qingdao University. Mr. Yeung served as a Member of the 13th National Committee of the Chinese People's Political Consultative Conference and is a Vice-chairman of the China Association of Enterprises with Foreign Investment. Mr. Yeung is responsible for the overall business operations and business development of the Group. He is the husband of Ms. Cheung Wai Yee, a brother of Dr. Charles Yeung and an uncle of Ms. Yeung Yin Chi, Jennifer. Mr. Yeung is also a director and shareholder of Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited, which are substantial shareholders of the Company (as disclosed in the "Substantial shareholders" section in the Report of the Directors contained in this annual report).

**HUI Chung Shing, Herman, GBS, MH, JP**, aged 75, is responsible for the strategic planning, legal matters and administrative functions of the Group. He is also a member of the Remuneration Committee of the Company, and holds directorships in various subsidiaries of the Company. Mr. Hui graduated from the University of Hong Kong with a bachelor's degree in Laws. He is a solicitor of the High Court of the Hong Kong Special Administrative Region and has also been admitted as a solicitor of the Supreme Court of England and Wales and as a solicitor and barrister of the Supreme Court of Victoria, Australia. Before joining the Group in 1995, Mr. Hui was the Group's external legal advisor. In 2010, he was conferred Honorary Fellow of the Vocational Training Council.

**Ms. CHEUNG Wai Yee**, aged 74, joined the Group in 1975 and is responsible for the Group's apparel sales and exports to third party customers. She also holds directorships in various subsidiaries of the Company. Ms. Cheung was appointed as a member of the Nomination Committee of the Company on 24 November 2025. Ms. Cheung is the wife of Mr. Yeung Chun Fan, the sister-in-law of Dr. Charles Yeung and the aunt of Ms. Yeung Yin Chi, Jennifer.

**YEUNG Yin Chi, Jennifer, JP**, aged 46, joined the Group in 2011 and has been an Executive Director of the Company since November 2016. She is also a member of the Investment Committee of the Company, and holds directorships in various subsidiaries of the Company. Ms. Yeung has many years of experience in the financial investment industry. She is responsible for the Group's financial investment business. Ms. Yeung graduated from the Hong Kong Baptist University with a bachelor's degree in Business Administration. Ms. Yeung is a niece of Dr. Charles Yeung, Mr. Yeung Chun Fan and Ms. Cheung Wai Yee.

# DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**LAU Hon Chuen, GBS, JP, alias Ambrose LAU**, aged 78, has been an Independent Non-executive Director of the Company since March 1997. He is the Chairman of the Audit Committee and a member of the Nomination Committee of the Company. He obtained a Bachelor of Laws degree from the University of London and is a Solicitor of the High Court of Hong Kong, a China-Appointed Attesting Officer and a Notary Public. Mr. Lau served as a Standing Committee Member of the 10th, 11th and 12th National Committee of the Chinese People's Political Consultative Conference. Mr. Lau is currently the senior partner of Messrs. Chu & Lau, Solicitors & Notaries, and independent non-executive directors of companies listed on The Stock Exchange of Hong Kong Limited, including Yuexiu Property Company Limited, Yuexiu Transport Infrastructure Limited and Joy City Property Limited (withdrew listing status on 27 November 2025). He is also a director of Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank, Limited, Cinda Financial Holdings Co., Limited. Mr. Lau served as the Chairman of the Central and Western District Board between 1988 and 1994, the President of the Law Society of Hong Kong in 1992–1993, a Member of the Bilingual Laws Advisory Committee between 1988 and 1997 and a Member of the Legislative Council of Hong Kong from 1995 to 2004 (between 1997 and 1998 he was a member of the Provisional Legislative Council).

**Dr. CHAN Chung Bun, Bunny, GBM, GBS, JP**, aged 68, has been an Independent Non-executive Director of the Company since June 2019. He is the Chairman of the Remuneration Committee, and a member of the Nomination Committee and the Investment Committee of the Company. Dr. Chan was conferred Doctor of Business Administration, honoris causa, by the Open University of Hong Kong (now known as Hong Kong Metropolitan University) in December 2013. He is the Chairman of Prospectful Holdings Limited, and has more than 30 years of experience in business and in the garment industry. Dr. Chan is an independent non-executive director of Li Ning Company Limited and MTR Corporation Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited. Dr. Chan was a member of the Council for Sustainable Development from 1 March 2015 to 28 February 2021. Dr. Chan was appointed as Justice of the Peace in 2002 and was awarded the Bronze Bauhinia Star in 2004, the Silver Bauhinia Star in 2009, the Gold Bauhinia Star in 2014 and Grand Bauhinia Medal in 2021 by the Government of the Hong Kong Special Administrative Region.

**NG Wing Ka, SBS, JP, alias Jimmy NG**, aged 56, has been an Independent Non-executive Director of the Company since June 2019. He is a member of the Audit Committee and the Nomination Committee of the Company. Mr. Ng holds a Bachelor of Laws degree and a Post-graduate Certificate in Laws from The University of Hong Kong. He is a solicitor admitted to practise in Hong Kong and currently is a partner of Messrs. Tung, Ng, Tse & Lam, Solicitors. He has been appointed as Justice of the Peace in 2015. He is a Legislative Council member representing the Industrial (Second) Functional Constituency. Mr. Ng is an independent non-executive director of Yanchang Petroleum International Limited and MTR Corporation Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited. He has also been appointed as an independent non-executive director of CATALO Natural Health Science Limited since 1 September 2024. Mr. Ng is the chairman of HKSAR Passports Appeal Board and Hong Kong–Taiwan Business Cooperation Committee, a Vice-chairman of Independent Police Complaints Council and a non-executive director of The Hong Kong Mortgage Corporation Limited. He is also a member of the Competition Commission, the Court and the Council of The University of Hong Kong, HKSAR Election Committee, the National People's Congress of the People's Republic of China and the Chinese People's Political Consultative Conference of Shaanxi Province, the People's Republic of China.

**CHOI Tak Shing, Stanley, JP**, aged 49, has been an Independent Non-executive Director of the Company since June 2021. He is a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Choi graduated from the University of New South Wales, Australia with a Bachelor of Commerce degree. He also obtained a Bachelor of Laws degree from the University of London, and a Master of Business Administration degree from the Hong Kong University of Science & Technology. Mr. Choi is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. He is a director and chief investment officer of Pacific Capital Planning Limited and has over 25 years of experience in accounting, finance and investment. Mr. Choi currently serves as the Chairman of the Committee on the Promotion of Civic Education of the Government of the Hong Kong Special Administrative Region.

## SENIOR MANAGEMENT

The executive Directors are also members of senior management of the Group.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICE

Glorious Sun Enterprises Limited (the “Company”) is committed to maintaining a high standard of corporate governance and has applied throughout the year ended 31 December 2025 (the “year under review”) the principles set out in the Corporate Governance Code (the “CG Code”) in Appendix C1 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Throughout the year under review, the Company has complied with the code provisions set out in the CG Code. The board of directors of the Company (the “Board”) will continue to monitor and review the Company’s corporate governance practices to ensure the Company’s compliance with the code provisions of the CG Code as amended from time to time.

## BOARD OF DIRECTORS

The Board is committed to making decisions in the best interests of both the Company and its shareholders (the “Shareholders”). The Board’s primary responsibilities are to formulate the Company’s long-term corporate strategy, to oversee the overall management of business and affairs of the Company and its subsidiaries (the “Group”), to evaluate the performance of the Group and to assess the achievement of targets periodically set by the Board. The day-to-day management, administration and operation of the Group are delegated to the management basically composed of the Executive Directors headed by the General Manager.

In addition, the Board has also established certain Board committees (including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Committee), and has set out terms of reference of such Board committees, authorising them with different responsibilities.

### Composition of the Board

In the year under review and up to the date of this annual report, the Board comprises the following nine members (comprising five Executive Directors and four Independent Non-executive Directors):

#### *Executive Directors:*

Dr. Charles Yeung, GBM, GBS, JP	(Chairman)
Yeung Chun Fan, BBS	(Vice-chairman)
Hui Chung Shing, Herman, GBS, MH, JP	
Ms. Cheung Wai Yee	
Yeung Yin Chi, Jennifer, JP	

#### *Independent Non-executive Directors:*

Lau Hon Chuen, Ambrose, GBS, JP  
Dr. Chan Chung Bun, Bunny, GBM, GBS, JP  
Ng Wing Ka, Jimmy, SBS, JP  
Choi Tak Shing, Stanley, JP

During the year under review, there was no change in the composition of the Board members, and the Company has met the requirements under Rule 3.10 of the Listing Rules relating to the appointment of at least three independent non-executive directors, one of whom has appropriate professional qualifications or accounting or related financial management expertise. The Company has also complied with Rule 3.10A of the Listing Rules that at least one-third of the members of the Board are independent non-executive directors.

The biographical details of and the relationship among the members of the Board are set out in the “Directors’ and Senior Management’s Biographies” contained in this annual report.

# CORPORATE GOVERNANCE REPORT

Pursuant to the Bye-laws of the Company, every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years, and shall be subject to re-election by shareholders at next following annual general meeting. All the Independent Non-executive Directors of the Company are appointed for a specific term of two years and are required to retire and eligible for re-election at the annual general meeting of the Company in the year of expiry of the term.

## Responsibilities of the Chairman and the General Manager

The roles of the Chairman and the Chief Executive Officer are separate and are performed by Dr. Charles Yeung and Mr. Yeung Chun Fan, respectively. Their respective responsibilities are clearly defined and are set out in writing. Dr. Charles Yeung, as the Chairman, takes the lead in formulating and setting the Group's strategies and policies in conjunction with the Board of the Company; oversees the function of the Board and encourages and facilitates constructive relations between Executive Directors and Independent Non-executive Directors. Mr. Yeung Chun Fan, as the Vice-chairman and General Manager, supported by other Board members and senior executives, is responsible for overseeing the Group's business operation, implementing the strategies laid down by the Board and managing day-to-day operation.

## Diversity of the Board

The Board adopted a policy concerning the diversity of Board members in August 2013. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be based on personal virtue and meritocracy for constituting a high quality directorate team. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee is responsible for monitoring the implementation of the board diversity policy and reviews, as appropriate, the policy to ensure its effectiveness. For the year under review, both the Nomination Committee and the Board reviewed the policy and considered that the Board of the Company has been comprising members of different genders, professional background and industry experience, which meets the Board diversity objectives of the Company, and the policy was effectively implemented. In terms of gender diversity, the current ratio of female to male Directors on the Board is 2:7, which satisfies the gender diversity target. To continue promoting gender diversity, the Group offered all rounded trainings to both male and female employees who are considered as having suitable experience, skills and knowledge of the Group's operation and business, including but not limited to, business operation, management and compliance. The Board considered that such strategy will offer chances for the Board to identify capable employees to be nominated as a member of the Board in future with an aim to providing the Board with pipeline of both male and female candidates to achieve gender diversity in the Board in the long run. As at 31 December 2025, the Group has a total of 398 employees (including senior management), of which 195 employees are male and 203 employees are female. The Board considered that such gender ratio of employees is appropriate to the operations of the Group.

# CORPORATE GOVERNANCE REPORT

## Independence of the Board

As to the independence of the Independent Non-executive Directors of the Company, the Company had received a confirmation from each of the Independent Non-executive Directors confirming their independence based on the independence criteria set out in Rule 3.13 of the Listing Rules.

The Board noted that Mr. Lau Hon Chuen, Ambrose is the senior partner of Messrs. Chu & Lau, Solicitors & Notaries, and that Mr. Lau himself and such law firm have provided services for the Company's connected persons. The Board considered that the amounts involved for the services provided are insignificant, and the services provided by Mr. Lau and such law firm were in the ordinary course of business and on normal commercial terms and would not affect the independence of Mr. Lau. Accordingly, the Board has confirmed that Mr. Lau is independent of the Company.

Based on the above, the Board is of the view that each of the Independent Non-executive Directors meets the independence guidelines as set out in Rule 3.13 of the Listing Rules and that they are able to continue to fulfill their roles as required.

The Company recognises that Board independence is important to good corporate governance and Board effectiveness. The Company has established the following mechanisms to ensure independent views and input are available to the Board:

- The Board endeavours to ensure the appointment of at least three Independent Non-executive Directors and at least one-third of its members being Independent Non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time).
- Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, Independent Non-executive Directors will be appointed to all Board committees as far as possible to ensure independent views are available.
- The Nomination Committee must strictly adhere to the Nomination Policy and the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of Independent Non-executive Directors.
- Each Independent Non-executive Director is also required to inform the Company as soon as practicable if there is any change in his/her own personal particulars that may materially affect his/her independence.
- The Nomination Committee is mandated to assess annually the independence of all Independent Non-executive Directors by reference to the independence criteria as set out in the Listing Rules to ensure that they can continually exercise independent judgement.
- No equity-based remuneration with performance-related elements will be granted to Independent Non-executive Directors.

## CORPORATE GOVERNANCE REPORT

- Independent Non-executive Directors (as other Directors) are entitled to seek further information and documentation from the management on the matters to be discussed at board meetings. They can also seek assistance from the Company's company secretary and, where necessary, independent advice from external professional advisers at the Company's expense.
- Independent Non-executive Directors (as other Directors) shall not vote or be counted in the quorum on any board resolution approving any contract or arrangement in which such Director or any of his/her close associates has a material interest.
- The Chairman of the Board shall at least annually hold meetings with the Independent Non-executive Directors without the presence of other Directors to discuss major issues and any concerns.

The Board shall make an annual review of the implementation and effectiveness of the above mechanisms. The Board has reviewed the above mechanisms and is of the view that they have been duly implemented and effective during the year under review.

### MEETINGS AND ATTENDANCE

The Board held four meetings during the year under review. The attendance of individual Directors at the Board meetings, the meetings of the Board Committees (including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Committee), and the annual general meeting for the year 2025 is set out in the table below:

Directors	Meetings Attended/Held					Annual General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Investment Committee	
<i>Executive Directors</i>						
Dr. Charles Yeung, GBM, GBS, JP	4/4			1/1	1/1	1/1
Yeung Chun Fan, BBS	4/4				1/1	1/1
Hui Chung Shing, Herman, GBS, MH, JP	4/4		1/1			1/1
Ms. Cheung Wai Yee	4/4			0/0 <small>(note)</small>		1/1
Yeung Yin Chi, Jennifer, JP	4/4				1/1	1/1
<i>Independent Non-executive Directors</i>						
Lau Hon Chuen, Ambrose, GBS, JP	4/4	2/2		1/1		1/1
Dr. Chan Chung Bun, Bunny, GBM, GBS, JP	4/4		1/1	1/1	1/1	1/1
Ng Wing Ka, Jimmy, SBS, JP	4/4	2/2		0/0 <small>(note)</small>		1/1
Choi Tak Shing, Stanley, JP	4/4	2/2	1/1			1/1

*Note:* Mr. Ng Wing Ka, Jimmy and Ms. Cheung Wai Yee were appointed as members of the Nomination Committee on 24 November 2025. The meeting of the Nomination Committee in 2025 was held prior to their appointments.

During the year under review, the Chairman of the Board had a meeting with the Independent Non-executive Directors without the presence of Executive Directors.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee in accordance with the CG Code. All or a majority of the members of these committees are Independent Non-executive Directors. The Board has also established the Investment Committee, which mainly comprises Executive Directors. The Board committees have clear written terms of reference to oversee particular aspects of the Company's affairs, and have to report to the Board on their decisions and recommendations.

### The Audit Committee

The Audit Committee has been established since 1998. Currently, the Audit Committee comprises three Independent Non-executive Directors, namely Mr. Lau Hon Chuen, Ambrose (Committee Chairman), Mr. Ng Wing Ka, Jimmy and Mr. Choi Tak Shing, Stanley. Mr. Choi is a professional accountant with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The main responsibilities of the Audit Committee are to oversee the Company's relationship with the external auditors, to review the financial information of the Group and to supervise the Group's financial reporting system, risk management and internal control systems. In addition, while recognising the Audit Committee plays an important role in corporate governance, the Board has delegated the corporate governance functions to the Audit Committee. The terms of reference of the Audit Committee are available on the Company's website and the Stock Exchange's website.

The Audit Committee held two meetings during the year under review, during which both the Company's financial controller and the external auditors attended the meetings. The work of the Audit Committee in 2025 included the following:

- reviewed the final results announcement, the financial statements, the report of the directors and the corporate governance report for the year 2024;
- reviewed the interim results announcement and the interim report for the six months ended 30 June 2025;
- reviewed the internal audit reports and the risks assessment report prepared by the Internal Audit Department of the Company, and was satisfied with the reports and findings;
- reviewed the audit plan for the year 2025 prepared by the external auditors;
- reviewed the report prepared by the external auditors regarding the issues arose from their audits;
- approved the terms of engagement and the remuneration of the external auditors; and
- performed assessment on the independence of the external auditors.

On the day which the Audit Committee meeting was held in March 2025, members of the Audit Committee met with the external auditors of the Company, and on the day which the Audit Committee meeting was held in August 2025, members of the Audit Committee also met with the head of the Internal Audit Department of the Company; both in the absence of the management.

In addition, the Audit Committee also performed the corporate governance duties as delegated to it by the Board.

# CORPORATE GOVERNANCE REPORT

## The Remuneration Committee

The Remuneration Committee has been established since 2005. Currently, the Remuneration Committee comprises a total of three members, being two Independent Non-executive Directors, namely Dr. Chan Chung Bun, Bunny (Committee Chairman) and Mr. Choi Tak Shing, Stanley; and an Executive Director, Mr. Hui Chung Shing, Herman.

The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual Directors and senior management. The main responsibilities of the Remuneration Committee are to review and endorse the remuneration policy of the Directors and senior management, to make recommendations to the Board for the remuneration of the Directors and senior management and to ensure that no Director is involved in deciding his/her own remuneration. The terms of reference of the Remuneration Committee are available on the Company's website and the Stock Exchange's website.

The Remuneration Committee held one meeting during the year under review. The work of the Remuneration Committee in 2025 included the following:

- approved and recommended to the Board on 2025 salary adjustment and 2024 year-end bonus for the Executive Directors;
- approved and recommended to the Board on the director's fee of the Independent Non-executive Directors; and
- reviewed the remuneration policy of the Directors and senior management.

Details of the remuneration of the Directors are set out in note 8 to the financial statements of this annual report.

### ***Remuneration policy for Directors and senior management***

The key components of the Company's remuneration package include basic salary, discretionary bonus, share options (if applicable), paid annual leaves and other benefits. The emoluments payable to Directors are determined with reference to the responsibilities, qualifications, experience, market statistics, individual performance and the results of the Group, and will engage professional consultant for advice if necessary. No Director or any of his/her associates is involved in deciding his/her own emoluments.

## The Nomination Committee

The Nomination Committee has been established since 2012. Currently, the Nomination Committee comprises a total of five members, being the Chairman of the Board, Dr. Charles Yeung (Committee Chairman), one Executive Director (Ms. Cheung Wai Yee) and three Independent Non-executive Directors, namely Mr. Lau Hon Chuen, Ambrose, Dr. Chan Chung Bun, Bunny and Mr. Ng Wing Ka, Jimmy. Both Ms. Cheung Wai Yee and Mr. Ng Wing Ka, Jimmy were appointed as members of the Nomination Committee on 24 November 2025.

The main responsibilities of the Nomination Committee are to make recommendations to the Board on nominations and appointments of Directors, review the size, structure and composition of the Board, and assess the independence of the Independent Non-executive Directors. The terms of reference of the Nomination Committee are available on the Company's website and the Stock Exchange's website.

# CORPORATE GOVERNANCE REPORT

The Company has established a nomination policy of director setting out the approach and procedures adopted for the nomination and selection of Directors, the Nomination Committee shall review the profile of the candidate(s) and assess the suitability of the candidate(s) for the Board's consideration and recommendation to the shareholders for consideration. The policy sets out the principles for assessing the suitability and potential contribution to the Board of a proposed candidate, including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; diversity of the Board; the requirements of Independent Non-executive Directors on the Board and independence of the proposed Independent Non-executive Directors in accordance with the Listing Rules. In 2025, the Nomination Committee did not select or recommend any new director.

The Nomination Committee held one meeting during the year under review. The work of the Nomination Committee in 2025 included the following:

- reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board;
- assessed the independence of all Independent Non-executive Directors;
- reviewed and made recommendation to the Board on the Directors standing for re-election at the annual general meeting of the Company held on 19 May 2025. Such recommendation was accepted by the Board and approved by Shareholders by poll; and
- reviewed the board diversity policy.

## The Investment Committee

The Board set up the Investment Committee in December 2015 with specific written terms of reference. Currently, the Investment Committee comprises three Executive Directors, namely Dr. Charles Yeung (Committee Chairman), Mr. Yeung Chun Fan and Ms. Yeung Yin Chi, Jennifer; an Independent Non-executive Director, Dr. Chan Chung Bun, Bunny; and two senior staff.

The Investment Committee is responsible for setting up and reviewing investment policy of the Company and to monitor the performance of investment portfolio of the Company.

The Investment Committee held one meeting during the year under review. The work of the Investment Committee in 2025 included the following:

- monitored the performance of the financial investment portfolio and reviewed the associated risk levels; and
- recommended on the strategic plan of financial investment activities.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' TRAINING

Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. All Directors are provided with monthly or quarterly updates on the Company's performance and financial position to enable the Board as a whole and each of the Directors to discharge their duties. In addition, Directors are from time to time updated with information on the latest changes and developments in the Group's business and the political and economic environment in which the Group operates. During the year under review, the Company has provided Directors with latest information on updates on the Listing Rules.

According to the records kept by the Company, the Directors received the following training in the year under review:

### Directors

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#### *Executive Directors*

Dr. Charles Yeung, GBM, GBS, JP	A, B, C
Yeung Chun Fan, BBS	A, B, C
Hui Chung Shing, Herman, GBS, MH, JP	A, C
Ms. Cheung Wai Yee	A, C
Yeung Yin Chi, Jennifer, JP	A, C

#### *Independent Non-executive Directors*

Lau Hon Chuen, Ambrose, GBS, JP	A, C
Dr. Chan Chung Bun, Bunny, GBM, GBS, JP	A, C
Ng Wing Ka, Jimmy, SBS, JP	A, C
Choi Tak Shing, Stanley, JP	A, C

A: attending seminars and/or conferences and/or forums

B: giving talks at seminars and/or conferences and/or forums

C: reading materials, journals and updates relating to the economy, the business of the Group, or director's duties and responsibilities

## LIABILITY INSURANCE FOR THE DIRECTORS

The Company has purchased directors' and officers' liability insurance, providing comprehensive coverage for the Directors and senior management of the Group against potential losses arising from investigations and litigation in connection with the Group's business. During the year under review, no claims under the insurance policy were made.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 of the Listing Rules as the code of conduct for Directors' securities transactions.

The Board confirms that, having made specific enquiry of all Directors, the Directors have complied with the requirements set out in the Model Code throughout the year under review.

The Company has also adopted dealing rules based on the content of the Model Code (the "Dealing Rules") governing the Company's securities transactions by the employees of the Group who are likely to be in possession of unpublished inside information in relation to the Group. These employees have been individually notified and provided with a copy of the Dealing Rules. During the year under review, the Company was not aware of any violations of the Dealing Rules by the relevant employees.

# CORPORATE GOVERNANCE REPORT

## INSIDE INFORMATION POLICY

The Group complies with requirements of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”) and the Listing Rules. In 2013, the Board approved and adopted the Inside Information Policy. The policy contains the guidelines to the Directors, officers and all relevant employees who are likely to be in possession of unpublished inside information of the Group. The Inside Information Policy sets out the procedures on reporting the likely inside information to ensure that potential price sensitive or inside information of the Group can be promptly identified, assessed and escalated for disseminating to the public. The Company discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the “Safe Harbours” as provided in the SFO. Before the information is fully disclosed to the public, the Company will ensure that the information is kept strictly confidential. If the Company believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Company will immediately disclose the information to the public.

## FINANCIAL STATEMENTS

The Board is responsible for preparing the Group’s consolidated financial statements for each financial year which give a true and fair view in accordance with Hong Kong Financial Reporting Standards and are in compliance with the disclosure requirements of the Hong Kong Companies Ordinance. The Board is not aware of any material uncertainties relating to the events or condition that might cast doubt upon the Company’s ability to continue as a going concern. Accordingly, the Board has prepared the consolidated financial statements of the Group on a going concern basis. The statement of the external auditor on their reporting responsibilities in respect of the Group’s consolidated financial statements for the year ended 31 December 2025 is set out in the “Independent Auditor’s Report” contained in this annual report.

The Board confirms that it has the responsibility to present a balanced, clear and understandable assessment in respect of the Group’s situation in the Company’s annual report, interim report and other financial disclosures required under the Listing Rules, and reports to the regulators and information disclosed under statutory requirements.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining the Group’s risk management and internal control systems and for reviewing their effectiveness. The risk management and internal control systems are designed to:

- manage rather than eliminate the risk of failure to achieve business objectives;
- safeguard the assets of the Group;
- comply with relevant rules, policies, regulations and laws;
- maintain reliable accounting records in accordance with relevant accounting standards and regulatory reporting requirements; and
- identify and manage significant risk that may potentially impact to the Group’s operation.

# CORPORATE GOVERNANCE REPORT

## Risk management process

The Group's risk management process comprises five stages: risk identification; risk evaluation and priorities; risk communication; risk treatment and reporting and monitoring.

The management is responsible for inputting any changes in risk exposures through structured risk identification system for each business line. The identified risks are then evaluated by the management using a risk scale rating matrix. This evaluation takes into consideration with level of impact and likelihood to the Group, with reference to internal and external factors, forward-looking events, and other relevant criteria (if any). Following evaluation, risks are prioritised based on the results and communicated to the management to confirm their significance. Further actions are implemented for any significant risks that are not being managed effectively. The entire risk assessment process is properly documented in the risk management report and updated on a periodic basis.

The risk management and internal control systems provide reasonable but not absolute assurance against material misstatement or loss. The review of the systems was conducted on:

- the Group's internal control measures and procedures covering material controls, including financial, operational and compliance controls; and
- risk management functions in the principal subsidiaries of the Company in 2025.

There is no significant changes for the assessment of risks (including ESG risks) and the risk management and internal control systems during the year under review.

## Main features of the risk management and internal control systems

The systems are featured with defined organisational and management structure with authorities properly delegated to qualified personnel from different management levels within the Group, as well as established policies and procedures.

### ***The Board***

The Board determines the business objectives and strategies of the Group, and evaluates and determines the nature and extent of significant risks (including the environmental, social and governance risks) it is willing to take in achieving the Group's strategic objectives; and thus bears the ultimate accountability for the effectiveness of the risk management and internal control systems. In addition, the Board oversees the management in the design, implementation and monitoring of the risk management and internal control systems.

### ***The management***

The management comprises different levels and departments (including their heads) with appropriate segregation of duties. The management is responsible for the design, implementation and maintenance of appropriate and effective risk management and internal control systems. In addition, it monitors risks and takes measures to mitigate risks in day-to-day operations, and follows up the findings on risk management and internal control materials raised out by internal or external auditors and takes immediate remedial actions to improve the systems. Also, the management provides confirmation to the Board on the effectiveness of the internal control systems.

# CORPORATE GOVERNANCE REPORT

## ***Internal audit***

The Group has established an independent Internal Audit Department for years. The Internal Audit Department plays an important role in helping the review and evaluation of the effectiveness of the risk management and internal control systems.

Internal audit work has been carried out based on the recognised control framework outlined by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). The Internal Audit Department formulates annually its internal audit plan on a risk-based approach and in accordance with the Group’s strategic goals and risk assessment results; the annual internal audit plan is endorsed by the Audit Committee. Key audit findings and risk factors are reported to the management and the Audit Committee.

The Internal Audit Department, with the support and supervision by the Audit Committee, is responsible for reviewing the effectiveness of the risk management and internal control systems in respect of all material controls of the Group, including financial, operational and compliance controls. In addition, it coordinates the risk assessment exercises and procedures, communicates with the management on the identified risks and impacts to facilitate the implementation of risk mitigation measures, and follows up the results of such measures through its audit work; and reports the overall results to the management and the Audit Committee on a regular basis.

For the year under review, no significant deficiency in the risk management and internal control systems was discovered.

Based on confirmation from the management, the Board considered the Group’s risk management and internal control systems to be effective and adequate, with no significant areas of concern affecting the Group is identified. The Company also complied with the relevant provisions of the Corporate Governance Code for the year ended 31 December 2025.

## **WHISTLEBLOWING POLICY**

The Board has adopted a whistleblowing policy. The policy provides a formal channel and procedures to facilitate the raising of matters of concern by employees of the Group and those parties who deal with the Group (e.g. customers and suppliers) (collectively “Whistleblower”), in confidence and anonymity. The procedures enable the Whistleblower to report the possible improprieties in any matter related to the Group directly addressed to relevant personnel. During the year under review, no significant whistleblowing reports were received.

## **ANTI-CORRUPTION POLICY**

The Board has adopted an anti-corruption policy. The policy sets out the guidelines on anti-corruption and anti-bribery and the responsibilities of the employees.

## **COMPANY SECRETARY**

The Company Secretary of the Company has taken no less than 15 hours of relevant professional training during the year 2025.

# CORPORATE GOVERNANCE REPORT

## AUDITOR'S REMUNERATION

The external auditor of the Company is Ernst & Young. The fees in respect of the audit and non-audit services provided to the Group by the external auditor for the year ended 31 December 2025 are as follows:

	HK\$
Audit Services	
Annual audit for the year ended 31 December 2025	1,884,000
Non-audit Services	
Tax and other services	118,226
Total	2,002,226

## DIVIDEND POLICY

In order to allow shareholders to participate in the Company's profits whilst to retain adequate cash reserves for meeting its working capital needs and future development, the Board has formulated and adopted a dividend policy as guidelines for determining declaration of dividends and dividend payout. The corresponding dividend policy of the Company are uploaded to the Company's website for reference.

According to the Company's dividend policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into the account the following factors:

- the actual and expected financial results of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion or investment plans;
- the Group's liquidity position;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the general economic and political conditions and other external factors that may have an impact on the future business and financial performance of the Group;
- the expectation of shareholders and investors; and
- any other factors that the Board considers relevant.

Subject to the satisfaction of the above conditions, the profit to be distributed in cash per annum will be at least 50% of the distributable profit realised for that year and attributable to the ordinary equity holders of the Company. The specific dividend proportion of each year shall be determined by the Board according to the profit for the relevant year and utilisation plan for future capital. The 2025 interim dividend paid in September 2025 and the 2025 final dividend declared by the Company were determined after taking into account the above dividend policy.

# CORPORATE GOVERNANCE REPORT

## COMMUNICATIONS WITH SHAREHOLDERS

The Company regards the annual general meeting as an important event as it provides an opportunity for direct communications between its Shareholders and the Board. At the Company's 2025 annual general meeting, the Chairman of the Board (also the Chairman of the Nomination Committee and the Investment Committee), the Chairman of the Audit Committee, the Chairman of the Remuneration Committee, as well as the external auditor were present to answer Shareholders' questions (if any).

The Company also maintains a website at [www.glorisun.com](http://www.glorisun.com) which enables the Shareholders, investors and the general public to have access to the information of the Company.

A shareholder communication policy of the Company is available on the Company's website. During the year under review, the Board reviewed the implementation and effectiveness of the policy including steps taken at general meetings, the handling of enquiries received from the Shareholders, the dissemination of information in relation to the Group, and the channels of communications between the Company and the Shareholders. The Board considered that the policy was properly implemented and effective.

## CONSTITUTIONAL DOCUMENTS

The constitutional documents of the Company, including the memorandum of association and Bye-laws of the Company, are available for review by Shareholders from the Company's website and the Stock Exchange's website. During the year under review, there was no change to the above constitutional documents.

## SHAREHOLDERS' RIGHTS

The Company has only one class of shares. All shares (excluding treasury shares, if any) have the same voting rights and are entitled to the dividend declared. The rights of the Shareholders are set out in, amongst other things, the Bye-laws and the Companies Act 1981 of Bermuda (as amended) (the "Companies Act").

### Procedures for Shareholders to convene a special general meeting

Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the secretary of the Company or at the registered office of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition pursuant to Section 74 of the Companies Act. If within 21 days of the date of deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provision of Section 74(3) of the Companies Act.

The written requisition requiring a special general meeting to be called can be sent to the principal place of business of the Company as set out in the "Corporate Information" section of this annual report for the attention of the Company Secretary.

### Procedures for putting forward proposals at a general meeting

Shareholders may by written requisition request the Company to include a resolution relating to matters in a general meeting by following the requirements and procedures as set out in Sections 79 and 80 of the Companies Act.

Subject to the provisions of the above-mentioned sections of the Companies Act, on the written requisition of members representing not less than one-twentieth of the total voting rights or 100 members, at the expense of the requisitionists unless the Company otherwise resolves, the Company shall give shareholders of the Company notice and a relevant statement of any resolution which may properly be moved and is intended to be moved at that meeting.

# CORPORATE GOVERNANCE REPORT

## **Procedures for Shareholders to propose a person for election as a Director**

As regards the procedures for Shareholders to propose a person for election as a Director, please refer to the procedures available on the Company's website and the Stock Exchange's website.

## **Procedures for directing Shareholders' enquiries to the Board**

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Glorious Sun Enterprises Limited  
38/F., One Kowloon  
1 Wang Yuen Street  
Kowloon Bay, Hong Kong

Telephone: (852) 2263 3000  
Fax: (852) 2995 3060  
Email: enquiry@glorisun.com

Shareholders may also make enquiries to the Board at the general meetings of the Company.

## REPORT OF THE DIRECTORS

The directors (the “Directors”) of Glorious Sun Enterprises Limited (the “Company”) present their report and the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2025.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The Company’s subsidiaries are engaged in financial investments, interior decoration and renovation, and export and retailing of casual wear.

Further discussion and analysis of the Group’s activities during the year under review, including a description of the principal risks and uncertainties facing the Group, an analysis using financial key performance indicators and an indication of likely future development in the Group’s business, can be found in the Chairman’s Statement and the Management Discussion and Analysis set out on pages 13 to 24 of this annual report and in the operating segment information disclosed in the notes to the financial statements. In addition, a discussion on the Group’s environmental policies and performance, compliance with the relevant laws and regulations that have a significant impact, and the key information with the Group’s employees, customers and suppliers, can be found in the Company’s 2025 Environmental, Social and Governance Report prepared in accordance with Appendix C2 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). These discussions form part of this Report of the Directors. The Company’s Environmental, Social and Governance Report has been published on the Company’s website and the Stock Exchange’s website at the same time as the publication of this annual report.

Save as disclosed in this report, there is no important event affecting the Group that has occurred since the end of the financial year ended 31 December 2025.

### RESULTS AND DIVIDENDS

The Group’s profit for the year ended 31 December 2025 and the Group’s financial position at that date are set out in the financial statements on pages 60 to 141 of this annual report.

The Company’s interim dividend of HK4.00 cents per share was paid to shareholders on 23 September 2025. The Directors recommended the payment of a final dividend of HK5.80 cents per share for the year ended 31 December 2025 to shareholders on the register of members of the Company on 1 June 2026.

### 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 audited financial statements of the respective financial years, is set out on page 142 of this annual report. This summary does not form part of the audited financial statements.

### SHARE CAPITAL

Details of movements in the Company’s authorised and issued share capital during the year are set out in note 27 to the financial statements.

# REPORT OF THE DIRECTORS

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the bye-laws of the Company (the “Bye-laws”) or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company’s reserves available for distribution to shareholders, calculated in accordance with the provisions of The Companies Act 1981 of Bermuda (as amended), amounted to HK\$698,193,000. The amount represented the amounts in the contributed surplus and retained profits of the Company as at 31 December 2025.

## MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group’s five largest customers accounted for approximately 70% of the total sales and sales to the largest customer included therein amounted for approximately 36%. In the year under review, purchases from the Group’s five largest suppliers accounted for approximately 34% of the total purchases and purchases from the largest supplier included therein amounted for approximately 21%.

Save as disclosed above, none of the Directors, their close associates or any shareholders (to the knowledge of the Directors owning more than 5% of the Company’s issued share capital) had any interest in the Group’s five largest customers and suppliers.

## DIRECTORS

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

### *Executive Directors*

Dr. Charles Yeung, GBM, GBS, JP	(Chairman)
Yeung Chun Fan, BBS	(Vice-chairman)
Hui Chung Shing, Herman, GBS, MH, JP	
Ms. Cheung Wai Yee	
Yeung Yin Chi, Jennifer, JP	

### *Independent Non-executive Directors*

Lau Hon Chuen, Ambrose, GBS, JP  
Dr. Chan Chung Bun, Bunny, GBM, GBS, JP  
Ng Wing Ka, Jimmy, SBS, JP  
Choi Tak Shing, Stanley, JP

Ms. Yeung Yin Chi, Jennifer, Dr. Chan Chung Bun, Bunny and Mr. Ng Wing Ka, Jimmy will retire from office by rotation at the forthcoming annual general meeting of the Company pursuant to bye-law 110(A) of the Bye-laws and, being eligible, offer themselves for re-election.

Mr. Choi Tak Shing, Stanley will also retire at the forthcoming annual general meeting at which his term of appointment will expire, and he is eligible for re-election.

# REPORT OF THE DIRECTORS

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Company are set out in the “Directors’ and Senior Management’s Biographies” on pages 28 to 29 of this annual report.

## DIRECTORS’ SERVICE CONTRACTS

No Director 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.

## PERMITTED INDEMNITY PROVISION

The Bye-laws provides that the directors and officers for the time being of the Company shall be indemnified and secured harmless out of the assets 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 reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty.

During the year under review and up to the date of this report, the Company has also arranged appropriate directors’ and officers’ liability insurance coverage for the directors and senior management of the Company during the year.

## DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed “Connected transactions” below and in note 33 to the financial statements, no other transactions, arrangements or contracts of significance, to which the Company or any of its subsidiaries was a party and in which a Director of the Company or any of their associated entities had a material interest, whether directly or indirectly, were subsisted at the end of the year or at any time during the year.

## DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2025, the interests or short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Listing Rules were as follows:

# REPORT OF THE DIRECTORS

## Long positions in shares of the Company

Name of Director	Capacity	Number of shares held
Dr. Charles Yeung, GBM, GBS, JP <sup>(1)</sup>	- interest held through Glorious Sun Holdings (BVI) Limited (51.934% of the share capital was held by Dr. Charles Yeung)	622,263,000
	- interest held through Advancetex Holdings (BVI) Limited (51.934% of the share capital was held by Dr. Charles Yeung)	207,810,000
Yeung Chun Fan, BBS <sup>(2)</sup>	- interest held through Glorious Sun Holdings (BVI) Limited (48.066% of the share capital was held by Mr. Yeung Chun Fan)	622,263,000
	- interest held through Advancetex Holdings (BVI) Limited (48.066% of the share capital was held by Mr. Yeung Chun Fan)	207,810,000
Dr. Charles Yeung, GBM, GBS, JP <sup>(1)</sup> and Yeung Chun Fan, BBS <sup>(2)</sup>	- beneficial owner (50% of the interest was held by each of Dr. Charles Yeung and Mr. Yeung Chun Fan)	124,893,499
Dr. Charles Yeung, GBM, GBS, JP <sup>(1)</sup>	- beneficial owner	2,380,000
Yeung Chun Fan, BBS <sup>(2)</sup>	- beneficial owner	75,000,000
Ms. Cheung Wai Yee <sup>(3)</sup>	- beneficial owner	10,095,000
Hui Chung Shing, Herman, GBS, MH, JP <sup>(4)</sup>	- beneficial owner	6,250,000
Lau Hon Chuen, Ambrose, GBS, JP <sup>(5)</sup>	- beneficial owner	1,492,402

### Notes:

Calculations of the interests in shares disclosed pursuant to the SFO were as follows:

- (1) Dr. Charles Yeung's total interests held were 957,346,499 shares, which represented 63.823% of the Company's issued share capital as at 31 December 2025.
- (2) Mr. Yeung Chun Fan's interest includes interest of spouse (Ms. Cheung Wai Yee) of 10,095,000 shares. Therefore, the total interests held by him were 1,040,061,499 shares, which represented 69.337% of the Company's issued share capital as at 31 December 2025.
- (3) Ms. Cheung Wai Yee's interest includes interest of spouse (Mr. Yeung Chun Fan) of 1,029,966,499 shares. Therefore, the total interests held by her were 1,040,061,499 shares, which represented 69.337% of the Company's issued share capital as at 31 December 2025.
- (4) Mr. Hui Chung Shing, Herman's total interests held were 6,250,000 shares, which represented 0.417% of the Company's issued share capital as at 31 December 2025.
- (5) Mr. Lau Hon Chuen, Ambrose's total interests held were 1,492,402 shares, which represented 0.099% of the Company's issued share capital as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executives of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations, within the meaning of Part XV of 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.

# REPORT OF THE DIRECTORS

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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 spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or their associates to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SHARE OPTION SCHEME

Particulars of the share option scheme of the Company are set out in note 28 to the financial statements. The share option scheme was expired on 1 June 2025, and the Company has not adopted any new share option scheme.

## SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the register of substantial shareholders required to be kept by the Company pursuant to Section 336 of the SFO showed that the following shareholders had notified the Company of their interests or short positions in the Company's shares or related shares:

### Long positions in the shares of the Company

Name of shareholder	Capacity	Number of shares held
Glorious Sun Holdings (BVI) Limited <sup>(1)</sup> (51.934% of the share capital was held by Dr. Charles Yeung and 48.066% of the share capital was held by Mr. Yeung Chun Fan)	– beneficial owner	622,263,000
Advancetex Holdings (BVI) Limited <sup>(2)</sup> (51.934% of the share capital was held by Dr. Charles Yeung and 48.066% of the share capital was held by Mr. Yeung Chun Fan)	– beneficial owner	207,810,000
Dr. Charles Yeung, GBM, GBS, JP <sup>(3)</sup>	– 50% of the interest was held by each of Dr. Charles Yeung and Mr. Yeung Chun Fan – beneficial owner	124,893,499 2,380,000
Yeung Chun Fan, BBS <sup>(4)</sup>	– 50% of the interest was held by each of Dr. Charles Yeung and Mr. Yeung Chun Fan – beneficial owner	124,893,499 75,000,000
Ms. Cheung Wai Yee <sup>(5)</sup>	– beneficial owner	10,095,000

## REPORT OF THE DIRECTORS

Notes:

Calculations of the interests in shares disclosed pursuant to the SFO were as follows:

- (1) Glorious Sun Holdings (BVI) Limited's total interests held were 622,263,000 shares, which represented 41.484% of the Company's issued share capital as at 31 December 2025.
- (2) Advancetex Holdings (BVI) Limited's total interests held were 207,810,000 shares, which represented 13.854% of the Company's issued share capital as at 31 December 2025.
- (3) Dr. Charles Yeung's interest includes the interests of controlled corporations (Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited) of a total of 830,073,000 shares. Therefore, the total interests held by him were 957,346,499 shares, which represented 63.823% of the Company's issued share capital as at 31 December 2025.
- (4) Mr. Yeung Chun Fan's interest includes the interests of controlled corporations (Glorious Sun Holdings (BVI) Limited and Advancetex Holdings (BVI) Limited) of a total of 830,073,000 shares and interest of spouse (Ms. Cheung Wai Yee) of 10,095,000 shares. Therefore, the total interests held by him were 1,040,061,499 shares, which represented 69.337% of the Company's issued share capital as at 31 December 2025.
- (5) Ms. Cheung Wai Yee's interest includes the interest of spouse (Mr. Yeung Chun Fan) of 1,029,966,499 shares. Therefore, the total interests held by her were 1,040,061,499 shares, which represented 69.337% of the Company's issued share capital as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Company has not been notified of any other relevant interests or short positions held by any other person in the issued share capital of the Company as at 31 December 2025, which were required to be recorded in the register maintained by the Company under section 336 of the SFO.

### CONNECTED TRANSACTIONS

The related party transactions as set out in note 33 to the financial statements, under Chapter 14A of the Listing Rules, either (i) constitute connected transactions or continuing connected transactions, but were fully exempt; or (ii) do not fall under the definition of connected transactions or continuing connected transactions and thus are not disclosed above.

Save as disclosed above, there are no other connected transactions or continuing connected transactions of the Company which require disclosure in accordance with the Listing Rules.

### CONTRACTS OF SIGNIFICANCE BETWEEN THE COMPANY AND THE CONTROLLING SHAREHOLDER

Save for the exempted connected transactions or continuing connected transactions disclosed in the section headed "Connected transactions" above, no contracts of significance between the Company and its subsidiaries with the controlling shareholder and/or its subsidiaries were entered into during the year.

# REPORT OF THE DIRECTORS

## MAJOR DISCLOSEABLE EVENT

By ordinary resolutions passed at a special general meeting of the Company held on 24 May 2024, the original acquisition mandates, which were passed by ordinary resolutions at a special general meeting of the Company held on 21 February 2024 (the “Original Acquisition Mandates”), was revised, authorising the Board in advance to acquire shares of China Construction Bank Corporation (“CCB Shares”) and shares of Industrial and Commercial Bank of China Limited (“ICBC Shares”) for an aggregate amount not exceeding HK\$400 million (excluding stamp duty and related expenses) respectively in open market transactions during a period of 12 months from the date of passing of the ordinary resolutions (the “Revised Acquisition Mandates”). Details of the Original Acquisition Mandates and the Revised Acquisition Mandates were set out in the Company’s circulars dated 5 February 2024 and 3 May 2024 respectively.

From 24 May 2024 (the commencement date of the Revised Acquisition Mandates) to 23 May 2025 (the expiry date of the Revised Acquisition Mandates), the Group acquired CCB Shares and ICBC Shares for an aggregate amount of HK\$199,295,100 and HK\$200,990,000 respectively (both excluding stamp duty and related expenses) in open market transactions under the Revised Acquisition Mandates.

All such acquisitions were conducted during the year ended 31 December 2024. During the period from 1 January 2025 to 23 May 2025 (the expiry date of the Revised Acquisition Mandates), there was no acquisition of CCB Shares and ICBC Shares under the Revised Acquisition Mandates by the Group.

## SUFFICIENCY OF PUBLIC FLOAT

Throughout the year ended 31 December 2025, the Company was in compliance with the minimum public float requirement under the Listing Rules of the Stock Exchange by maintaining its public float at the level of at least 25% of its total issued shares.

## MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company’s business were entered into or existed during the year.

## EQUITY-LINKED AGREEMENTS

Save as those disclosed in the section headed “Share Option Scheme” in this report, no any other equity-linked agreements were entered into by the Group, or existed during the year.

# REPORT OF THE DIRECTORS

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

During the year ended 31 December 2025, the Company repurchased a total of 4,340,000 shares of the Company on the Stock Exchange. Details of the repurchases of shares are as follows:

Month of repurchase	Number of shares repurchased	Shares repurchased		Aggregate price (before expenses) HK\$'000
		Price per share Highest HK\$	Lowest HK\$	
January	1,008,000	1.24	1.17	1,208
February	600,000	1.30	1.19	737
March	20,000	1.29	1.29	26
April	996,000	1.28	1.16	1,224
May	604,000	1.29	1.22	767
June	244,000	1.30	1.22	310
July	148,000	1.37	1.30	197
August	68,000	1.33	1.30	90
September	360,000	1.30	1.27	464
October	292,000	1.32	1.30	381
	4,340,000			5,404

As of 31 December 2025, all the repurchased shares were cancelled.

The above repurchases of the Company's shares were effected by the Directors, pursuant to the mandate from shareholders received at the annual general meeting of the Company for the years 2024 and 2025, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares, if any) during the year. As at 31 December 2025, the Company did not hold any treasury shares.

## REMUNERATION POLICY

The Company's Remuneration Committee regularly reviews the remuneration policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market statistics when reviewing remuneration. Details are set out in the Corporate Governance Report on pages 30 to 43 of this annual report.

## CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance and has complied with the code provisions as set out in the Corporate Governance Code in Appendix C1 of the Listing Rules throughout the year ended 31 December 2025. Details are set out in the Corporate Governance Report on pages 30 to 43 of this annual report.

# REPORT OF THE DIRECTORS

## DISCLOSURE OF INFORMATION OF DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2025 interim report is set out below:

1. Ms. Cheung Wai Yee and Mr. Ng Wing Ka, Jimmy were appointed as members of the Nomination Committee of the Company on 24 November 2025.
2. Joy City Property Limited (a company formerly listed on the Stock Exchange, stock code: 207), of which Mr. Lau Hon Chuen, Ambrose served as an independent non-executive director, was delisted on 27 November 2025.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

## AUDITOR

The consolidated financial statements for the year ended 31 December 2025 have been audited by Ernst & Young, the term of office of which will expire at the forthcoming annual general meeting, and will retire and being eligible offer themselves for re-appointment.

There has been no change of the auditors of the Company in the preceding three years.

ON BEHALF OF THE BOARD

**Dr. Charles Yeung, GBM, GBS, JP**  
*Chairman*

Hong Kong Special Administrative Region of  
the People's Republic of China

26 March 2026

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王一博  
真维斯休闲装 品牌全球代言人



# INDEPENDENT AUDITOR'S REPORT



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**To the shareholders of Glorious Sun Enterprises Limited**  
*(Incorporated in Bermuda with limited liability)*

## OPINION

We have audited the consolidated financial statements of Glorious Sun Enterprises Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 60 to 141, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

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

# INDEPENDENT AUDITOR'S REPORT

## To the shareholders of Glorious Sun Enterprises Limited

(Incorporated in Bermuda with limited liability)

### KEY AUDIT MATTERS (CONTINUED)

#### Key audit matter

#### How our audit addressed the key audit matter

##### *Provision for expected credit losses on debt investments at amortised cost*

The carrying value (before impairment allowance) of the Group's debt investments at amortised cost as at 31 December 2025 amounted to approximately HK\$466.0 million. The provision for expected credit losses ("ECLs") for these investments as at 31 December 2025 was approximately HK\$457.6 million.

Management uses the general approach to calculate ECLs for debt investments at amortised cost.

Management has engaged an independent specialist to determine the calculation of ECLs.

The Group considers the available information which includes information about past events, current conditions and forecasts of future economic and industry specific conditions to estimate the ECLs and it involves significant judgements and estimates. The Group also assessed whether the credit risk on the debt investments at amortised cost has increased significantly and whether the credit risk of a financial asset has increased to the point that it is considered credit-impaired.

The accounting policies and disclosures in relation to the provision for expected credit losses on debt investments at amortised cost are included in notes 2.4, 3 and 15 to the financial statements.

We reviewed the ECL calculation that was established by management and assisted by the external specialist engaged by the Group, and we have involved our internal valuation specialists to perform procedures to evaluate the Group's methodology and parameters of the ECL model, including:

- checking to the respective credit rating of the debt investments at amortised cost;
- assessing the reasonableness of related parameters for the calculation of ECLs, including the probability of default, loss given default, exposure at default and the significant increases in credit risk, in response to macroeconomic changes;
- assessing the forward-looking information used by management to determine ECLs, including the forecasts of macroeconomic variables, and the assumptions and different weights of multiple macroeconomic scenarios; and
- assessing the reasonableness of management's judgements on whether the credit risk has increased significantly since initial recognition and whether the investments are credit-impaired.

We assessed the competence, objectivity and independence of the external specialist engaged by the Group.

# INDEPENDENT AUDITOR'S REPORT

## To the shareholders of Glorious Sun Enterprises Limited

(Incorporated in Bermuda with limited liability)

### KEY AUDIT MATTERS (CONTINUED)

#### Key audit matter

#### How our audit addressed the key audit matter

##### *Provision for expected credit losses on trade receivables and contract assets*

The carrying values (before impairment allowance) of the Group's trade receivables and contract assets as at 31 December 2025 amounted to approximately HK\$87.1 million and HK\$14.8 million, respectively. The amounts of provision for ECLs for trade receivables and contract assets carried as at 31 December 2025 were approximately HK\$18.4 million and HK\$0.5 million, respectively.

Management uses the simplified approach to calculate ECLs for trade receivables and contract assets.

Management has engaged an independent specialist to determine the calculation of ECLs.

The Group considers the available information which includes information about past events, current conditions and forecasts of future economic conditions to estimate the ECLs and it involves significant judgements and estimates.

The accounting policies and disclosures in relation to the provision for expected credit losses on trade receivables and contract assets are included in notes 2.4, 3, 18, and 20 to the financial statements.

We obtained and reviewed the ECL calculation prepared by management assisted by the external specialist engaged by the Group. The ECL calculation was based on the Group's historical credit loss experience and adjusted for forward-looking factors specific to the economic environment.

We involved our internal valuation specialists to assist us in evaluating the Group's estimation methodology of ECLs and check the parameters to external available data sources.

We assessed the competence, objectivity and independence of the external specialist engaged by the Group.

# INDEPENDENT AUDITOR'S REPORT

## **To the shareholders of Glorious Sun Enterprises Limited**

*(Incorporated in Bermuda with limited liability)*

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

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

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

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

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

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

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

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

### **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, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

# INDEPENDENT AUDITOR'S REPORT

## To the shareholders of Glorious Sun Enterprises Limited

*(Incorporated in Bermuda with limited liability)*

### 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

# INDEPENDENT AUDITOR'S REPORT

**To the shareholders of Glorious Sun Enterprises Limited**

*(Incorporated in Bermuda with limited liability)*

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

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 Lam Wai Ming, Ada (practising certificate number: P04699).

**Ernst & Young**

*Certified Public Accountants*

Hong Kong

26 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>REVENUE</b>			
Revenue from contracts with customers		<b>867,216</b>	715,785
Revenue from other sources:			
Interest income from debt investments at amortised cost		–	30,590
Dividend income		<b>109,460</b>	163,795
	5	<b>976,676</b>	910,170
Cost of sales		<b>(753,358)</b>	(587,709)
Gross profit		<b>223,318</b>	322,461
Other income and gains	5	<b>61,779</b>	77,502
Selling and distribution expenses		<b>(18,960)</b>	(16,922)
Administrative expenses		<b>(113,061)</b>	(92,115)
Other expenses		<b>(11,065)</b>	(2,562)
Impairment loss on debt investments at amortised cost, net		<b>(30,736)</b>	(174,689)
Impairment loss on other financial and contract assets, net		<b>(5,523)</b>	(9,590)
Finance costs	6	<b>(1,227)</b>	(2,309)
<b>PROFIT BEFORE TAX</b>	7	<b>104,525</b>	101,776
Income tax expense	10	<b>(20,717)</b>	(28,125)
<b>PROFIT FOR THE YEAR</b>		<b>83,808</b>	73,651
Attributable to:			
Ordinary equity holders of the Company		<b>75,176</b>	61,380
Non-controlling interests		<b>8,632</b>	12,271
		<b>83,808</b>	73,651
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
	12	<b>HK cents</b>	HK cents
Basic and diluted		<b>5.01</b>	4.06

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
<b>PROFIT FOR THE YEAR</b>	<b>83,808</b>	73,651
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences:		
Exchange differences on translation of foreign operations	<b>3,550</b>	(1,720)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<b>3,550</b>	(1,720)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>		
Financial assets at fair value through other comprehensive income:		
Changes in fair value	<b>314,578</b>	459,840
Income tax effect	<b>(444)</b>	(60)
	<b>314,134</b>	459,780
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<b>314,134</b>	459,780
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>317,684</b>	458,060
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>401,492</b>	531,711
Attributable to:		
Ordinary equity holders of the Company	<b>389,327</b>	520,357
Non-controlling interests	<b>12,165</b>	11,354
	<b>401,492</b>	531,711

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	12,233	12,964
Right-of-use assets	14(a)	15,247	19,888
Debt investment at amortised cost	15	–	28,073
Financial assets at fair value through other comprehensive income	16	2,044,017	1,679,490
Rental deposits	19	2,243	2,416
Deferred tax assets	26	4,723	3,213
Total non-current assets		2,078,463	1,746,044
<b>CURRENT ASSETS</b>			
Inventories	17	244,380	330,065
Trade receivables	18	68,658	87,500
Prepayments, deposits and other receivables	19	107,186	113,622
Contract assets	20	14,301	7,727
Due from related companies	21	8,091	9,090
Debt investments at amortised cost	15	8,441	11,357
Financial assets at fair value through profit or loss	22	12,029	51,874
Tax recoverable		567	4,641
Cash and cash equivalents	23	1,204,208	1,201,518
Total current assets		1,667,861	1,817,394
<b>CURRENT LIABILITIES</b>			
Trade payables	24	79,174	78,366
Contract liabilities	25	301,418	398,975
Other payables and accruals	25	320,864	288,139
Lease liabilities	14(b)	5,860	6,461
Tax payable		10,695	12,663
Total current liabilities		718,011	784,604
<b>NET CURRENT ASSETS</b>		949,850	1,032,790
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,028,313	2,778,834

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	14(b)	11,050	13,943
Deferred tax liabilities	26	4,095	1,467
Total non-current liabilities		15,145	15,410
Net assets		3,013,168	2,763,424
<b>EQUITY</b>			
<b>Equity attributable to ordinary equity holders of the Company</b>			
Issued capital	27	150,000	151,024
Treasury shares	27	–	(6,340)
Reserves	29	2,837,069	2,606,105
		2,987,069	2,750,789
Non-controlling interests		26,099	12,635
Total equity		3,013,168	2,763,424

**Dr. Charles Yeung, GBM, GBS, JP**  
*Director*

**Yeung Chun Fan, BBS**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

Attributable to ordinary equity holders of the Company											
Notes	Issued capital HK\$'000 (note 27)	Treasury shares HK\$'000 (note 27)	Share premium account HK\$'000 (note 29(i))	Contributed surplus HK\$'000 (note 29(ii))	Fair value reserve of financial assets at fair value through other comprehensive income HK\$'000	Exchange fluctuation reserve HK\$'000	Other reserves HK\$'000 (note 29(iii))	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2025	151,024	(6,340)	725,569	377,567	398,506	5,341	16,068	1,083,054	2,750,789	12,635	2,763,424
Profit for the year	-	-	-	-	-	-	-	75,176	75,176	8,632	83,808
Other comprehensive income for the year:											
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	312,798	-	-	-	312,798	1,336	314,134
Exchange differences on translation of foreign operations	-	-	-	-	-	1,353	-	-	1,353	2,197	3,550
Total comprehensive income for the year	-	-	-	-	312,798	1,353	-	75,176	389,327	12,165	401,492
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(5,259)	(5,259)
Contributions from non-controlling shareholders	-	-	-	-	-	-	-	-	-	6,056	6,056
Acquisition of non-controlling interests	-	-	-	-	-	-	(502)	-	(502)	502	-
Shares repurchased	27	(5,450)	-	-	-	-	-	-	(5,450)	-	(5,450)
Cancellation of shares repurchased	27	(1,024)	11,790	(10,766)	-	-	-	-	-	-	-
Final 2024 dividend	11	-	-	-	-	-	-	(87,069)	(87,069)	-	(87,069)
Interim 2025 dividend	11	-	-	-	-	-	-	(60,026)	(60,026)	-	(60,026)
Transfer within reserves	-	-	-	-	-	-	2,759	(2,759)	-	-	-
At 31 December 2025	150,000	-	714,803*	377,567*	711,304*	6,694*	18,325*	1,008,376*	2,987,069	26,099	3,013,168

\* These reserve accounts comprise the consolidated reserves of HK\$2,837,069,000 (2024: HK\$2,606,105,000) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to ordinary equity holders of the Company											
	Notes	Issued capital HK\$'000 (note 27)	Treasury shares HK\$'000 (note 27)	Share premium account HK\$'000 (note 29(i))	Contributed surplus HK\$'000 (note 29(ii))	Fair value reserve of financial assets at fair value through other comprehensive income HK\$'000	Exchange fluctuation reserve HK\$'000	Other reserves HK\$'000 (note 29(iii))	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2024		152,264	(4,139)	735,143	377,567	4,798	6,003	13,864	1,091,029	2,376,529	880	2,377,409
Profit for the year		-	-	-	-	-	-	-	61,380	61,380	12,271	73,651
Other comprehensive income/(loss) for the year:												
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		-	-	-	-	459,639	-	-	-	459,639	141	459,780
Exchange differences on translation of foreign operations		-	-	-	-	-	(662)	-	-	(662)	(1,058)	(1,720)
Total comprehensive income for the year		-	-	-	-	459,639	(662)	-	61,380	520,357	11,354	531,711
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(200)	(200)
Contributions from non-controlling shareholders		-	-	-	-	-	-	-	-	-	601	601
Shares repurchased	27	-	(13,015)	-	-	-	-	-	-	(13,015)	-	(13,015)
Cancellation of shares repurchased	27	(1,240)	10,814	(9,574)	-	-	-	-	-	-	-	-
Final 2023 dividend		-	-	-	-	-	-	-	(72,685)	(72,685)	-	(72,685)
Interim 2024 dividend	11	-	-	-	-	-	-	-	(60,397)	(60,397)	-	(60,397)
Transfer of fair value reserve upon the disposals of financial assets at fair value through other comprehensive income	16(ii)	-	-	-	-	(65,931)	-	-	65,931	-	-	-
Transfer within reserves		-	-	-	-	-	-	2,204	(2,204)	-	-	-
At 31 December 2024		151,024	(6,340)	725,569	377,567	398,506	5,341	16,068	1,083,054	2,750,789	12,635	2,763,424

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>104,525</b>	101,776
Adjustments for:			
Finance costs		<b>1,227</b>	2,309
Bank interest income	5	<b>(39,133)</b>	(48,142)
Fair value gains on financial assets at fair value through profit or loss	5	<b>(3,291)</b>	(1,358)
Depreciation of property, plant and equipment	13	<b>3,354</b>	3,488
Depreciation of right-of-use assets	14(c)	<b>6,272</b>	6,890
Gains on termination of tenancy agreements, net	5	<b>(76)</b>	(3,110)
Loss on disposal of items of property, plant and equipment, net		<b>67</b>	52
Provision/(reversal of provision) for inventories, net		<b>4,504</b>	(1,695)
Impairment of right-of use assets		<b>1,547</b>	545
Impairment of debt investments at amortised cost, net		<b>30,736</b>	174,689
Impairment/(reversal of impairment) of trade receivables, net		<b>5,735</b>	(10,676)
Impairment/(reversal of impairment) of contract assets, net		<b>314</b>	(425)
(Reversal of impairment)/impairment of financial assets included in prepayments, deposits and other receivables, net		<b>(463)</b>	20,638
(Reversal of impairment)/impairment of amounts due from related companies, net		<b>(63)</b>	53
Effect of foreign exchange rate changes, net		<b>8,005</b>	(2,563)
		<b>123,260</b>	242,471
Decrease/(increase) in inventories		<b>95,611</b>	(109,572)
(Increase)/decrease in contract assets		<b>(6,559)</b>	18,011
Decrease in trade receivables		<b>14,907</b>	112,689
Decrease/(increase) in prepayments, deposits and other receivables		<b>9,604</b>	(107,030)
Decrease/(increase) in amounts due from related companies		<b>1,059</b>	(2,925)
Decrease in trade payables		<b>(1,179)</b>	(58,693)
(Decrease)/increase in contract liabilities		<b>(115,236)</b>	206,300
Increase/(decrease) in other payables and accruals		<b>35,945</b>	(7,338)
Cash generated from operations		<b>157,412</b>	293,913
Interest paid		<b>(1,227)</b>	(2,309)
Hong Kong profits tax paid		<b>(3,217)</b>	(1,275)
Taxes paid outside Hong Kong		<b>(14,677)</b>	(13,876)
Net cash flows from operating activities		<b>138,291</b>	276,453

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Bank interest received		39,133	48,142
Purchases of property, plant and equipment	13	(2,310)	(2,437)
Changes in financial assets at fair value through profit or loss		44,494	(18,237)
Purchases of financial assets at fair value through other comprehensive income	16(ii)	(49,771)	(1,047,078)
Proceeds from disposals of financial assets at fair value through other comprehensive income		–	403,403
Proceeds from disposal of items of property, plant and equipment		70	45
Withdrawal of time deposits with original maturity of over three months when acquired		–	239
Net cash flows from/(used in) investing activities		31,616	(615,923)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Shares repurchased	27	(5,450)	(13,015)
New bank loans		111,047	97,129
Repayment of bank loans		(111,047)	(111,003)
Principal portion of lease payments		(6,593)	(6,557)
Capital contributions from non-controlling shareholders of subsidiaries		6,056	601
Dividends paid		(158,190)	(129,451)
Dividends paid to non-controlling shareholders		(5,259)	(200)
Acquisition of non-controlling interests		(2)	–
Net cash flows used in financing activities		(169,438)	(162,496)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		469	(501,966)
Cash and cash equivalents at beginning of year		1,201,518	1,703,918
Effect of foreign exchange rate changes, net		2,221	(434)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>1,204,208</b>	<b>1,201,518</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	23	309,140	274,587
Non-pledged time deposits	23	895,068	926,931
		1,204,208	1,201,518

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 1. CORPORATE AND GROUP INFORMATION

Glorious Sun Enterprises Limited (the “Company”) is a limited liability company incorporated in Bermuda. The head office and principal place of business of the Company is located at 38/F., One Kowloon, 1 Wang Yuen Street, Kowloon Bay, Hong Kong.

During the year, the Group was involved in financial investments, interior decoration and renovation, and export and retailing of casual wear.

### Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Glorious Sun Enterprises (BVI) Limited	British Virgin Islands/ Hong Kong	US\$200	100	–	Investment holding, financial investments and management services
Glorious Sun International Limited	Hong Kong	HK\$1	–	100	Financial investments
Pacific Potential Trading Company Limited	Hong Kong	HK\$200,000	–	100	Provision of agency services and trading of apparel
Rand Design Limited	Hong Kong	HK\$1	–	100	Garment design and trading of apparel
G.S. Ventures (H.K.) Limited	Hong Kong	HK\$1	–	100	Retailing of casual wear and franchise business
Smart Empire Asset Management Limited	Hong Kong	HK\$5,000,000	–	100	Asset management and provision of consulting services
Glorious Sun Trading (HK) Limited	Hong Kong	HK\$2	–	100	Investment holding
Hebei Changhong Group Technology Company Limited (“Hebei Changhong”) (河北常宏集團科技有限公司)*®	People’s Republic of China (the “PRC”)/ Chinese mainland	RMB45,574,405	–	58.5	Investment holding and provision of interior decoration related services
Shijiazhuang Changhong Building Decoration Engineering Company Limited (“Shijiazhuang Changhong”) (石家莊常宏建築裝飾工程有限公司)*®	The PRC/ Chinese mainland	RMB50,000,000	–	58.5	Provision of interior decoration and renovation services, and trading of furniture and fixtures

\* Registered as a Sino-foreign equity joint venture under PRC law

® The official names of these entities are in Chinese. The English translations of the names are for identification purposes only.

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

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain investments which have been measured at fair value.

These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

### Basis of consolidation

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the ordinary equity holders 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 and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (CONTINUED)

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

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, 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 are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

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. 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.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (CONTINUED)

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

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effect 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 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 to the Group's 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.

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (CONTINUED)

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

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES

### Fair value measurement

The Group measures its financial assets and structured deposits 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 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, contract assets, deferred tax assets and financial assets), 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 statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

### Related parties

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

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

or

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Related parties (continued)

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

### Property, plant and equipment and depreciation

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

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

Buildings	1.67% – 5% or over the lease terms, whichever is shorter
Leasehold improvements	20% – 25% or over the lease terms, whichever is shorter
Plant and machinery	10% – 25%
Furniture, fixtures and office equipment	10% – 33%
Motor vehicles	20% – 30%

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

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

### Leases

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

#### **Group as a lessee**

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

#### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less 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:

Properties	2 – 5 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Leases (continued)

#### **Group as a lessee (continued)**

##### (b) Lease liabilities

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

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

##### (c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of properties (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.

### Investments and other financial assets

#### **Initial recognition and measurement**

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

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

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Investments and other financial assets (continued)

#### **Initial recognition and measurement** (continued)

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

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

#### **Subsequent measurement**

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

#### **Financial assets at amortised cost (debt instruments)**

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

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

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

Gains and losses on these financial assets are never recycled to the statement of profit or loss. The dividends are recognised as revenue in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividends will flow to the Group and the amount of the dividends can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Financial assets at fair value through other comprehensive income are not subject to impairment assessment.

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes equity investments, wealth management products and structured deposits.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.4 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 the 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.

#### **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.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Impairment of financial assets (continued)

#### **General approach** (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

#### **Simplified approach**

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

### Financial liabilities

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables as appropriate.

These 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 payables, other payables, amounts due to non-controlling shareholders of a subsidiary and related companies and interest-bearing bank borrowings.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Financial liabilities (continued)

#### **Subsequent measurement of financial liabilities at amortised cost (trade and other payables, and borrowings)**

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

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

#### **Derecognition of financial liabilities**

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

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

#### **Offsetting of financial instruments**

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

#### **Treasury shares**

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### **Inventories**

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Cash and cash equivalents

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

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

### Provisions

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

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

### Income tax

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

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

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

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

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Income tax (continued)

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

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

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

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

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

### 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.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition

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

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

(a) Sale of goods

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 goods.

(b) Interior decoration and renovation services

Revenue from the provision of interior decoration and renovation services is recognised over time, using an input method to measure progress towards complete satisfaction of the contracts, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the interior decoration and renovation contracts.

#### ***Revenue from other sources***

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.

Dividend income from financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividends will flow to the Group and the amount of the dividends can be measured reliably.

#### ***Other income***

Royalty income is recognised on an accrual basis in accordance with the terms of the relevant licensing agreements.

Service income is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

### Contract assets

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### **Contract liabilities**

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

### **Other employee benefits**

#### ***Pension schemes***

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

Prior to the MPF Scheme becoming effective, the Group operates defined contribution retirement benefit schemes for certain employees, the assets of which are held separately from those of the Group in independently administered funds. Contributions were made based on a percentage of the eligible employees’ salaries and were charged to the statement of profit or loss as they became payable in accordance with the rules of the scheme. When an employee leaves the scheme prior to his/her interest in the Group’s employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amounts of forfeited contributions. These schemes are still operating at the end of the reporting period and up to the date of this report.

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

#### ***Termination benefits***

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

### **Borrowing costs**

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest that an entity incurs in connection with the borrowing of funds.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### Dividends

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

### Foreign currencies

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

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

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

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

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amounts in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of subsidiaries with functional currencies other than Hong Kong dollar 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.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

### Write-down of inventories to net realisable value

Management reviews the ageing analysis of inventories of the Group at the end of each reporting period, and makes provision for inventory items identified that are no longer suitable for sale. The assessment of the provision amount required involves management judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of the inventories and provision charge/write-back in the period in which estimate has been changed. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether provision needs to be made in respect of any obsolete inventories identified. The Group carries out an inventory review at the end of each reporting period and makes provision against obsolete and slow-moving items. Management reassesses the estimation at the end of each reporting period. The information about the Group's inventories is included in note 17 to the financial statements.

### Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. 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 and credit rating).

The provision matrix is initially based on the 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 (i.e. gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, 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.

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risks of default and losses given default, changes in which can result in different levels of allowances.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is included in notes 18 and 20 to the financial statements, respectively.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### Provision for expected credit losses on debt investments at amortised cost

The Group's expected credit loss calculations on debt investments at amortised cost are based on assumptions about risks of default and losses given default. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on credit risks of the instruments, information about past events, current condition and forecasts of future economic and industry specific conditions at the end of each reporting period. The Group reviews its models in the context of actual loss experience regularly and adjusts when necessary.

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risks of default and losses given default, changes in which can result in different levels of allowances.

The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The information about the ECLs on the Group's debt investments at amortised cost, and the key assumptions and inputs used for impairment calculations are given in note 15 to the financial statements.

## 4. OPERATING SEGMENT INFORMATION

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

- (a) the "financial investments" segment engages in treasury management and consulting services;
- (b) the "interior decoration and renovation" segment engages in the interior decoration and renovation, and the sale of furniture business;
- (c) the "export operations" segment engages in exports of apparel; and
- (d) the "retail, franchise and others" segment mainly includes retail operation in Hong Kong and franchise sales under the "Jeanswest" brand in overseas markets within the casual wear and apparel domain.

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, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-leased-related finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

Information regarding the Group's reportable segments, together with their related comparative information, is presented below:

#### By business

	Year ended 31 December 2025				Total HK\$'000
	Financial investments HK\$'000	Interior decoration and renovation HK\$'000	Export operations HK\$'000	Retail, franchise and others HK\$'000	
<b>Segment revenue (note 5)</b>					
Revenue from external parties	109,460	570,368	253,958	42,890	976,676
Other income and gains	148	5,189	8,990	5,214	19,541
Total	109,608	575,557	262,948	48,104	996,217
<b>Segment results</b>					
	36,038	25,099	12,776	4,331	78,244
Interest income					39,133
Unallocated income					3,105
Corporate and other unallocated expenses					(15,411)
Finance costs (other than interest on lease liabilities)					(546)
Profit before tax					104,525
<b>Other segment information:</b>					
Depreciation	8	8,171	206	331	8,716
Corporate and other unallocated depreciation	-	-	-	-	910
Impairment loss on financial assets and contract assets, net	30,730	3,387	1,898	237	36,252
Corporate and other unallocated impairment loss on financial assets, net	-	-	-	-	7
Impairment of right-of-use assets	-	-	-	1,547	1,547
Provision/(reversal of provision) for inventories	-	1,583	2,953	(32)	4,504
Fair value gains on financial assets at fair value through profit or loss	(148)	(3,143)	-	-	(3,291)
Other non-cash income	-	(9)	-	-	(9)
Capital expenditure*	17	3,559	-	1,524	5,100

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 4. OPERATING SEGMENT INFORMATION (CONTINUED)

By business (continued)

	Year ended 31 December 2024				Total HK\$'000
	Financial investments HK\$'000	Interior decoration and renovation HK\$'000	Export operations HK\$'000	Retail, franchise and others HK\$'000	
<b>Segment revenue (note 5)</b>					
Revenue from external parties	194,385	377,891	281,355	56,539	910,170
Other income and gains	6,039	6,468	6,850	5,701	25,058
<b>Total</b>	<b>200,424</b>	<b>384,359</b>	<b>288,205</b>	<b>62,240</b>	<b>935,228</b>
<b>Segment results</b>					
	(1,005)	36,633	17,726	9,371	62,725
Interest income					48,142
Unallocated income					4,302
Corporate and other unallocated expenses					(11,995)
Finance costs (other than interest on lease liabilities)					(1,398)
<b>Profit before tax</b>					<b>101,776</b>
<b>Other segment information:</b>					
Depreciation	6	8,516	208	644	9,374
Corporate and other unallocated depreciation	-	-	-	-	1,004
Impairment loss/(reversal of impairment loss) on financial assets and contract assets, net	195,265	(10,836)	(485)	261	184,205
Corporate and other unallocated impairment loss on financial assets, net	-	-	-	-	74
Impairment of right-of-use assets	-	-	-	545	545
Provision/(reversal of provision) for inventories	-	527	(2,056)	(166)	(1,695)
Fair value loss/(gain) on financial assets at fair value through profit or loss	146	(1,504)	-	-	(1,358)
Other non-cash income	-	(3,053)	-	-	(3,053)
Corporate and other non-cash income	-	-	-	-	(5)
Capital expenditure*	6	24,450	-	1,487	25,943

\* Capital expenditure consists of additions to right-of-use assets and property, plant and equipment.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

By region

	Chinese mainland HK\$'000	Hong Kong HK\$'000	United States of America and Canada HK\$'000	Others HK\$'000	Total HK\$'000
<b>Year ended 31 December 2025</b>					
Revenue from external parties	572,798	115,543	231,744	56,591	976,676
Non-current assets	25,887	1,593	–	–	27,480
<b>Year ended 31 December 2024</b>					
Revenue from external parties	376,135	200,355	272,072	61,608*	910,170
Non-current assets	29,856	2,996	–	–	32,852

\* The amount has been reclassified to conform with the current year's presentation and disclosure.

The revenue information above is based on the locations of the customers. The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

#### Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year is set out below:

	2025 HK\$'000	2024 HK\$'000
Interior decoration and renovation segment:		
Customer A	352,738	209,678
Export operations segment:		
Customer B	163,293	179,950

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
<i>Revenue from contracts with customers</i>		
Interior decoration and renovation	570,368	377,891
Export operations	253,958	281,355
Retail, franchise and others	42,890	56,539
	<b>867,216</b>	715,785
<i>Revenue from other sources</i>		
Interest income from debt investments at amortised cost	–	30,590
Dividend income	109,460	163,795
	<b>109,460</b>	194,385
	<b>976,676</b>	910,170

#### Revenue from contracts with customers

##### (i) Disaggregated revenue information

For the year ended 31 December 2025

Segments	Interior decoration and renovation HK\$'000	Export operations HK\$'000	Retail, franchise and others HK\$'000	Total HK\$'000
<b>Geographical markets</b>				
Chinese mainland	570,287	–	2,511	572,798
Hong Kong	–	–	6,083	6,083
United States of America and Canada	–	231,744	–	231,744
Others	81	22,214	34,296	56,591
Total	<b>570,368</b>	<b>253,958</b>	<b>42,890</b>	<b>867,216</b>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	441,837	253,958	42,890	738,685
Services transferred over time	128,531	–	–	128,531
Total	<b>570,368</b>	<b>253,958</b>	<b>42,890</b>	<b>867,216</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

#### Revenue from contracts with customers (continued)

##### (i) Disaggregated revenue information (continued)

For the year ended 31 December 2024

Segments	Interior decoration and renovation HK\$'000	Export operations HK\$'000	Retail, franchise and others HK\$'000	Total HK\$'000
<b>Geographical markets</b>				
Chinese mainland	376,129	–	6	376,135
Hong Kong	–	–	5,970	5,970
United States of America and Canada	–	272,072	–	272,072
Others	1,762	9,283*	50,563	61,608*
<b>Total</b>	<b>377,891</b>	<b>281,355</b>	<b>56,539</b>	<b>715,785</b>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	297,371	281,355	56,539	635,265
Services transferred over time	80,520	–	–	80,520
<b>Total</b>	<b>377,891</b>	<b>281,355</b>	<b>56,539</b>	<b>715,785</b>

\* The amount has been reclassified to conform with the current year's presentation and disclosure.

Since there have been no intersegment sales between the reportable segments for the years ended 31 December 2025 and 2024, a reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information would not provide additional useful information.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### Revenue from contracts with customers (continued)

#### (i) Disaggregated revenue information (continued)

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:

	2025 HK\$'000	2024 HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Interior decoration and renovation	397,773	191,203
Export of apparel products	1,202	5,540
	<b>398,975</b>	196,743

#### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

##### *Retail sales*

The performance obligation is satisfied upon delivery of goods and payment is generally due immediately.

##### *Sales of goods other than retail sales*

The performance obligation is satisfied when the control of the goods is transferred, generally upon delivery of goods, and payment is generally due within 90 days from delivery.

##### *Interior decoration and renovation services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

The Group applies the practical expedient on the exemption to disclose the information on the remaining performance obligations that have original expected durations of one year or less.

##### *Franchise royalty income*

The performance obligation is satisfied and payment is due as stipulated in the terms of the relevant licensing agreements.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

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

	2025 HK\$'000	2024 HK\$'000
<b>Other income</b>		
Bank interest income	39,133	48,142
Service fee income	66	6,182
Other sales income	373	334
Commission and management fee income	11,398	8,869
Royalty income	4,683	5,787
Government subsidies (note)	254	1,730
Others	2,505	1,264
	<b>58,412</b>	72,308
<b>Gains</b>		
Gains on termination of tenancy agreements, net	76	3,110
Foreign exchange differences, net	–	726
Fair value gains on financial assets at fair value through profit or loss	3,291	1,358
	<b>3,367</b>	5,194
	<b>61,779</b>	77,502

*Note:* Government subsidies mainly represented subsidies from the local governments in the PRC for the development of certain innovation and technological projects, payments of wages, social and medical insurance, and other expenses. The subsidies have been received and there were no unfulfilled conditions or contingencies relating to these subsidies.

### 6. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 HK\$'000	2024 HK\$'000
Interest on bank loans	546	1,398
Interest on lease liabilities	681	911
	<b>1,227</b>	2,309

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 7. PROFIT BEFORE TAX

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

	Notes	2025 HK\$'000	2024 HK\$'000
Employee benefit expenses (including directors' remuneration (note 8)):			
Wages and salaries		<b>147,125</b>	134,842
Pension scheme contributions*		<b>5,077</b>	4,610
Termination benefits		<b>996</b>	–
<b>Total employee benefit expenses</b>		<b>153,198</b>	139,452
Cost of inventories sold		<b>625,596</b>	506,926
Cost of services rendered		<b>123,258</b>	82,478
Depreciation of property, plant and equipment	13	<b>3,354</b>	3,488
Depreciation of right-of-use assets	14(a)	<b>6,272</b>	6,890
Lease payments not included in the measurement of lease liabilities		<b>4,228</b>	3,842
Auditor's remuneration		<b>1,884</b>	1,849
Foreign exchange differences, net <sup>#</sup>		<b>5,027</b>	(726)
Loss on disposal of items of property, plant and equipment, net <sup>#</sup>		<b>67</b>	52
Provision/(reversal of provision) for inventories, net <sup>**</sup>		<b>4,504</b>	(1,695)
Impairment of right-of-use assets <sup>#</sup>	14(a)	<b>1,547</b>	545
Impairment of financial and contract assets, net:	37		
Impairment of debt investments at amortised cost		<b>30,736</b>	174,689
Impairment/(reversal of impairment) of trade receivables		<b>5,735</b>	(10,676)
Impairment/(reversal of impairment) of contract assets		<b>314</b>	(425)
(Reversal of impairment)/impairment of financial assets included in prepayments, deposits and other receivables		<b>(463)</b>	20,638
(Reversal of impairment)/impairment of amounts due from related companies		<b>(63)</b>	53
Fair value gains on financial assets at fair value through profit or loss <sup>#</sup>		<b>(3,291)</b>	(1,358)

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

\*\* During the year, provision for inventories of HK\$4,504,000 (2024: reversal of provision for inventories of HK\$1,695,000) is included in "Cost of sales" in the consolidated statement of profit or loss.

# These items are included in "Other income and gains" or "Other expenses" in the consolidated statement of profit or loss.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Fees	<b>872</b>	872
Other emoluments for executive directors:		
Salaries, allowances and benefits in kind	<b>2,212</b>	2,086
Discretionary bonuses	<b>390</b>	488
Pension scheme contributions	<b>111</b>	105
	<b>2,713</b>	2,679
	<b>3,585</b>	3,551

#### (a) Independent non-executive directors

The fees paid and payable to independent non-executive directors during the year were as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Lau Hon Chuen, Ambrose, GBS, JP	<b>218</b>	218
Dr. Chan Chung Bun, Bunny, GBM, GBS, JP	<b>218</b>	218
Ng Wing Ka, Jimmy, SBS, JP	<b>218</b>	218
Choi Tak Shing, Stanley, JP	<b>218</b>	218
	<b>872</b>	872

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 8. DIRECTORS' REMUNERATION (CONTINUED)

#### (b) Executive directors

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
<b>2025</b>					
Executive directors:					
Dr. Charles Yeung, GBM, GBS, JP	-	-	-	-	-
Yeung Chun Fan, BBS	-	651	108	33	792
Hui Chung Shing, Herman, GBS, MH, JP	-	600	100	30	730
Ms. Cheung Wai Yee	-	709	119	35	863
Yeung Yin Chi, Jennifer, JP	-	252	63	13	328
	-	<b>2,212</b>	<b>390</b>	<b>111</b>	<b>2,713</b>
<b>2024</b>					
Executive directors:					
Dr. Charles Yeung, GBM, GBS, JP	-	-	-	-	-
Yeung Chun Fan, BBS	-	621	104	31	756
Hui Chung Shing, Herman, GBS, MH, JP	-	600	224	30	854
Ms. Cheung Wai Yee	-	673	112	34	819
Yeung Yin Chi, Jennifer, JP	-	192	48	10	250
	-	<b>2,086</b>	<b>488</b>	<b>105</b>	<b>2,679</b>

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2024: Nil).

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year did not include any director (2024: did not include any director), details of remuneration of directors are set out in note 8 above. Details of the remuneration for the year of the five (2024: five) non-director, highest paid employees are as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Salaries, allowances and benefits in kind	<b>6,504</b>	6,307
Discretionary bonuses	<b>4,872</b>	5,570
Pension scheme contributions	<b>91</b>	89
	<b>11,467</b>	11,966

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

	<b>Number of employees</b>	
	<b>2025</b>	2024
HK\$1,000,001 – HK\$1,500,000	<b>2</b>	2
HK\$1,500,001 – HK\$2,000,000	<b>2</b>	2
HK\$5,000,001 – HK\$5,500,000	<b>1</b>	–
HK\$5,500,001 – HK\$6,000,000	<b>–</b>	1
	<b>5</b>	5

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 10. INCOME TAX

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

Except for the following companies which are recognised as high and new technology enterprise, the subsidiaries of the Company established in the Chinese mainland are subject to corporate income tax ("CIT") at a rate of 25% on the taxable income during the years ended 31 December 2025 and 2024.

	2025	2024
Shijiazhuang Changhong	15%	15%
Shijiazhuang Changhong Intelligent Technology Company Limited ("石家莊常宏智能科技有限公司")*	15%	15%
Hebei Purui Commercial Furniture Technology Company Limited ("河北普瑞商業家具科技有限公司")*	15%	15%

\* The official names of these entities are in Chinese. The English translations of the names are for identification purposes only.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 HK\$'000	2024 HK\$'000
Current – Hong Kong		
Charge for the year	3,186	3,758
Overprovision in prior years	(118)	(4,329)
	<b>3,068</b>	(571)
Current – Elsewhere		
Charge for the year	4,863	3,894
Underprovision in prior years	1,162	246
	<b>6,025</b>	4,140
Withholding tax on dividend income	10,828	16,331
Deferred (note 26)	796	8,225
Total tax charge for the year	<b>20,717</b>	28,125

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 10. INCOME TAX (CONTINUED)

The tax on the Group's profit before tax differs from theoretical amounts that would arise using the weighted average rate applicable to profit on the consolidated entities as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Profit before tax	<b>104,525</b>	101,776
Tax calculated at domestic tax rates applicable to profits and losses in the respective jurisdictions	<b>17,060</b>	16,743
Lower tax rate at 8.25% for assessable profits up to HK\$2 million in Hong Kong	<b>(165)</b>	(165)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	<b>2,628</b>	167
Effect of withholding tax at 10% on dividend income from listed equity investments	<b>10,828</b>	16,331
Adjustments in respect of current tax of previous periods	<b>1,044</b>	(4,083)
Income not subject to tax	<b>(25,087)</b>	(36,136)
Expenses not deductible for tax	<b>11,655</b>	35,326
Tax losses utilised from previous periods	<b>–</b>	(58)
Tax losses not recognised	<b>2,754</b>	–
Tax charge at the Group's effective rate	<b>20,717</b>	28,125

For the year ended 31 December 2025, the weighted average applicable tax rate was 16.3% (2024: 16.5%). The change in the weighted average applicable tax rate was caused by a change in the profitability of the Group's subsidiaries in the respective jurisdictions.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 11. DIVIDENDS

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Interim – HK4.00 cents (2024: HK4.00 cents) per ordinary share	<b>60,029</b>	60,410
Adjustment	<b>(3)</b>	(13)
	<b>60,026</b>	60,397
Proposed final – HK5.80 cents (2024: HK5.80 cents) per ordinary share	<b>87,000</b>	87,158
Adjustment	<b>–</b>	(89)
	<b>87,000</b>	87,069

The proposed final dividend for the year ended 31 December 2025 calculated by reference to the 1,500,000,000 shares in issue on 26 March 2026 has not been recognised as a liability at the end of the reporting period and is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$75,176,000 (2024: HK\$61,380,000) and the weighted average number of ordinary shares of 1,501,333,162 (2024: 1,511,876,011) outstanding during the year.

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 13. PROPERTY, PLANT AND EQUIPMENT

	Note	Buildings HK\$'000	Leasehold improve- ments HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>31 December 2025</b>							
At 1 January 2025:							
Cost		13,797	8,971	16,658	13,376	2,669	55,471
Accumulated depreciation and impairment		(10,299)	(6,088)	(13,654)	(10,791)	(1,675)	(42,507)
Net carrying amount		3,498	2,883	3,004	2,585	994	12,964
At 1 January 2025, net of accumulated depreciation and impairment							
		3,498	2,883	3,004	2,585	994	12,964
Additions		-	137	447	1,161	565	2,310
Disposals/write-off		-	-	(26)	(70)	(41)	(137)
Depreciation	7	(450)	(1,090)	(664)	(797)	(353)	(3,354)
Exchange realignment		113	104	119	93	21	450
At 31 December 2025, net of accumulated depreciation and impairment							
		3,161	2,034	2,880	2,972	1,186	12,233
At 31 December 2025:							
Cost		14,349	8,861	17,584	14,788	2,903	58,485
Accumulated depreciation and impairment		(11,188)	(6,827)	(14,704)	(11,816)	(1,717)	(46,252)
Net carrying amount		3,161	2,034	2,880	2,972	1,186	12,233

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Buildings HK\$'000	Leasehold improve- ments HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
31 December 2024							
At 1 January 2024:							
Cost		14,067	8,313	16,562	14,064	2,707	55,713
Accumulated depreciation and impairment		(10,058)	(5,730)	(13,360)	(10,922)	(1,328)	(41,398)
Net carrying amount		4,009	2,583	3,202	3,142	1,379	14,315
At 1 January 2024, net of accumulated depreciation and impairment							
		4,009	2,583	3,202	3,142	1,379	14,315
Additions		–	1,396	519	515	7	2,437
Disposals/write-off		–	–	(7)	(90)	–	(97)
Depreciation	7	(451)	(1,063)	(656)	(939)	(379)	(3,488)
Exchange realignment		(60)	(33)	(54)	(43)	(13)	(203)
At 31 December 2024, net of accumulated depreciation and impairment							
		3,498	2,883	3,004	2,585	994	12,964
At 31 December 2024:							
Cost		13,797	8,971	16,658	13,376	2,669	55,471
Accumulated depreciation and impairment		(10,299)	(6,088)	(13,654)	(10,791)	(1,675)	(42,507)
Net carrying amount		3,498	2,883	3,004	2,585	994	12,964

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 14. LEASES

### The Group as lessee

The Group has lease contracts for various items of properties used in its operation. Leases of properties generally have lease terms between 2 years to 5 years (2024: 2 years to 5 years). Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) *Right-of-use assets*

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

	<b>Properties</b>	
	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
As at 1 January	<b>19,888</b>	21,230
Additions	<b>2,801</b>	23,915
Lease termination	<b>(336)</b>	(17,428)
Depreciation charge	<b>(6,272)</b>	(6,890)
Impairment	<b>(1,547)</b>	(545)
Exchange realignment	<b>713</b>	(394)
As at 31 December	<b>15,247</b>	19,888

#### (b) *Lease liabilities*

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

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Carrying amount at 1 January	<b>20,404</b>	24,417
New leases	<b>2,790</b>	23,506
Accretion of interest recognised during the year	<b>681</b>	911
Lease termination	<b>(421)</b>	(20,150)
Payments	<b>(7,274)</b>	(7,468)
Exchange realignment	<b>730</b>	(812)
Carrying amount at 31 December	<b>16,910</b>	20,404
Analysed into:		
Current portion	<b>5,860</b>	6,461
Non-current portion	<b>11,050</b>	13,943
	<b>16,910</b>	20,404

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

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 14. LEASES (CONTINUED)

The Group as a lessee (continued)

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

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	681	911
Depreciation charge of right-of-use assets	6,272	6,890
Expense relating to short-term leases	4,038	3,491
Gains on termination of tenancy agreements, net	(76)	(3,110)
Variable lease payments not included in the measurement of lease liabilities	190	351
Total amount recognised in profit or loss	<b>11,105</b>	8,533

(d) Variable lease payments

The Group leased a number of the retail stores and units in shopping malls which contain variable lease payment terms that are based on the Group's turnover generated from the retail stores and the units in the shopping malls. There are also minimum annual base rental arrangements for these leases. The amounts of the fixed and variable lease payments for these leases are HK\$11,312,000 (2024: HK\$10,959,000) and HK\$190,000 (2024: HK\$351,000), respectively.

### 2025

	Fixed payments HK\$'000	Variable payments HK\$'000	Total HK\$'000
Fixed rent	9,865	–	9,865
Variable rent with minimum payment	1,447	190	1,637
	<b>11,312</b>	<b>190</b>	<b>11,502</b>

### 2024

	Fixed payments HK\$'000	Variable payments HK\$'000	Total HK\$'000
Fixed rent	9,854	–	9,854
Variable rent with minimum payment	1,105	351	1,456
	10,959	351	11,310

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 15. DEBT INVESTMENTS AT AMORTISED COST

	2025 HK\$'000	2024 HK\$'000
<b>Financial assets measured at amortised cost</b>		
Listed debt investments	<b>466,006</b>	469,013
Impairment allowance	<b>(457,565)</b>	(429,583)
	<b>8,441</b>	39,430
Less: current portion	<b>(8,441)</b>	(11,357)
	<b>–</b>	28,073

The effective interest rate of the debt investments was 6.5% (2024: 6.5%) per annum, with maturities originally scheduled from 2025 to 2027 (2024: from 2025 to 2027). As at 31 December 2025, due to the failure to pay cash interest as required and the lack of approval of the offshore debt restructuring plan, a substantive default has occurred. During the year, no interest income from debt investments at amortised cost was recognised. All the debt investments have been classified as current assets.

An impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. The Group applies the general approach and measures impairment allowance for listed debt investments at an amount equal to lifetime expected credit losses. The listed debt investments were categorised in Stage 3 (2024: Stage 3) as at 31 December 2025 as the credit-impaired at the reporting date but not at the date of purchased or originated credit-impaired.

As at 31 December 2025, they were of non-investment grades on the credit rating of Moody's and listed on a recognised stock exchange. The probability of default applied at 100.0% (2024: 100.0%) and the loss given default was estimated at 93.8% (2024: 73.5%). Expected credit loss allowance of HK\$457,565,000 (2024: HK\$429,583,000) was recognised for the listed debt investments as at 31 December 2025.

The fair value of listed debt investments at amortised cost was HK\$15,460,000 (2024: HK\$19,234,000) as at 31 December 2025 and HK\$16,722,000 as at the date of approval of these financial statements, which was determined by reference to published prices in an active market.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

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

	Notes	2025 HK\$'000	2024 HK\$'000
Unlisted equity investment, at fair value			
Hebei Jialian Industrial Group Co., Ltd. (“Hebei Jialian”)* 河北省嘉聯實業集團有限公司	(i)	4,578	3,603
Hong Kong listed equity investments, at fair value	(ii)		
China Construction Bank Corporation (“CCB”)		867,632	713,552
Industrial and Commercial Bank of China Limited (“ICBC”)		825,644	666,687
Bank of China Limited (“BOC”)		324,795	289,111
BOC Hong Kong (Holdings) Limited (“BOC HK”)		10,328	6,537
Other listed share in Hong Kong		11,040	–
		<b>2,044,017</b>	1,679,490

\* The official name of this entity is in Chinese. The English translation of the name is for identification purpose only.

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

Notes:

- (i) During the year ended 31 December 2025, the gross gain in respect of the Group’s unlisted equity investment in Hebei Jialian recognised in other comprehensive income amounted to HK\$797,000 (2024: HK\$399,000). A capital reduction of RMB4,000,000 (equivalent to approximately HK\$4,348,000) was settled by cash during the year ended 31 December 2024.
- (ii) During the year ended 31 December 2025, the Group acquired listed equity investments, aggregate of HK\$49,771,000 (2024: HK\$1,047,078,000) through the open market. During the year ended 31 December 2024, the Group disposed some of its investments in CCB and ICBC through the open market and reallocated its financial resources to other business need. The fair value on the dates of the disposals was HK\$399,055,000 and the accumulated gains recognised in other comprehensive income of HK\$65,931,000 was transferred to retained profits.

During the year ended 31 December 2025, the gross gains in respect of the Group’s listed equity investments in other comprehensive income amounted to HK\$313,781,000 (2024: HK\$459,441,000). Dividends income during the year of 2025 was HK\$109,425,000 (2024: HK\$163,755,000).

### 17. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	510	1,896
Work in progress	236,942	316,297
Finished goods	6,928	11,872
	<b>244,380</b>	330,065

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 18. TRADE RECEIVABLES

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>87,092</b>	99,595
Impairment allowance	<b>(18,434)</b>	(12,095)
	<b>68,658</b>	87,500

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 15 days to 90 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. As at 31 December 2025, the Group had certain concentration of credit risk that may arise from the exposure for balances due from top five customers, which accounted for 32% (2024: 63%) of the Group's trade receivables balance. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Within 4 months	<b>55,499</b>	54,807
4 to 6 months	<b>7,355</b>	21,875
6 to 12 months	<b>1,753</b>	6,599
Over 12 months	<b>4,051</b>	4,219
	<b>68,658</b>	87,500

Included in the trade receivable balance as at 31 December 2025 are receivables from a related party amounting to nil (2024: HK\$2,880,000). The amount is unsecured, non-interest-bearing and has a repayment term of 30 days, which is the term similar to those offered to other major customers of the Group.

The movements in the loss allowance for trade receivables are as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
At beginning of year	<b>12,095</b>	23,013
Impairment losses/(reversal of impairment losses), net	<b>5,735</b>	(10,676)
Exchange realignment	<b>604</b>	(242)
At end of year	<b>18,434</b>	12,095

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 18. TRADE RECEIVABLES (CONTINUED)

The increase (2024: decrease) in the loss allowance was due to increase credit risk of receivables (2024: the settlement of aged receivables).

An impairment analysis is performed at each 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 and credit rating). 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 4 months	4 to 6 months	6 to 12 months		
Expected credit loss rate	4.7%	76.1%	6.5%	11.7%	76.0%	21.2%
Gross carrying amount (HK\$'000)	57,525	2,244	7,864	1,985	17,474	87,092
Expected credit loss (HK\$'000)	2,711	1,708	509	233	13,273	18,434

#### As at 31 December 2024

	Current	Past due			Total	
		Within 4 months	4 to 6 months	6 to 12 months		
Expected credit loss rate	2.5%	4.9%	5.1%	11.7%	68.6%	12.1%
Gross carrying amount (HK\$'000)	52,562	4,034	23,040	7,472	12,487	99,595
Expected credit loss (HK\$'000)	1,295	197	1,165	873	8,565	12,095

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Prepayments	42,288	50,463
Deposits and other receivables	96,787	95,856
	<b>139,075</b>	146,319
Impairment allowance	<b>(29,646)</b>	(30,281)
Total	<b>109,429</b>	116,038
Portion classified as non-current portion	<b>(2,243)</b>	(2,416)
Current portion	<b>107,186</b>	113,622

The movements in the loss allowance for prepayments, deposits and other receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of year	30,281	9,657
(Reversal of impairment losses)/impairment losses, net	(463)	20,638
Exchange realignment	(172)	(14)
At end of year	<b>29,646</b>	30,281

Deposits and other receivables mainly represent advances to staff, dividend receivables and bond interest receivables. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable entities with published credit ratings. As at 31 December 2025, the probability of default applied ranged from 0.05% to 100.0% (2024: 0.02% to 100.0%) and the loss given default was estimated to be ranged from 61.1% to 100.0% (2024: 61.8% to 100.0%). In the situation where no comparable entities with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

As at 31 December 2025, included in deposits and other receivables were bond interest receivables which had been provided full impairment and recognised in Stage 3 (2024: Stage 3) due to the credit-impaired. Except for the above, the remaining financial assets included in deposits and other receivables were recognised in Stage 1.

Except for the bond interest receivables, the remaining financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 20. CONTRACT ASSETS

	<b>31 December 2025 HK\$'000</b>	31 December 2024 HK\$'000	1 January 2024 HK\$'000
Contract assets arising from interior decoration and renovation services	<b>14,781</b>	7,879	26,440
Impairment allowance	<b>(480)</b>	(152)	(580)
	<b>14,301</b>	7,727	25,860

Contract assets are initially recognised for revenue earned from the provision of interior decoration and renovation services as the receipt of consideration is conditional on successful completion of the decoration and renovation. Included in contract assets for interior decoration and renovation services are retention receivables. Upon completion of decoration or renovation and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The increase (2024: decrease) in contract assets in 2025 was due to the increase (2024: decrease) in ongoing interior decoration and renovation services at the end of the year.

As at 31 December 2025, HK\$480,000 (2024: HK\$152,000) was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms with customers are set out in note 18 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	<b>2025 HK\$'000</b>	2024 HK\$'000
Within one year	<b>14,301</b>	7,727

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 20. CONTRACT ASSETS (CONTINUED)

The movements in the loss allowance for impairment of contract assets are as follows:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
At beginning of year	<b>152</b>	580
Impairment losses/(reversal of impairment losses), net	<b>314</b>	(425)
Exchange realignment	<b>14</b>	(3)
At end of year	<b>480</b>	152

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer base. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e. by customer type and credit rating). 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 contract assets using a provision matrix:

	<b>2025</b>	2024
Expected credit loss rate	<b>3.2%</b>	1.9%
Gross carrying amount (HK\$'000)	<b>14,781</b>	7,879
Expected credit losses (HK\$'000)	<b>480</b>	152

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 21. DUE FROM RELATED COMPANIES

Particulars of the amounts due from related companies, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	Balance at 31 December 2025 HK\$'000	Maximum amount outstanding during the year HK\$'000	Balance at 31 December 2024 and 1 January 2025 HK\$'000	Maximum amount outstanding during the prior year HK\$'000	Balance at 1 January 2024 HK\$'000
Gantin Limited	8,123	10,481	9,246	10,049	6,251
Glory Star Investments Limited	-	10	2	27	10
Champion Glory Limited	85	578	19	81	81
	<b>8,208</b>		9,267		6,342
Impairment allowance	(117)		(177)		(126)
	<b>8,091</b>		9,090		6,216

All of the above related companies are controlled by Dr. Charles Yeung and/or Mr. Yeung Chun Fan, both of them are directors of the Company.

The amounts are unsecured, interest-free and have no fixed terms of repayment.

### 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2025 HK\$'000	2024 HK\$'000
Listed equity investment in Hong Kong, at fair value	(a)	786	638
Unlisted investments, at fair value	(b)	11,243	29,924
Structured deposit	(c)	-	21,312
		<b>12,029</b>	51,874

Notes:

- (a) The above equity investment was classified as financial assets at fair value through profit or loss as it was held for trading.
- (b) The above unlisted investments were wealth management products issued by banks in the Chinese mainland with interest rates varied in relation to the relative movement of the underlying benchmark. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.
- (c) The structured deposit was issued by a bank in the Chinese mainland. It was mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 23. CASH AND CASH EQUIVALENTS

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Cash and bank balances	<b>309,140</b>	274,587
Time deposits	<b>895,068</b>	926,931
	<b>1,204,208</b>	1,201,518

At the end of the reporting period, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to HK\$212,041,000 (2024: HK\$187,813,000). The RMB is not freely convertible into other currencies, however, under the Chinese mainland'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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

### 24. TRADE PAYABLES

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

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Within 4 months	<b>79,174</b>	78,366

The trade payables are non-interest-bearing and are normally settled on 90-day (2024: 90-day) terms.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 25. OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES

	Notes	2025 HK\$'000	2024 HK\$'000
Accruals		<b>288,916</b>	233,037
Other payables	(a)	<b>31,697</b>	46,602
Due to non-controlling shareholders of a subsidiary	(b)	–	8,185
Due to other related companies	(b)	<b>251</b>	315
		<b>320,864</b>	288,139
Contract liabilities	(c)	<b>301,418</b>	398,975

Notes:

- (a) Other payables are non-interest-bearing and have an average credit term of three months.
- (b) Amounts due to other related companies and non-controlling shareholders of a subsidiary are unsecured, interest-free and do not have a fixed term of repayment.
- (c) Details of contract liabilities are as follows:

	31 December 2025 HK\$'000	31 December 2024 HK\$'000	1 January 2024 HK\$'000
Interior decoration and renovation services and sales of furniture and fixtures	<b>301,111</b>	397,773	191,203
Export of apparel products	<b>307</b>	1,202	5,540
	<b>301,418</b>	398,975	196,743

Contract liabilities include short-term advances received to deliver apparel products and interior decoration and renovation services and sales of furniture and fixtures. The decrease (2024: increase) in the contract liabilities in 2025 was mainly due to net impact of the decrease (2024: increase) in advance payments from major customers with regard to interior decoration and renovation and sales of furniture and fixtures; and the decrease (2024: decrease) in advance payments from export operation customers for sales of apparel products.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 26. DEFERRED TAX

The movements in deferred tax (liabilities)/assets during the year are as follows:

	Depreciation allowance in excess of related depreciation HK\$'000	Withholding taxes HK\$'000	Fair value changes on equity investments HK\$'000	Lease liabilities HK\$'000	Right-of-use assets HK\$'000	Impairment and provisions HK\$'000	Loss available for offsetting taxable profits HK\$'000	Total HK\$'000
At 1 January 2024	(25)	(1,300)	486	3,258	(2,732)	10,091	308	10,086
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	2	(167)	28	(412)	(67)	(7,488)	(121)	(8,225)
Deferred tax charged to other comprehensive income during the year	-	-	(60)	-	-	-	-	(60)
Exchange realignment	-	-	(8)	(61)	60	(46)	-	(55)
At 31 December 2024 and at 1 January 2025	<b>(23)</b>	<b>(1,467)</b>	<b>446</b>	<b>2,785</b>	<b>(2,739)</b>	<b>2,557</b>	<b>187</b>	<b>1,746</b>
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	<b>1</b>	<b>(2,628)</b>	<b>(24)</b>	<b>(612)</b>	<b>638</b>	<b>2,016</b>	<b>(187)</b>	<b>(796)</b>
Deferred tax charged to other comprehensive income during the year	-	-	(444)	-	-	-	-	(444)
Exchange realignment	-	-	9	111	(107)	109	-	122
<b>As at 31 December 2025</b>	<b>(22)</b>	<b>(4,095)</b>	<b>(13)</b>	<b>2,284</b>	<b>(2,208)</b>	<b>4,682</b>	<b>-</b>	<b>628</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 26. DEFERRED TAX (CONTINUED)

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

	<b>2025</b> <b>HK\$'000</b>	2024 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	<b>4,723</b>	3,213
Net deferred tax liabilities recognised in the consolidated statement of financial position	<b>(4,095)</b>	(1,467)
	<b>628</b>	1,746

The Group has tax losses arising in Hong Kong of HK\$49,133,000 (2024: HK\$32,444,000) for the year ended 31 December 2025, subject to agreement by the Hong Kong Inland Revenue Department 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 subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in the Chinese mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

At 31 December 2025, deferred tax liabilities of HK\$4,095,000 (2024: HK\$1,467,000) has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of one of the Group's subsidiaries established in the Chinese mainland. In the opinion of the directors, it is not probable that the other subsidiaries established in the Chinese mainland will distribute the unremitted earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in these subsidiaries in the Chinese mainland for which deferred tax liabilities have not been recognised totalled approximately HK\$361,000 at 31 December 2025 (2024: HK\$36,422,000).

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

### 27. ISSUED CAPITAL AND TREASURY SHARES

	Number of ordinary shares		2025 HK\$'000	2024 HK\$'000
	2025 '000	2024 '000		
Authorised:				
Ordinary shares of HK\$0.10 each	<b>6,000,000</b>	6,000,000	<b>600,000</b>	600,000
Issued and fully paid:				
Ordinary shares of HK\$0.10 each	<b>1,500,000</b>	1,510,240	<b>150,000</b>	151,024

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

	Number of issued shares '000	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 January 2024	1,522,644	152,264	735,143	887,407
Cancellation of shares repurchased	(12,404)	(1,240)	(9,574)	(10,814)
At 31 December 2024	<b>1,510,240</b>	<b>151,024</b>	<b>725,569</b>	<b>876,593</b>
Cancellation of shares repurchased	<b>(10,240)</b>	<b>(1,024)</b>	<b>(10,766)</b>	<b>(11,790)</b>
At 31 December 2025	<b>1,500,000</b>	<b>150,000</b>	<b>714,803</b>	<b>864,803</b>

A summary of movements in the Company's treasury shares is as follows:

	Number of ordinary shares		2025 HK\$'000	2024 HK\$'000
	2025 '000	2024 '000		
At 1 January	<b>5,900</b>	4,972	<b>(6,340)</b>	(4,139)
Shares repurchased (note)	<b>4,340</b>	13,332	<b>(5,450)</b>	(13,015)
Cancellation of shares repurchased	<b>(10,240)</b>	(12,404)	<b>11,790</b>	10,814
At 31 December	<b>–</b>	5,900	<b>–</b>	(6,340)

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 27. ISSUED CAPITAL AND TREASURY SHARES (CONTINUED)

Note:

During the year ended 31 December 2025, the Company repurchased its own shares through the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as follows:

	Number of shares '000	Highest price per share HK\$	Lowest price per share HK\$	Aggregate consideration paid HK\$'000
January	1,008	1.24	1.17	1,212
February	600	1.30	1.19	751
March	20	1.29	1.29	26
April	996	1.28	1.16	1,227
May	604	1.29	1.22	770
June	244	1.30	1.22	313
July	148	1.37	1.30	205
August	68	1.33	1.30	91
September	360	1.30	1.27	467
October	292	1.32	1.30	388
	4,340			5,450

During the year ended 31 December 2025, the Company cancelled 10,240,000 shares (2024: 12,404,000 shares), which comprised shares repurchased during the current year. Upon the cancellation of 10,240,000 shares, the issued share capital of the Company was reduced by the par value of HK\$1,024,000 and the share premium paid on the repurchase of these cancelled shares of HK\$10,766,000, including transaction costs, was deducted from the share premium account of the Company. As at 31 December 2025, all outstanding repurchased shares were cancelled.

During the year ended 31 December 2024, the Company repurchased its own shares through the Stock Exchange as follows:

	Number of shares '000	Highest price per share HK\$	Lowest price per share HK\$	Aggregate consideration paid HK\$'000
January	808	0.84	0.82	671
February	56	0.84	0.83	57
March	28	0.84	0.84	24
April	1,396	0.85	0.83	1,178
May	1,496	0.96	0.84	1,351
June	2,952	0.94	0.88	2,689
July	696	1.01	0.99	705
August	284	1.03	1.01	291
September	1,888	1.05	0.99	1,911
October	1,260	1.09	1.04	1,331
November	1,456	1.14	1.09	1,636
December	1,012	1.24	1.12	1,171
	13,332			13,015

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 27. ISSUED CAPITAL AND TREASURY SHARES (CONTINUED)

*Note: (continued)*

During the year ended 31 December 2024, the Company cancelled 12,404,000 shares, which comprised shares repurchased during that year. Upon the cancellation of 12,404,000 shares, the issued share capital of the Company was reduced by the par value of HK\$1,240,000 and the share premium paid on the repurchase of these cancelled shares of HK\$9,574,000, including transaction costs, was deducted from the share premium account of the Company. As at 31 December 2024, there were 5,900,000 outstanding repurchased shares not yet cancelled.

## 28. SHARE OPTION SCHEME

A share option scheme (the "Scheme") was adopted by the Company on 2 June 2015, unless otherwise terminated or amended, the Scheme was in force for 10 years from the date of adoption and expired on 1 June 2025, and no new share option scheme has been adopted by the Company since then.

The purpose of the Scheme is to attract and retain the best quality personnel for the development of the Group's businesses; to provide additional incentives to employees, officers and directors of the Group; and to promote the long term financial success of the Group by aligning the interests of option holders to shareholders.

Pursuant to the Scheme, the maximum number of shares in respect of which options may be granted must not in aggregate exceed 10% of the shares in issue at the date of approval of the Scheme. The maximum number of shares issuable under share options to each eligible participant in the Scheme in any 12-month period is limited to 1% of the ordinary shares of the Company in issue.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options.

The subscription price of the share options is determinable by the board of directors, but shall not be less than whichever is the highest of (i) the closing price of the ordinary shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the ordinary shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of an ordinary share of the Company.

103,871,400 shares were issuable under the Scheme. No share options have been granted and exercised under the Scheme since its adoption and up to the date of expiration on 1 June 2025. No further share options can be granted under the Scheme after its expiry.

At the end of the reporting period, the Company did not have any share options outstanding under the Scheme (2024: Nil).

At the date of approval of these financial statements, the Company did not have any share options outstanding under the Scheme.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 29. 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.

### (i) Share premium account

The application of share premium account is governed by the Companies Act 1981 of Bermuda.

### (ii) Contributed surplus

The Group's contributed surplus represents the excess of the nominal value of the share capital issued by the Company and the aggregate of the share capital and the share premium of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares in 1996.

### (iii) Other reserves

Other reserves comprise:

- (1) pursuant to the relevant laws and regulations, a portion of the profits of the Group's subsidiaries in the Chinese mainland has been transferred to other reserves, which are restricted as to use; and
- (2) the difference between the amounts of consideration and the carrying amounts of non-controlling interests acquired.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Name of subsidiary	Country of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit attributable to non-controlling interest		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hebei Changhong	PRC/Chinese mainland	41.5%	41.5%	8,632	12,258	26,554	14,673
Individually immaterial subsidiaries with non-controlling interest				-	13	(455)	(2,038)
				<b>8,632</b>	12,271	<b>26,099</b>	12,635
						<b>2025</b>	2024
						<b>HK\$'000</b>	HK\$'000
Dividends payable/paid to non-controlling interests						<b>(5,259)</b>	(200)

The following tables illustrate the summarised financial information of Hebei Changhong and its subsidiaries. The amounts disclosed are before any inter-company eliminations:

	2025	2024
	HK\$'000	HK\$'000
Revenue	<b>570,915</b>	377,891
Total expenses	<b>549,937</b>	345,471
Profit for the year	<b>20,978</b>	32,420
Total comprehensive income for the year	<b>25,741</b>	31,937
Current assets	<b>537,144</b>	648,617
Non-current assets	<b>90,371</b>	40,650
Current liabilities	<b>(549,742)</b>	(634,603)
Non-current liabilities	<b>(12,700)</b>	(16,129)
Net cash flows from operating activities	<b>33,827</b>	133,212
Net cash flows used in investing activities	<b>(7,199)</b>	(16,230)
Net cash flows used in financing activities	<b>(3,945)</b>	(18,711)
Net increase in cash and cash equivalents	<b>22,683</b>	98,271

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year ended 31 December 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$2,790,000 (2024: HK\$23,506,000) and HK\$2,790,000 (2024: HK\$23,506,000), respectively, in respect of lease arrangements for properties.

### (b) Changes in liabilities arising from financing activities

#### 2025

	Interest- bearing bank borrowings HK\$'000	Leases liabilities HK\$'000
At 1 January 2025	–	20,404
New bank borrowings made during the year	111,047	–
New leases	–	2,790
Repayment during the year	(111,047)	(7,274)
Interest expenses	–	681
Lease termination	–	(421)
Exchange realignment	–	730
At 31 December 2025	–	16,910

#### 2024

	Interest- bearing bank borrowings HK\$'000	Leases liabilities HK\$'000
At 1 January 2024	14,175	24,417
New bank borrowings made during the year	97,129	–
New leases	–	23,506
Repayment during the year	(111,003)	(7,468)
Interest expenses	–	911
Lease termination	–	(20,150)
Exchange realignment	(301)	(812)
At 31 December 2024	–	20,404

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

#### (c) Total cash outflow for leases

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Within operating activities	<b>4,909</b>	4,753
Within financing activities	<b>6,593</b>	6,557
	<b>11,502</b>	11,310

### 32. COMMITMENTS

At the end of the reporting period, the Group did not have any significant capital commitment.

### 33. RELATED PARTY TRANSACTIONS

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

	Notes	<b>2025</b>	2024
		<b>HK\$'000</b>	HK\$'000
Rental payments paid to companies controlled by certain directors of the Company	(i)	<b>969</b>	1,078
Management fees paid to companies controlled by certain directors of the Company	(ii)	<b>3</b>	5
Interior decoration and renovation service income received from companies controlled by certain directors of the Company	(iii)	<b>302</b>	4,394
Sales of furniture to companies controlled by certain directors of the Company	(iv)	–	67
Sales of apparels controlled by certain directors of the Company	(v)	<b>731</b>	–
IT technical service fees paid to companies controlled by certain directors of the Company	(vi)	<b>18</b>	21
Consulting service fee income	(vii)	–	6,000

Notes:

- (i) The rental payments were charged according to the rental agreements which were based on the prevailing open market rentals.
- (ii) The management fees were charged according to the management service agreements signed between the parties and by reference to the cost of services provided.

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 33. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (continued)

Notes: (continued)

- (iii) The interior decoration and renovation service fees were charged according to the prices mutually agreed by the parties and were either at market rates or at rates no less favourable to the Company than such rates offered to any other independent third party.
- (iv) The sales of furniture were charged according to the prices mutually agreed by the parties.
- (v) The sales of apparels were charged according to the prices mutually agreed by the parties.
- (vi) The IT technical service fees were charged according to the costs mutually agreed by the parties based on the prevailing market conditions for comparable IT services.
- (vii) The consulting service fees were charged according to the consulting service agreement signed between the parties based on the prevailing market conditions for comparable consulting services.

(b) Outstanding balances with related parties:

The Group had outstanding receivables from and payable to related companies of HK\$8,208,000 (2024: HK\$12,147,000) and HK\$251,000 (2024: HK\$8,500,000), respectively, as at the end of the reporting period. The balances with related companies are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Group:

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Short term employee benefits	<b>2,602</b>	2,574
Post-employment benefits	<b>111</b>	105
<b>Total compensation paid to key management personnel</b>	<b>2,713</b>	2,679

Further details of directors' emoluments are included in note 8 to the financial statements.

The related party transactions in respect of items (a)(i), (a)(ii), (a)(iii), (a)(iv), (a)(v), (a)(vi) and (a)(vii) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 34. 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

	Debt investments at amortised cost HK\$'000	Financial assets at amortised cost HK\$'000	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Total HK\$'000
Debt investments at amortised cost	8,441	-	-	-	8,441
Financial assets at fair value through other comprehensive income	-	-	2,044,017	-	2,044,017
Financial assets at fair value through profit or loss	-	-	-	12,029	12,029
Trade receivables	-	68,658	-	-	68,658
Financial assets included in prepayments, deposits and other receivables	-	67,141	-	-	67,141
Due from related companies	-	8,091	-	-	8,091
Cash and cash equivalents	-	1,204,208	-	-	1,204,208
	8,441	1,348,098	2,044,017	12,029	3,412,585

#### Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade payables	79,174
Financial liabilities included in other payables and accruals	236,324
Lease liabilities	16,910
	332,408

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2024

Financial assets

	Debt investments at amortised cost HK\$'000	Financial assets at amortised cost HK\$'000	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at fair value through profit or loss HK\$'000	Total HK\$'000
Debt investments at amortised cost	39,430	-	-	-	39,430
Financial assets at fair value through other comprehensive income	-	-	1,679,490	-	1,679,490
Financial assets at fair value through profit or loss	-	-	-	51,874	51,874
Trade receivables	-	87,500	-	-	87,500
Financial assets included in prepayments, deposits and other receivables	-	65,575	-	-	65,575
Due from related companies	-	9,090	-	-	9,090
Cash and cash equivalents	-	1,201,518	-	-	1,201,518
	39,430	1,363,683	1,679,490	51,874	3,134,477

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade payables	78,366
Financial liabilities included in other payables and accruals	243,145
Lease liabilities	20,404
	341,915

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
<b>Financial assets</b>				
Debt investments at amortised cost	<b>8,441</b>	39,430	<b>15,460</b>	19,234
Financial assets at fair value through other comprehensive income	<b>2,044,017</b>	1,679,490	<b>2,044,017</b>	1,679,490
Financial assets at fair value through profit or loss	<b>12,029</b>	51,874	<b>12,029</b>	51,874

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

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 methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices.

The Group invests in unlisted investments, which represent wealth management products issued by banks in the Chinese mainland. The Group has estimated the fair value of these unlisted investments by reference to that of the issuing banks.

The fair value of structured deposit was based on the market values provided by the bank at the end of the reporting period. It is estimated with the reference to the expected return of the underlying assets.

The fair value of unlisted equity investment designated at fair value through other comprehensive income has been estimated using a market-based valuation technique discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to invested capital ("EV/ Invested Capital") multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by invested capital. The multiple is then discounted for considerations such as illiquidity between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding invested capital of the unlisted equity investment to measure the fair value. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

For the fair value of the unlisted equity investment at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of the significant unobservable input to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

	<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Value of input</b>	<b>Sensitivity of fair value to the input</b>
Unlisted equity investment	Market approach	Median EV/Invested Capital	2025: 2.2 (2024: 1.2)	0.1 (2024: 0.1) increase/decrease in multiple would result in increase/decrease in fair value by HK\$48,000 (2024: HK\$70,000)
		Discount for lack of marketability	2025: 15.6% (2024: 15.6%)	1.0% (2024: 1.0%) increase/decrease in multiple would result in decrease/increase in fair value by HK\$49,000 (2024: HK\$40,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### 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 other comprehensive income:				
Listed equity investments	2,039,439	–	–	2,039,439
Unlisted equity investment	–	–	4,578	4,578
Financial assets at fair value through profit or loss:				
Listed equity investment	786	–	–	786
Unlisted investments	–	11,243	–	11,243
	<b>2,040,225</b>	<b>11,243</b>	<b>4,578</b>	<b>2,056,046</b>

#### 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 other comprehensive income:				
Listed equity investments	1,675,887	–	–	1,675,887
Unlisted equity investment	–	–	3,603	3,603
Financial assets at fair value through profit or loss:				
Listed equity investment	638	–	–	638
Unlisted investments	–	29,924	–	29,924
Structured deposit	–	21,312	–	21,312
	<b>1,676,525</b>	<b>51,236</b>	<b>3,603</b>	<b>1,731,364</b>

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

**Fair value hierarchy** (continued)

**Assets measured at fair value:** (continued)

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

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Financial assets at fair value through other comprehensive income		
At 1 January	<b>3,603</b>	7,630
Capital reduction	–	(4,348)
Gain recognised in other comprehensive income	<b>797</b>	399
Exchange realignment	<b>178</b>	(78)
At 31 December	<b>4,578</b>	3,603

**Liabilities measured at fair value:**

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 and 2024.

**Assets for which fair values are disclosed:**

**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	
Debt investments at amortised cost	<b>15,460</b>	–	–	<b>15,460</b>

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	
Debt investments at amortised cost	19,234	–	–	19,234

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise financial assets at amortised cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, bank borrowings, and cash and cash equivalents. The main purpose of these financial instruments is to earn investment income and raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

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

### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and cash equivalents.

Cash at banks earns interest at floating rates based on daily bank deposit rates. A 50-basis point increase/increase in interest rates at 31 December 2025 and 2024 would have increased the Group's profit before tax by HK\$1,545,000 and HK\$1,372,000, respectively. The sensitivity to the interest rate used is considered reasonable, with all other variables held constant.

### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales and purchases by operating units in currencies other than the units' functional currencies, mostly in United States dollars ("USD") and RMB. In addition, the Group has currency exposures from its debt investments at amortised cost, financial assets at fair value through other comprehensive income and bank deposits, mostly in USD and RMB.

As the Hong Kong dollar is pegged to the United States dollar, the Group does not anticipate significant movements in the exchange rate. The Group monitors the foreign exchange rate risk on an ongoing basis.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of unlisted equity investment).

	Increase/ (decrease) in RMB rate %	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
<b>2025</b>			
If the Hong Kong dollar weakens against the RMB	<b>1.0</b>	<b>26</b>	<b>38</b>
If the Hong Kong dollar strengthens against the RMB	<b>(1.0)</b>	<b>(26)</b>	<b>(38)</b>
<b>2024</b>			
If the Hong Kong dollar weakens against the RMB	1.0	96	36
If the Hong Kong dollar strengthens against the RMB	(1.0)	(96)	(36)

\* Excluding retained profits

#### Credit risk

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

#### Maximum exposure and year-end staging

The table below shows 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 net carrying amounts for financial assets.

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

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 amortised cost					
– Doubtful**	–	–	8,441	–	8,441
Contract assets*	–	–	–	14,301	14,301
Trade receivables*	–	–	–	68,658	68,658
Financial assets included in prepayments, deposits and other receivables					
– Normal**	67,141	–	–	–	67,141
Due from related companies	8,091	–	–	–	8,091
Cash and cash equivalents					
– Not yet past due	1,204,208	–	–	–	1,204,208
	<b>1,279,440</b>	<b>–</b>	<b>8,441</b>	<b>82,959</b>	<b>1,370,840</b>

As at 31 December 2024

	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 amortised cost					
– Doubtful**	–	–	39,430	–	39,430
Contract assets*	–	–	–	7,727	7,727
Trade receivables*	–	–	–	87,500	87,500
Financial assets included in prepayments, deposits and other receivables					
– Normal**	65,575	–	–	–	65,575
Due from related companies	9,090	–	–	–	9,090
Cash and cash equivalents					
– Not yet past due	1,201,518	–	–	–	1,201,518
	<b>1,276,183</b>	<b>–</b>	<b>39,430</b>	<b>95,227</b>	<b>1,410,840</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Credit risk (continued)

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

\* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 18 and 20 to the financial statements, respectively.

\*\* The credit quality of the financial assets included in debt investments at amortised cost and prepayments, deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

The closing loss allowances for debt investments at amortised cost, trade receivables, contract assets, financial assets included in prepayments, deposits and other receivables, and due from related companies as at 31 December are reconciled to the opening loss allowances as follows:

	Debt investments at amortised cost HK\$'000	Trade receivables HK\$'000	Contract assets HK\$'000	Financial assets included in prepayments, deposits and other receivables HK\$'000	Due from related companies HK\$'000
At 1 January 2024	254,894	23,013	580	9,657	126
Impairment loss/(reversal of impairment loss), net	174,689	(10,676)	(425)	20,638	53
Exchange realignment	-	(242)	(3)	(14)	(2)
At 31 December 2024 and 1 January 2025	<b>429,583</b>	<b>12,095</b>	<b>152</b>	<b>30,281</b>	<b>177</b>
Impairment loss/(reversal of impairment loss), net	<b>30,736</b>	<b>5,735</b>	<b>314</b>	<b>(463)</b>	<b>(63)</b>
Exchange realignment	<b>(2,754)</b>	<b>604</b>	<b>14</b>	<b>(172)</b>	<b>3</b>
At 31 December 2025	<b>457,565</b>	<b>18,434</b>	<b>480</b>	<b>29,646</b>	<b>117</b>

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and interest-bearing borrowings. The Group's policy is to match the maturity of borrowings with expected cash inflows from the relevant assets acquired to ensure proper funding.

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

	2025			Total HK\$'000
	On demand or within 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	
Trade payables	79,174	–	–	79,174
Financial liabilities included in other payables and accruals	236,324	–	–	236,324
Lease liabilities	6,342	11,404	–	17,746
	<b>321,840</b>	<b>11,404</b>	<b>–</b>	<b>333,244</b>
	2024			
	On demand or within 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
Trade payables	78,366	–	–	78,366
Financial liabilities included in other payables and accruals	243,145	–	–	243,145
Lease liabilities	7,076	14,621	–	21,697
	328,587	14,621	–	343,208

# NOTES TO FINANCIAL STATEMENTS

31 December 2025

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. As at 31 December 2025 and 2024, the Group was exposed to equity price risk arising from individual equity investments at fair value through other comprehensive income (note 16) and equity investment at fair value through profit or loss (note 22). The Group's listed equity investments are listed on the Hong Kong Stock Exchange and are valued at quoted market prices as at 31 December 2025 and 2024.

### Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, raise and repay debts or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is total bank borrowings divided by the total shareholders' equity plus total borrowings. Total borrowings include interest-bearing bank borrowings. Total shareholders' equity comprises all components of equity attributable to ordinary equity holders of the Company. The Group's policy is to maintain the gearing ratio at a reasonable level. The gearing ratios as at the end of the reporting periods were as follows:

	2025 HK\$'000	2024 HK\$'000
Interest-bearing bank borrowings	–	–
Total shareholders' equity	<b>2,987,069</b>	2,750,789
Borrowings and total shareholders' equity	<b>2,987,069</b>	2,750,789
Gearing ratio	<b>N/A</b>	N/A

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

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

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

	2025 HK\$'000	2024 HK\$'000
<b>NON-CURRENT ASSET</b>		
Investment in a subsidiary	377,717	377,717
<b>CURRENT ASSETS</b>		
Due from a subsidiary	1,172,699	480,497
Other receivables	2	1,760
Cash and cash equivalents	12,882	838,396
Total current assets	1,185,583	1,320,653
<b>CURRENT LIABILITIES</b>		
Other payables	304	11,399
<b>NET CURRENT ASSETS</b>	1,185,279	1,309,254
Net assets	1,562,996	1,686,971
<b>EQUITY</b>		
Issued capital	150,000	151,024
Treasury shares	–	(6,340)
Reserves (note)	1,412,996	1,542,287
Total equity	1,562,996	1,686,971

## NOTES TO FINANCIAL STATEMENTS

31 December 2025

### 37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

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

	Share premium account HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2024	735,143	377,567	562,408	1,675,118
Total comprehensive income for the year	–	–	9,825	9,825
Cancellation of shares repurchased	(9,574)	–	–	(9,574)
Final 2023 dividend	–	–	(72,685)	(72,685)
Interim 2024 dividend	–	–	(60,397)	(60,397)
At 31 December 2024 and 1 January 2025	<b>725,569</b>	<b>377,567</b>	<b>439,151</b>	<b>1,542,287</b>
Total comprehensive income for the year	–	–	<b>28,570</b>	<b>28,570</b>
Cancellation of shares repurchased	<b>(10,766)</b>	–	–	<b>(10,766)</b>
Final 2024 dividend	–	–	<b>(87,069)</b>	<b>(87,069)</b>
Interim 2025 dividend	–	–	<b>(60,026)</b>	<b>(60,026)</b>
At 31 December 2025	<b>714,803</b>	<b>377,567</b>	<b>320,626</b>	<b>1,412,996</b>

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda, the contributed surplus is distributable to shareholders under certain circumstances.

### 38. APPROVAL OF THE FINANCIAL STATEMENTS

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

## FINANCIAL SUMMARY

A summary of the results of the Group for the last five financial years, as extracted from the published audited financial statements is set out below.

	<b>Year ended 31 December</b>				
	<b>2025</b> HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
REVENUE	<b>976,676</b>	910,170	821,237	1,060,681	997,841
Profit before tax	<b>104,525</b>	101,776	51,850	44,565	49,574
Income tax (expense)/credit	<b>(20,717)</b>	(28,125)	(7,559)	929	(6,413)
Profit for the year	<b>83,808</b>	73,651	44,291	45,494	43,161
Attributable to:					
Ordinary equity holders of the Company	<b>75,176</b>	61,380	43,610	39,229	36,996
Non-controlling interests	<b>8,632</b>	12,271	681	6,265	6,165
	<b>83,808</b>	73,651	44,291	45,494	43,161

A summary of the 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.

	<b>As at 31 December</b>				
	<b>2025</b> HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
TOTAL ASSETS	<b>3,746,324</b>	3,563,438	3,052,595	3,117,529	3,297,152
TOTAL LIABILITIES	<b>(733,156)</b>	(800,014)	(675,186)	(687,916)	(806,890)
NON-CONTROLLING INTERESTS	<b>(26,099)</b>	(12,635)	(880)	(792)	(23,435)
	<b>2,987,069</b>	2,750,789	2,376,529	2,428,821	2,466,827



常宏為「華為·呼和浩特體驗店」提供店裝服務  
Changhong provided interior construction services  
to Huawei Experience Shop at Hohhot City