



登輝控股有限公司
Town Ray Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1692



ANNUAL **2025**
REPORT

CONTENTS

2	Corporate Information
3-4	Chairman's Statement
5-13	Management Discussion and Analysis
14-22	Biographical Details of Directors and Senior Management
23-44	Corporate Governance Report
45-59	Report of the Directors
60-64	Independent Auditor's Report
65	Consolidated Statement of Profit or Loss
66	Consolidated Statement of Comprehensive Income
67-68	Consolidated Statement of Financial Position
69	Consolidated Statement of Changes in Equity
70-71	Consolidated Statement of Cash Flows
72-129	Notes to Financial Statements
130	Financial Summary

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Wai Ming (*Chief Executive Officer*)
Mr. Chiu Wai Kwong
Ms. Tang Mei Wah
Dr. Yu Kwok Wai

Non-executive Directors

Dr. Chan Kam Kwong Charles (*Chairman*)
Ms. Cheng Yuk Sim Connie
(also known as Ms. Cheng Yuk Yee Connie)

Independent Non-executive Directors

Mr. Choi Chi Leung Danny
Mr. Chan Shing Jee
Ms. Chan Tak Yi
Ms. Leung Lai Yee Edwina

BOARD COMMITTEES

Audit Committee

Ms. Chan Tak Yi (*Chairperson*)
Mr. Choi Chi Leung Danny
Mr. Chan Shing Jee
Ms. Leung Lai Yee Edwina

Remuneration Committee

Mr. Chan Shing Jee (*Chairperson*)
Mr. Choi Chi Leung Danny
Ms. Chan Tak Yi
Ms. Leung Lai Yee Edwina

Nomination Committee

Mr. Choi Chi Leung Danny (*Chairperson*)
Mr. Chan Shing Jee
Ms. Chan Tak Yi
Ms. Leung Lai Yee Edwina

COMPANY SECRETARY

Mr. Chiu Wai Kwong

AUTHORISED REPRESENTATIVES

Mr. Chan Wai Ming
Mr. Chiu Wai Kwong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Workshop A, 25th Floor
Reason Group Tower
No. 403 Castle Peak Road — Kwai Chung
Kwai Chung
New Territories
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

LEGAL ADVISER

(*As to Hong Kong law*)
ONC Lawyers
19/F, Three Exchange Square
8 Connaught Place
Central
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor under the
Accounting and Financial Reporting Council Ordinance
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

COMPANY'S WEBSITE

www.townray.com

STOCK CODE

1692

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Town Ray Holdings Limited (the “**Company**” or “**Town Ray**”, together with its subsidiaries, collectively, the “**Group**” or “**we**”, “**our**” or “**us**”), I am pleased to present to our valued shareholders (the “**Shareholder(s)**”) the annual report of our Group for the year ended 31 December 2025 (the “**Year**”).

Amid global demand constraints and regional economic challenges, including slowdowns in key European markets and persistent geopolitical tensions, the Group sustained profitability during the Year, underscoring our resilience and strategic agility. The Group experienced a decrease in net profit attributable to owners of the Company for the Year as compared with the year ended 31 December 2024 due to (i) the increase in direct labour costs and direct material costs of the Group; and (ii) the Group's initiatives to optimise our product line-up by offering more competitively priced products to address customer price sensitivity and retain our market share, both leading to a decrease in gross profit and gross profit margin of the Group during the Year.

Throughout the Year, we proactively responded to the challenging situations in the European market. In response to slower customer sales velocity and extended cash flow cycles in Europe, we implemented a flexible small-batch shipment strategy for new customers to align with their needs. While this increased operational complexity and short-term costs, it demonstrated our customer-centric commitment and strengthened new partnerships.

The philosophy of “New Quality Productive Forces” — prioritising high-tech, high-quality, high-efficiency — continued to shape our sustainable development journey in 2025. We advanced our high-tech initiatives by further integrating artificial intelligence (“**AI**”) in product design and development and exploring automation solutions for flexible production models. In pursuit of high quality, we maintained rigorous standards across all operations. Our focus on high efficiency led to major internal upgrades, including the planned implementation of new systems to boost operational efficiency and support data-driven decisions.

Our commitment to our people as our core asset was reflected in a dedicated focus on talent development and organisational rejuvenation. We focused on empowering our team through enhanced training initiatives and strategic talent acquisition, designed to inject fresh perspectives and dynamic energy into our company culture. This intentional renewal of our personnel structure strengthens our foundation for innovation while optimising our long-term operational effectiveness.

Meanwhile, we fortified our financial and operational agility. By proactively enhancing our inventory, receivables and payables management, we significantly improved our working capital efficiency. This strategic optimisation has unlocked substantial capital, providing us with greater financial flexibility and a strengthened resource base to confidently invest in our future growth and strategic ambitions.

Our revenue for the Year was approximately HK\$672.6 million. The gross profit of our Group for the Year was approximately HK\$179.2 million, with a gross profit margin of approximately 26.6%. Profit attributable to equity holders of the Company for the Year was approximately HK\$62.6 million, with a net profit margin approximately of 9.3%. Earnings per share of the Company for the Year amounted to approximately HK17.43 cents (2024: HK29.97 cents).

CHAIRMAN'S STATEMENT

The Group's achievements in 2025 were recognised through several prestigious awards, including the "Quality Achievements Award 2025" by European Society for Quality Research, the "ESG & Sustainability Awards of Excellence 2025" by the Hong Kong Economic Journal, the "14th Junzi Corporation Award" by The Hong Kong Seng University of Hong Kong, and the "Green Leadership Award" at the 2025 Asia Responsible Enterprise Awards by Enterprise Asia. These accolades celebrate our team's unwavering commitment to excellence, sustainable governance, and ethical business practices.

Additionally, the exceptional leadership and strategic vision of our senior management were honoured. Mr. Chan Wai Ming, Chief Executive Officer and executive Director, received the "Climate Governance Award 2025" from The Hong Kong Institute of Directors in recognition of his exemplary leadership in guiding the Group toward climate-resilient and sustainable business operations.

To show our appreciation to our Shareholders for their continuous support, the Board recommended the payment of a final dividend of HK7.5 cents per ordinary share (2024: HK16.1 cents) for the Year.

PROSPECTS

Looking ahead to 2026, we remain cautiously optimistic. Amid a restrained near-term outlook, we are executing a dual-path strategy: strengthening customer relationships in established markets and expanding through targeted diversification into Mainland China and other high-potential Asian regions. Simultaneously, we are preparing to re-enter the United States market when conditions allow.

Product innovation remains a key growth driver. To boost our operational efficiency and cost management, we are actively building an AI-assisted database with our team. We will continue integrating advanced technologies, including 3D simulation, robotic process automation ("**RPA**"), and manufacturing operations management ("**MOM**") system across all operations and product lines. These investments will streamline our workflows, deepen customer engagement, and secure our market leadership through superior, intelligently designed products.

With a robust balance sheet, a clear strategic focus on diversification and innovation, and an energised team, Town Ray is poised to turn the challenges of an evolving landscape into sustainable growth in 2026 and beyond.

APPRECIATION

I would like to take this opportunity to express my deepest gratitude to the Board, the management, and all our staff for their unwavering dedication and commitment throughout the Year. Although 2025 presented its challenges, we sustained profitability. I also extend my sincere appreciation to our customers, business partners, and Shareholders for their steadfast support during the Year. Moving forward, we remain committed to delivering sustainable, long-term value for all our stakeholders and will continue to work diligently toward this objective.

Chan Kam Kwong Charles

Chairman and non-executive Director

Hong Kong, 23 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

The Group is an advanced product developer, industrial designer, manufacturer, and supplier for a broad range of mid-to-high-end electrothermic household appliances to internationally renowned brands in overseas markets, covering over 30 countries and regions, with many of the Group's customers being reputable and well-developed international brands. The Group's electrothermic household products are grouped into two categories, namely (i) garment care appliances, including steam generator irons, garment steamers and steam irons; and (ii) cooking appliances, including coffee machines, steam cooking appliances and other cooking appliances.

BUSINESS REVIEW

The global economic environment of 2025 was marked by uneven regional performance and tempered growth. Specifically, a pronounced and sustained slowdown in several key European economies, a historic cornerstone for the Group, triggered a contraction in consumer spending. This translated directly into reduced end-user demand for the Group's products, leading to slower sales velocity as the Group's customers adopted more conservative inventory management.

The Group's strategic response was to pivot to a customer-centric operational model centred on small-batch shipments for new customers. As part of this effort, the Group offered a competitive unit selling price to help its customers navigate the challenging landscape. This operational pivot was essential to support the Group's partners through a difficult period, solidifying long-term relationships and loyalty. These strategic benefits, however, came with inherent trade-offs: shifting away from large-scale production runs to these small-batch orders increased the per-unit manufacturing costs of the Group, amplified planning and logistical complexity, and strained the Group's supply chain partners.

Geopolitical factors remained a persistent influence, with trade barriers, tariff structures, and regional tensions continuing to impact global supply chain dynamics and market access strategies. The evolving regulatory environment necessitated ongoing vigilance and adaptability in the Group's logistics and sourcing decisions. In light of these multifaceted challenges, the Group intensified its strategic efforts to diversify its geographic footprint and reduce regional dependency. This involved not only deepening the Group's customer engagement with emerging markets in the Middle East and Southeast Asia but also allocating dedicated resources to systematically explore and penetrate Mainland China's vast domestic market. These regions present distinct consumer preferences and distribution landscapes, requiring tailored approaches to capture growth potential and build a more resilient, balanced revenue base for the Group.

Financially, the Group maintained stable operations and a reasonable cash flow position throughout the Year, a testament to disciplined financial management. The strategic focus of the Group for the Year was mainly on aggressive working capital optimisation. The Group implemented stringent controls and process improvements to enhance inventory turnover, accelerate accounts receivable collection, and strategically manage accounts payable. Internally, the Group laid crucial groundwork for organisational rejuvenation, initiating plans to refresh its talent structure to inject new vitality and optimise long-term cost efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

In 2026, it is expected that the external business environment will become increasingly complicated. Early indicators suggest tentative signs of intensified geopolitical and inflationary pressures, which could further undermine consumer and business confidence in the Group's key markets. In response, the Group's corporate strategy remains firmly anchored on two complementary pillars: proactive market diversification and relentless, product-led innovation. The Group believes this dual approach is essential to navigating uncertainty and capturing stable growth in recovering segments.

A key operational and marketing milestone for the coming year will be the full-scale launch of the 4th generation fully automatic coffee machines, featuring a new brewing system engineered for superior flavour extraction. To fundamentally bolster the design capabilities and improve cost-effectiveness, the Group is pioneering the use of AI-assisted design tools. This strategic initiative involves the meticulous development of a proprietary, rich design database that will serve as a foundational resource.

Operational excellence remains a critical priority. The Group continues to deepen the integration of advanced technologies across our entire value chain. This includes expanding the use of MOM system for real-time production oversight, deploying RPA to improve back-office efficiency, utilising 3D simulation for rapid, cost-effective product prototyping, and embedding AI not only in design but also in predictive analytics for customer interactions and supply chain optimisation. These technologies are specifically selected to enhance the agility of flexible manufacturing processes of the Group, improve the precision of product design validation, personalise customer engagement, and ultimately aim to drive sustained operational efficiency and enhanced product quality.

The financial objective for 2026 of the Group is to generate stable operating cash flow. This stable internal cash generation is deemed essential to fund its strategic initiatives in technology, market expansion, and product development without over-reliance on external financing, thereby ensuring sustainable and self-funded growth. By leveraging the core expertise of the Group in electrothermic household applications, pursuing disciplined strategic diversification, and relentlessly innovating across products and processes, the Group is strategically poised to navigate upcoming challenges, capitalise on emerging opportunities as they arise, and deliver enduring, sustainable value to its customers and Shareholders alike. The Group will maintain an agile posture, ready to adapt its tactics while staying true to its long-term strategic vision.

FINANCIAL REVIEW

Revenue

The total revenue of the Group decreased by approximately HK\$31.0 million or approximately 4.4% from approximately HK\$703.6 million for the year ended 31 December 2024 to approximately HK\$672.6 million for the year ended 31 December 2025. Such a decrease was mainly attributable to the decrease in the sales of garment care appliances and cooking appliances during the Year.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by approximately HK\$52.5 million or approximately 22.7% from approximately HK\$231.7 million for the year ended 31 December 2024 to approximately HK\$179.2 million for the year ended 31 December 2025. The gross profit margin of the Group decreased by approximately 6.3 percentage points from approximately 32.9% for the year ended 31 December 2024 to approximately 26.6% for the year ended 31 December 2025. The decrease in gross profit and gross profit margin was mainly attributable to (i) the increase in direct labour costs and direct material costs of the Group; and (ii) the Group's initiatives to optimise its product line-up by offering products at lower gross profit margins to better suit consumer demand, during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and Gain, Net

Other income and gain, net of the Group decreased by approximately HK\$10.8 million from approximately HK\$18.7 million for the year ended 31 December 2024 to approximately HK\$7.9 million for the year ended 31 December 2025. Such a decrease was mainly due to the following factors: (i) the decrease in exchange gain of approximately HK\$5.1 million; (ii) the decrease in consultancy income of approximately HK\$4.1 million; and (iii) the decrease in bank interest income of approximately HK\$2.5 million, resulted from the combined effect of lower deposit interest rates and the decrease in bank deposits. However, such a decrease was partially offset by the increase in the receipt of government subsidies of approximately HK\$0.8 million during the Year.

Selling and Distribution Expenses

Selling and distribution expenses of the Group increased by approximately HK\$0.3 million from approximately HK\$15.6 million for the year ended 31 December 2024 to approximately HK\$15.9 million for the year ended 31 December 2025. Such an increase was mainly due to the following factors: (i) the increase in export credit insurance premiums of approximately HK\$0.7 million; and (ii) the increase in commissions paid for referrals of sales of approximately HK\$0.1 million, during the Year. This increase was partially offset by: (i) the decrease in staff costs of approximately HK\$0.3 million; and (ii) the decrease in advertising and promotion expenses of approximately HK\$0.2 million due to the absence of advertising and promotion fees payable to an independent service provider during the Year while such fee was recorded for the year ended 31 December 2024.

General and Administrative Expenses

General and administrative expenses of the Group decreased by approximately HK\$4.2 million from approximately HK\$98.8 million for the year ended 31 December 2024 to approximately HK\$94.6 million for the year ended 31 December 2025. Despite the increases in the depreciation on right-of-use assets of approximately HK\$1.1 million and employee benefit expenses (including Directors' remuneration) of approximately HK\$0.7 million during the Year, the Group effectively controlled other general and administrative expenses. Key reductions included (i) legal and professional fees of approximately HK\$1.4 million; (ii) staff welfare expenses of approximately HK\$1.3 million; (iii) other fees of approximately HK\$0.7 million; (iv) travelling expenses of approximately HK\$0.6 million; (v) audit fees of approximately HK\$0.6 million; (vi) office expenses of approximately HK\$0.6 million; (vii) entertainment expenses of approximately HK\$0.3 million; (viii) motor vehicle expenses of approximately HK\$0.2 million; and (ix) charitable donations of approximately HK\$0.2 million, during the Year.

Other Expenses, Net

Other expenses, net of the Group shifted from a net expense of approximately HK\$3.3 million for the year ended 31 December 2024 to a net income of approximately HK\$1.5 million for the year ended 31 December 2025. Such a shift of approximately HK\$4.8 million was mainly due to the reversal of impairment of trade receivables, net during the Year.

Finance Costs

Finance costs of the Group increased by approximately HK\$0.7 million from approximately HK\$2.3 million for the year ended 31 December 2024 to approximately HK\$3.0 million for the year ended 31 December 2025. Such an increase was due to the increase in approximately HK\$0.8 million in interest expense on lease liabilities, which was partially offset by the decrease in interest expense on bank loans for operations of approximately HK\$0.1 million during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expense

With the profit before tax of the Group decreased by approximately HK\$55.3 million from approximately HK\$130.4 million for the year ended 31 December 2024 to approximately HK\$75.1 million for the year ended 31 December 2025, the income tax expense of the Group decreased by approximately HK\$10.2 million from approximately HK\$22.8 million for the year ended 31 December 2024 to approximately HK\$12.6 million for the year ended 31 December 2025. The effective tax rates of the Group for the years ended 31 December 2024 and 2025 were approximately 17.5% and 16.7%, respectively, representing a decrease of approximately 0.8 percentage point during the Year.

Net Profit

As a result of the foregoing, the net profit of the Group decreased by approximately HK\$45.0 million or approximately 41.8% from approximately HK\$107.6 million for the year ended 31 December 2024 to approximately HK\$62.6 million for the year ended 31 December 2025. The net profit margin of the Group for the years ended 31 December 2024 and 2025 were approximately 15.3% and 9.3%, respectively, representing a decrease of approximately 6.0 percentage points during the Year. Such a decrease was mainly attributable to the decrease in gross profit during the Year as elaborated above.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

CAPITAL COMMITMENTS

As at 31 December 2025, the Group has capital commitments in respect of purchases of property, plant and equipment, which had been contracted but not provided for in the consolidated financial statements, in the total amount of approximately HK\$4.4 million (2024: approximately HK\$6.5 million), of which approximately HK\$0.7 million will be settled through the net proceeds (the “**Net Proceeds**”) raised from the share offer (the “**Share Offer**”) of the Company for the listing (the “**Listing**”) of its shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in 2019 and the remaining balance to be settled through internal resources of the Group. Save as disclosed above, the Group did not have other capital commitments for the Year.

CONTINGENT LIABILITIES

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

FOREIGN EXCHANGE EXPOSURE

The Group undertakes certain transactions denominated in foreign currencies, mainly U.S. dollar (“**USD**”) and Renminbi (“**RMB**”). Hence, exposure to exchange rate fluctuations arises. The Group did not engage in foreign currency hedging during the Year as the exposure to exchange rate fluctuations is insignificant. During the Year, the Group did not have any financial instruments for hedging purposes or any foreign currency investments which were hedged by currency borrowings and other hedging instruments. However, the management monitors foreign exchange exposure closely to keep the net exposure at an acceptable level.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Except for the commitments in note 27 to the consolidated financial statements and the paragraph headed “Capital Commitments” above in this annual report, the Group did not have any other plans for material investments and capital assets as at 31 December 2025 and up to the date of this annual report.

GEARING RATIO

As at 31 December 2025, the gearing ratio of the Group (calculated by the total of interest-bearing bank borrowings divided by total equity) was approximately 7.7% (2024: approximately 11.3%). Such a decrease was mainly due to the decrease in interest-bearing bank borrowings of the Group during the Year.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group operates a conservative set of funding and treasury policies to preserve the value of the Group’s assets and ensure that no unnecessary risk is taken with respect to the Group’s assets. No financial instrument other than cash and bank deposits were held by the Group during the Year.

The Group has principally funded the liquidity and capital requirements through capital contributions from the Shareholders, bank borrowings and net cash generated from operating activities. As at 31 December 2025, the Group had cash and cash equivalents of approximately HK\$103.6 million (2024: approximately HK\$75.9 million). Most of the Group’s cash and cash equivalents were denominated in USD and RMB. As at 31 December 2025, the current ratio of the Group was approximately 2.0 times (2024: approximately 2.0 times). The financial resources presently available to the Group include cash and cash equivalents, bank borrowings and the Net Proceeds. The Directors are of the view that the Group has sufficient working capital for its future requirements. There was no change in the capital structure of the Group during the Year. During the Year, the Group did not hold or sell any treasury shares.

DEBTS AND CHARGES ON ASSETS

The total interest-bearing bank borrowings of the Group amounted to approximately HK\$26.3 million as at 31 December 2025 (2024: approximately HK\$40.0 million). As at 31 December 2025, the Group had pledged deposits of approximately HK\$0.1 million (2024: approximately HK\$0.8 million) in support of the issue of four letters of credit by a bank and there was a mortgage loan of approximately HK\$16.0 million (2024: approximately HK\$18.0 million) secured by a property of the Group, which had a carrying value of approximately HK\$44.1 million (2024: approximately HK\$46.1 million). Other than the above, there were no charges made or subsisting on the assets of the Group as at 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

The maturity profile of the bank borrowings of the Group as at each respective year end (ignoring the effect of any repayment on demand clause) was as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	11,725	24,429
In the second year	1,515	2,487
In the third to fifth years, inclusive	4,876	7,462
Beyond five years	8,177	5,597
Total	26,293	39,975

All bank borrowings made by the Group were denominated in Hong Kong dollar and a term loan of the Group was subject to repayment on demand clause. None of the bank borrowings were at a fixed interest rate. As at 31 December 2025, all bank borrowings of the Group were at floating interest rates with reference to the Hong Kong Interbank Offered Rate (HIBOR).

PRINCIPAL RISKS AND UNCERTAINTIES

The followings are some principal risks and uncertainties faced by the Group, which may materially and adversely affect its business, financial condition or results of operations:

- (i) The Group's business and operations may be seriously affected by the outbreak of an epidemic or other public health incidents, which may cause lockdown, travel restrictions and suspension of work in the People's Republic of China (the "PRC"), Hong Kong or elsewhere;
- (ii) There has been ongoing military conflicts between Russia and Ukraine and in the Middle East region, which may affect the European, the Middle East or even the global supply chain and logistics, consumers' sentiment and demand, raw materials and production prices, interest rates and inflation rates. Such ongoing conflicts may cause a negative impact on the sales and performance of the Group;
- (iii) The Group's sales are subject to changes in consumer preferences and other macroeconomic factors that affect consumer spending patterns. If the Group fails to design and develop products with acceptable quality, or falls behind its competitors in improving its product quality or product variety, the Group's operating results and financial condition may be adversely affected;
- (iv) The Group relies on a few major customers and its performance will be materially and adversely affected if the Group's relationship with any one of them deteriorates;
- (v) The Group's business and financial position may be adversely affected if it is not able to continue servicing the European market effectively or if there is any adverse change in the macroeconomic situation or economic downturn in Europe;
- (vi) The Group's results of operations could be adversely affected if it fails to keep pace with customer demands and preferences on product design, research and development and manufacturing of its products; and
- (vii) The Group may not be successful in the development of new initiatives or improvement in the quality of its existing products.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS HELD

Except for the Company's investment in various subsidiaries, the Company did not hold any significant investments as at 31 December 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had a total of 1,011 full-time employees (2024: 1,075). The Group has adopted its human resources policies and procedures to determine individual remuneration with reference to factors such as qualifications, experience, performance, merits, responsibilities of each individual, market conditions, etc. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, staff are also entitled to other staff benefits such as continuing education subsidies, provident fund contributions, medical insurance coverage, annual leave, discretionary bonus and share options which may be granted under the share option scheme (the **"Share Option Scheme"**) adopted by the Company at the annual general meeting held on 25 May 2023 (the **"Adoption Date"**). The Group also provides induction and other on-the-job training to employees on a regular basis. The total staff costs (excluding Directors' remuneration) incurred by the Group during the Year were approximately HK\$125.9 million (2024: approximately HK\$116.6 million).

ENVIRONMENTAL POLICIES AND PERFORMANCE

As the production of the Group mainly takes place in the PRC, the Group's business is subject to the relevant PRC national and local environmental laws and regulations, such as the Environmental Protection Law of the PRC. These laws and regulations govern a broad range of environmental matters, including discharge of wastewater and disposal of hazardous wastes. The relevant laws and regulations include "Environmental Protection Law of the PRC" (《中華人民共和國環境保護法》), "Law of the PRC on the Prevention and Control of Atmospheric Pollution" (《中華人民共和國大氣污染防治法》), and "Water Pollution Prevention and Control Law of the PRC" (《中華人民共和國水污染防治法》), etc. For details of the environmental protection laws and regulations applicable to the Group, please refer to the section headed "Regulatory Overview" in the prospectus (the **"Prospectus"**) of the Company dated 15 October 2019.

The Group follows the latest national and regional environmental protection laws and regulations, thereby minimising the impact on the environment, implementing different measures to optimise the workplace environment, and continuing to address environmental issues in relation to global warming, pollution, and biodiversity.

During the Year, the Group strictly complied with relevant laws and regulations relating to air pollutants and greenhouse gas emissions, discharge into water and land, and generation of hazardous and non-hazardous wastes. During the Year, the Group is not subject to any material environmental claims, lawsuits, penalties, administrative or disciplinary actions.

For further information in relation to the environmental policies of the Group, please refer to the environmental, social and governance report of the Company for the Year, which is published by the Company according to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the **"Listing Rules"**), together with this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year and up to the date of this annual report, the Group has complied with all the relevant laws and regulations in Hong Kong and the PRC in all material respects.

The Company has adopted the code provisions (the “**Code Provision(s)**”) set out in the Corporate Governance Code (the “**CG Code**”) in Appendix C1 to the Listing Rules as its own code of corporate governance.

In the opinion of the Directors, the Company has complied with all the applicable principles and Code Provisions set out in the CG Code during the Year and up to the date of this annual report. For further information in respect of the corporate governance of the Group during the Year, please refer to the section headed “Corporate Governance Report” in this annual report.

DIVIDEND

The Directors resolved to recommend the payment of a final dividend of HK7.5 cents per ordinary share for the year ended 31 December 2025 (2024: HK16.1 cents). Payment of the final dividend is subject to the Shareholders’ approval at the annual general meeting of the Company scheduled to be held on Wednesday, 27 May 2026 (the “**2026 AGM**”).

KEY RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

During the Year, the Group has maintained good relationships with its customers, suppliers and employees. The Group will continue to ensure effective communication and maintain good relationships with them.

Customers

The Group has established long-term relationships with its major customers who are reputable and internationally-recognised brand companies headquartered in Europe. The Group has built up a strong presence in the electrothermic household appliances manufacturing industry and established good and close business relationships with its major customers. With the long-term cooperation with such internationally-recognised brand companies, the Group has developed its capabilities with reference to international standards in terms of safety and quality assurance on electrothermic household appliances worldwide.

Suppliers

The Group sources electrical parts, plastic raw materials and parts, metal raw materials and parts, power cords and lead wires, and electronic parts from its approved suppliers or suppliers designated by its customers. Given the well-established business relationships with its suppliers, the Group is able to secure a stable supply of safe and high quality raw materials with competitive procurement price.

Employees

The Group recognises employees as valuable assets of the Group. The Group intends to adopt competitive remuneration and high standard welfare benefits policy, and offer continuous professional training to attract and retain appropriate and suitable talents to serve the Group.

During the Year, there was no material dispute between the Group and its customers, suppliers and employees, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE SHARE OFFER

The Net Proceeds from the issue of 100,000,000 new ordinary shares of the Company at HK\$1.30 each by way of the Share Offer received by the Company in relation to the Listing of its shares on the Stock Exchange on 25 October 2019 (the “**Listing Date**”) were approximately HK\$90.7 million, after deducting the underwriting fees and related expenses. From the Listing Date to 31 December 2024, the Company utilised approximately HK\$86.6 million of the Net Proceeds. The amount of unutilised Net Proceeds brought forward to the beginning of the Year was approximately HK\$4.1 million. Below table sets out the status of application of the Net Proceeds during the Year:

	Total planned use of Net Proceeds HK\$ million	Actual use of Net Proceeds from the Listing Date to 31 December 2025 HK\$ million	Net Proceeds utilised during the Year HK\$ million	Remaining balance of Net Proceeds as at 31 December 2025 HK\$ million	Expected timeline for the intended use
(A) Upgrading production facilities and enhancing production capacity	50.4	50.4	–	–	–
(B) Strengthening product design and development capabilities and increasing product offerings	31.6	31.6	2.8	–	–
(C) Strengthening customer base	3.0	3.0	–	–	–
(D) Upgrading information technology systems	5.7	4.9	0.5	0.8	By June 2026
Total	90.7	89.9	3.3	0.8	

From the Listing Date to 31 December 2025, the Company utilised approximately HK\$89.9 million of the Net Proceeds and the unutilised Net Proceeds as at 31 December 2025 amounted to approximately HK\$0.8 million. The Company has used the Net Proceeds and intends to use the remaining balance of the Net Proceeds in accordance with the proposed application set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chan Wai Ming (陳偉明先生) (“Mr. Chan”), aged 57, was appointed as a Director on 28 September 2017 and was re-designated as an executive Director on 28 February 2019. He also serves as the Chief Executive Officer of our Group. He is primarily responsible for the overall administration management and formulation of business strategies of our Group. He is also a director of Town Ray Investments (BVI) Limited, Town Ray Development Limited, Town Ray Enterprises Limited, Town Ray Hong Kong Limited, Tunbow Group Limited and Town Ray Electrical (Huizhou) Limited.

Mr. Chan has over 28 years of experience in accounting. He was a staff accountant at Ernst & Young, certified public accountant in Hong Kong, from October 1997 to January 2000. He was an accountant from February 2000 to December 2000 and the chief accountant from January 2001 to March 2002 of China Sci-Tech Holdings Limited (currently known as CST Group Limited) (stock code: 985), a company listed on the Stock Exchange from February 1994 to December 2023, respectively. He was also the financial controller of Full Apex (Holdings) Limited, a company listed on the Singapore Exchange Limited, from March 2002 to September 2004. He worked as the financial controller of Tunbow Industries Limited from August 2004 to December 2004 and Tunbow Electrical Limited from January 2005 to April 2016. Mr. Chan joined Tunbow Group Limited as the corporate finance and business development officer in May 2016.

Mr. Chan graduated from the University of Hawaii, Honolulu in December 1995 with a bachelor's degree in business administration with a major in accounting. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 1999. He also became a certified public accountant of the Washington State Board of Accountancy in April 1998 and is currently an inactive certified public accountant. Mr. Chan was awarded an associateship (electrical appliance industry) of The Professional Validation Council of Hong Kong Industries since November 2012. He was awarded as ESG certified professional by the Chamber of Hong Kong Listed Companies in March 2025. He is currently a member of the American Institute of Certified Public Accountants.

Further, since November 2021, Mr. Chan has been appointed as a committee member of the 9th Chinese People's Political Consultative Conference of Huizhou City Huicheng District (中國人民政治協商會議惠州市惠城區委員會). Mr. Chan had been appointed as a vice president of the 6th council, an executive vice president of the 7th to 9th council and has been the chairman of the 10th council of the Huizhou City Huicheng District Foreign Investment Enterprise Association (惠州市惠城區外商投資企業協會) from November 2015, November 2016 and December 2025, respectively. He has been the vice president of the 6th to 8th council of the Huizhou City Foreign Investment Enterprise Association (惠州市外商投資企業協會) since July 2015. He was an executive vice president of the management committee of the 1st to 2nd council, the chairman of the 3rd council and has been the honorary chairman of the 4th council of the Huizhou Ganghui Love Foundation (惠州市港惠愛心基金會) from March 2016 to December 2022, from December 2022 to December 2025, and since December 2025, respectively. Since May 2025, he has been the executive vice chairman and treasurer of the 2nd council of The Association of Huicheng District (Hong Kong) of Huizhou City (惠州市惠城區(香港)聯誼會). He has been an executive committee member and has been an executive vice president of the Huizhou Division of the Federation of Hong Kong Industries of Pearl River Delta Council (香港工業總會珠三角工業協會惠州分部) since September 2015 and September 2021, respectively. Since December 2019, he has been appointed as a committee member of the 7th council of the Guangdong Association of Enterprises with Foreign Investment (廣東外商投資企業協會). Since April 2021, he had been a committee member of the Guang Dong Household Electrical Appliances Trade Association (廣東省家用電器行業協會). Since September 2025, Mr. Chan has been a fellow of The Hong Kong Institute of Directors. In March 2025, Mr. Chan was honoured as an Outstanding Member (優秀政協委員) of the Chinese People's Political Consultative Conference of Huizhou City Huicheng District. In November 2024 and November 2025, Mr. Chan was awarded the “Directors of the Year Awards 2024” and “Climate Governance Award 2025”, respectively, by The Hong Kong Institute of Directors.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chiu Wai Kwong (趙維光先生) (“Mr. Chiu”), aged 61, was appointed as a Director on 28 September 2017 and was re-designated as an executive Director on 28 February 2019. He is the company secretary of our Company and also serves as the finance director of our Group. He is primarily responsible for the overall financial management, investment operation and budgeting of our Group. He is also a director of Town Ray Investments (BVI) Limited, Town Ray Development Limited, Town Ray Enterprises Limited, Town Ray Hong Kong Limited, Tunbow Group Limited and Town Ray Electrical (Huizhou) Limited.

Mr. Chiu has over 38 years of experience in accounting and finance. He worked at the Inland Revenue Department as an assistant assessor from June 1987 to July 1991. He was the financial controller of Oceania Brothers Manufacturing Co., Ltd from August 1991 to November 1997. He worked at Tunbow Industries Limited as the financial controller from January 1998 to December 2004 and Tunbow Electrical Limited as the finance director from January 2005 to March 2009. He joined Tunbow Group Limited as a director in November 2007 and as the finance director in April 2009.

Mr. Chiu graduated from the University of Hong Kong in November 1987 with a bachelor’s degree of social sciences. He has been a fellow of the Association of Chartered Certified Accountants (formerly known as the Chartered Association of Certified Accountants) since May 1996, a fellow of the Hong Kong Institute of Certified Public Accountants since October 2004 and a chartered financial analyst of the CFA Institute since September 2006. He has been a certified internal auditor of the Institute of Internal Auditors since March 2024.

Mr. Chiu has been awarded an associateship (electrical appliance industry) of The Professional Validation Council of Hong Kong Industries since November 2012. In September 2021, he was awarded as the “Best Corporate Leader” under iMoney Enterprise Awards 2021 by the iMoney magazine.

Ms. Tang Mei Wah (鄧美華女士) (“Ms. Tang”), aged 51, was appointed as a Director on 28 September 2017 and was re-designated as an executive Director on 28 February 2019. She also serves as the managing director of our Group. She is primarily responsible for the overall operation management, formulation of business strategies and overall administration of our Group. She is also a director of Tunbow Group Limited and Town Ray Electrical (Huizhou) Limited.

Ms. Tang has over 27 years of experience in the household appliances industry. From September 1998 to January 2005, Ms. Tang worked at Tunbow Industries Limited with the last position as account manager. From January 2005 to April 2009, Ms. Tang worked at Tunbow Electrical Limited with the last position as marketing manager. She joined Tunbow Group Limited as a director in November 2007 and was promoted to managing director in March 2013.

Ms. Tang graduated from Hong Kong Shue Yan College in July 1998 with a diploma in business administration. She subsequently obtained a master’s degree in business administration from the University of Louisiana at Monroe through long distance learning in December 2001. She has been awarded a fellowship of Management and Business Administration (FMBA®) by The Professional Validation Council of Hong Kong Industries since September 2020.

Ms. Tang was one of the 16 recipients of the “Outstanding Businesswomen Award 2018” awarded in December 2018 by Hong Kong Commercial Daily. In November 2020, Ms. Tang was awarded the “2020 the Greater Bay Area Outstanding Women Entrepreneur Awards” jointly presented by the Hong Kong Small and Medium Enterprises Association and the Metro Finance. Ms. Tang was also awarded the “Best Employer Award 2020” by the Hong Kong Small and Medium Enterprises Association and JCI Dragon in July 2020. In May 2021, Ms. Tang was awarded the “Greater China Outstanding Entrepreneur Awards” by Hong Kong Commercial Daily. Ms. Tang was also elected as director of the 42nd board of director of Yan Oi Tong from April 2021 to March 2022. In November 2022, Ms. Tang was awarded the “Directors of the Year Awards 2022” by The Hong Kong Institute of Directors.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Yu Kwok Wai (俞國偉博士) (“Dr. Yu”), aged 49, was appointed as a Director on 28 September 2017 and was re-designated as an executive Director on 28 February 2019. He also serves as the marketing director of our Group. He is primarily responsible for the overall management, formulation of business strategies and overall marketing management, daily operation management and product development planning of our Group. He is also a director of Tunbow Group Limited and Town Ray Electrical (Huizhou) Limited.

Dr. Yu has over 23 years of experience in the sales and marketing of household appliances. Dr. Yu was a sales executive of Sweda Limited from October 1994 to September 1995, a marketing and sales executive of Hon Hing Computer and Machinery Company Limited from February 1996 to May 1997 and a marketing assistant of Joint Publishing (Hong Kong) Company Limited from August 1997 to July 1998. He worked at Tunbow Industries Limited as a sales executive from July 2002 to December 2004 and Tunbow Electrical Limited as a marketing manager from January 2005 to March 2009. He joined Tunbow Group Limited as a director in November 2007 and as the marketing director in April 2009.

Dr. Yu graduated from Bond University in June 2002 with a bachelor’s degree of arts. He subsequently obtained a master’s degree of social sciences in applied psychology from the City University of Hong Kong in October 2013, a master’s degree of science in business analytics and a doctoral degree in business administration from the Hong Kong Polytechnic University in September 2022 and October 2024, respectively, and a master’s degree in Fine Art from Falmouth University in September 2025. Dr Yu further obtained an international award in barista skills (Chinese) from The City and Guilds of London Institute in December 2016, certifications in barista skills intermediate, roasting intermediate, green bean professional, brewing intermediate and coffee sustainability professional, a coffee diploma, and a sustainable coffee diploma from the Specialty Coffee Association from 2017 to 2024. In August 2022, Dr. Yu was certified by Lean Six Sigma Professionals Association and International Lean Six Sigma Institute for his professional attainment in six sigma black belt body of knowledge. He has been awarded a fellowship of Management and Business Administration (FMBA®) by The Professional Validation Council of Hong Kong Industries since September 2020.

From July 2017, June 2020 and July 2021 to June 2025, Dr. Yu had been appointed as a committee member, a secretary general and a vice chairman of the Hong Kong Mould and Product Technology Association, respectively. From September 2019 to August 2023, Dr. Yu had been appointed as a committee member of the Hong Kong Federation of Innovative Technologies and Manufacturing Industries. From April 2021 to March 2025, Dr. Yu had been appointed as a member of Electronics and Electrical Appliances Industries Advisory Committee of the Hong Kong Trade Development Centre and executive committee member of Education Committee of the Federation of Hong Kong Industries. He had been an executive member and has been the secretary-general of the Hong Kong Young Industrialist Council since April 2021 and April 2024, respectively. He has been appointed as a vice president of the Hong Kong – Middle East Business Chamber since January 2025. He has been appointed as an Honorary Professor at the Rita Tong Liu School of Business and Hospitality Management of Saint Francis University since September 2025. In November 2020, Dr. Yu was awarded for the “Young Industrialist Awards of Hong Kong 2020” by the Federation of Hong Kong Industries.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Dr. Chan Kam Kwong Charles (陳鑑光博士) (“Dr. Chan”), aged 67, is one of the founders of our Group. He was appointed as a Director on 28 September 2017 and was re-designated as a non-executive Director on 28 February 2019. He also serves as the chairman of our Board. He provides advice to our Group in the overall strategic planning, development planning and investment planning. He is also a director of Town Ray Investments (BVI) Limited, Town Ray Development Limited, Town Ray Enterprises Limited, Town Ray Hong Kong Limited, Tunbow Group Limited, Leighton 2338 Properties Limited, Leighton 2348 Properties Limited, Kwun Tong 1008 Properties Limited, RGT 1238 Properties Limited and Town Ray Electrical (Huizhou) Limited. Dr. Chan is the husband of Ms. Cheng, a non-executive Director.

Dr. Chan has over 49 years of experience in the household appliances industry. He worked at Dixons Stores Group (Far East) Limited from January 1977 to October 1993 with the first position as assistant buyer and the last positions as senior buyer and director. He was a director of Town Ray International Limited from July 1994 to April 2015. He was a director of Tunbow Limited from July 1992 to November 1993 and rejoined as a director since March 1994. He has been a director of Tunbow Industries Limited and Tunbow Electrical Limited since November 1993 and July 1995, respectively. He has been a director of Tunbow Electrical (Huizhou) Limited and Tunbow Electronics Limited since December 2005 and April 2007, respectively. He became a director of Tunbow Group Limited in September 2017.

Dr. Chan became a fellow of The Hong Kong Institute of Directors in January 2007 and of the Canadian Chartered Institute of Business Administration in September 2009. In May 2010, Dr. Chan was awarded the “12th World Outstanding Chinese Award” (世界傑出華人獎) by the World Chinese Business Investment Foundation (世界華商投資基金會). He also won the “Outstanding Entrepreneurship Award” at the Asia Pacific Entrepreneurship Awards 2011 organised by Enterprise Asia in July 2011. Since July 2019 and July 2023, Dr. Chan had been appointed as the president and has been the chairman of the committee of the Hong Kong Mould and Product Technology Association, respectively. Since September 2019, he has been appointed as a vice president of the 12th council of the Hong Kong Federation of Innovative Technologies and Manufacturing Industries. Since September 2025, Dr. Chan has been appointed as the deputy executive chairman, the treasurer and the chairman of education sub-committee of the Hong Kong Artificial Intelligence Industries Association. Dr. Chan was conferred an honorary doctorate degree in engineering from Lincoln University in September 2009. Dr. Chan attended secondary education till 1977.

Ms. Cheng Yuk Sim Connie, MH (鄭玉嬋女士) (“Ms. Cheng”) (also known as Ms. Cheng Yuk Yee Connie (鄭玉而女士)), aged 68, is one of the founders of our Group. She was appointed as a Director on 28 September 2017 and was re-designated as a non-executive Director on 28 February 2019. She provides advice to our Group in the overall finance control, operation management and human resource management. She is also a director of Town Ray Investments (BVI) Limited, Town Ray Development Limited, Town Ray Enterprises Limited, Town Ray Hong Kong Limited, Tunbow Group Limited, Leighton 2338 Properties Limited, Leighton 2348 Properties Limited, Kwun Tong 1008 Properties Limited, RGT 1238 Properties Limited and Town Ray Electrical (Huizhou) Limited. Ms. Cheng is the spouse of Dr. Chan, chairman of our Board and a non-executive Director, and the aunt of Mr. Lee Kwok Ho and aunt-in-law of Mr. Luk Hok Keung, both of whom are members of our senior management.

Ms. Cheng has over 48 years of experience in management and marketing in the household appliances industry. Ms. Cheng joined Goodway Electrical Company, Limited in 1978 as a quality inspector and was a director from April 1989 to June 1994. She has been a director of Tunbow Electrical Limited since September 1994. She has been a director of Tunbow Electrical (Huizhou) Limited and Tunbow Electronics Limited since December 2005 and April 2007, respectively. She became a director of Tunbow Group Limited in September 2017.

In May 2010, Ms. Cheng was awarded the “12th World Outstanding Chinese Award” (世界傑出華人獎) by the World Chinese Business Investment Foundation (世界華商投資基金會). Since October 2010, Ms. Cheng has been appointed as an honorary vice president of the Hong Kong Electrical Appliance Industries Association (formerly known as the Hong Kong Electrical Appliances Manufacturers Association). She was awarded with the Medal of Honour by the Hong Kong Government in 2014. Ms. Cheng attended secondary education till 1979.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Choi Chi Leung Danny (蔡志良先生), aged 71, was appointed as an independent non-executive Director on 3 October 2019. He is the chairperson of the nomination committee of the Board (the “**Nomination Committee**”) and a member of the audit committee of the Board (the “**Audit Committee**”) and the remuneration committee of the Board (the “**Remuneration Committee**”).

Mr. Choi has approximately 45 years of relevant experience in the industry. He worked as a clerk at Electrical & Electronics Limited from September 1973 to February 1979. He was a founder and director of Ronford Industrial Limited, a company engaging in manufacturing and sale of electrical products, from January 1981 to July 1984 and of Neumax Industrial Limited, a company engaging in manufacturing and sale of electrical products, from September 1984 to September 2018. From October 2014 to August 2019, he was a director of Naree International Limited, a company providing environmental consulting services.

Mr. Choi completed his secondary education in 1972.

Mr. Chan Shing Jee (陳承志先生), aged 39, was appointed as an independent non-executive Director on 3 October 2019. He is the chairperson of the Remuneration Committee and a member of the Audit committee and the Nomination Committee.

He has over 16 years of work experience. He was a junior client service associate of Morgan Stanley from January 2010 to March 2011 and a client servicing officer of Bank of East Asia from March 2011 to March 2013. He also works as a business manager of Prudential Hong Kong Limited since March 2015. He worked at Mega Marketing & Media Company Limited as senior project director from March 2016 to August 2016 and at Cobot Business Strategy Limited as an investment manager from September 2016 to April 2017. He was a project director of Vibes Management Company Limited from November 2016 to July 2018. He has been an administration executive of Fleming International Limited, a wholly-owned subsidiary of Hyfusin Group Holdings Limited (stock code: 8512) since August 2018 to February 2021.

He graduated from University College London with a bachelor’s degree in chemical engineering in August 2008 and obtained a level 4 foundation diploma in art and design from the University of the Arts London in August 2008. He subsequently obtained a master’s degree of science in technology entrepreneurship in November 2009.

In addition, he is active in charitable activities. He has been an executive committee member of The Yuen Yuen Institute since February 2005 and a director of Yan Chai Hospital since April 2017. He has also been a director of The Hong Kong Taoist Association since January 2015, a school manager of Hong Kong Taoist Association The Yuen Yuen Institute No. 1 Secondary School since May 2014, a school manager of Hong Kong Taoist Association The Yuen Yuen Institute No. 2 Secondary School from May 2014 to May 2019 and since November 2019, a school manager of Hong Kong Taoist Association The Yuen Yuen Institute No. 3 Secondary School since May 2014, a school manager of The Yuen Yuen Institute MFBM Nei Ming Chan Lui Chung Tak Memorial College since July 2013, a school manager of Hong Kong Taoist Association The Yuen Yuen Institute Chan Lui Chung Tak Memorial School since September 2013, a school manager of Hong Kong Taoist Association Yuen Yuen Kindergarten (Fu Shin Estate) since July 2016 and a school manager of Hong Kong Taoist Association Yuen Yuen Kindergarten since July 2016. He also acted as a director of Lifeline Express Hong Kong Foundation from January 2013 to December 2018. Since August 2024, he has been appointed as a member of the Board of Governors of the Hong Kong Adventist Hospital Foundation – Tsuen Wan.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Chan Tak Yi (陳德宜女士), aged 43, was appointed as an independent non-executive Director on 21 December 2023. She is the chairperson of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee.

Ms. Chan has over 17 years of experience in advising on corporate finance, mergers and acquisitions, and compliance with the Listing Rules on the Stock Exchange, securities laws and corporate laws. She worked in Ernst & Young from November 2005 to January 2009 with the last position as senior accountant in the assurance and advisory business services department. From January 2009 to June 2014, she successively worked in two international law firms focusing on handling corporate finance and regulatory compliance matters. From July 2014 to September 2016, she was an assistant vice president of the Listing Regulation and Enforcement Department of the Listing Division (formerly known as the “Compliance & Monitoring, Listing & Regulatory Affairs Division”) of the Stock Exchange. Ms. Chan worked in Taylor Wessing, an international law firm, from October 2016 to November 2025 and with her last position being a partner of the firm. She has been a partner of Jingtian & Gongcheng LLP since November 2025. Ms. Chan has been an independent non-executive director, the chairman of the nomination committee, and a member of each of the audit committee and the remuneration committee of Kinergy Corporation Ltd., the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3302), since 1 October 2024.

Ms. Chan is a practising solicitor admitted in Hong Kong and a member of the Hong Kong Institute of Certified Public Accountants. She was awarded a degree of bachelor of social sciences (government and laws) and a degree of bachelor of laws from the University of Hong Kong in 2004 and 2005, respectively.

Ms. Leung Lai Yee Edwina (梁麗兒女士), aged 64, was appointed as an independent non-executive Director on 21 December 2023. She is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Ms. Leung has over 39 years of experience in the financial industry. She worked at Legal & General Group Plc as a financial adviser from September 1992 to December 2003 and has been the director of Vantage Properties & Management Limited, a limited liability company incorporated in the United Kingdom (the “UK”) since May 1997. She joined Vantage Financial Services Co, a limited liability company incorporated in the UK, in October 2004 and is currently a financial adviser of Vantage Financial Services Co. Vantage Properties & Management Limited acts for major UK developers in the Asia market, assisting clients with their property investment portfolio and daily lettings and management operations. Vantage Financial Services Co is a mortgage broker providing professional advice on UK mortgages and general insurance.

Ms. Leung is a holder of certificate in mortgage advice and practice issued by the London Institute of Banking & Finance issued in 1999. She was also awarded a national certificate in business and finance by the Tottenham College of Technology of the UK in July 1990.

For the Directors’ interests and short positions in shares, underlying shares and debentures of the Company, please refer to the paragraphs headed “Disclosure of Interests” in the section headed “Report of the Directors” in this annual report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Lee Pak Man (李伯文先生), aged 55, is the research and development director of our Group. He is responsible for the research and development, production engineering and quality technical support of our Group. He is also the legal representative of Town Ray Electrical (Huizhou) Limited and Shanghai Changxizan e-Shopping Limited.

Mr. Lee has over 34 years of experience in product engineering, inspection and development. Mr. Lee was an engineer of Yi Kyun Electronics Company Limited* (二權電子有限公司) from March 1992 to April 1993 and an inspector of Dixons Stores Group (Far East) Limited from April 1993 to June 1996. He worked at Tunbow Electrical Limited as an inspector from June 1996 to June 1998, as an engineer from June 1998 to June 2003 and as a senior engineer from June 2003 to April 2009. From April 2009 to March 2013, he was the research and development director of Young Tigers R&D Limited. He joined Tunbow Group Limited as the research and development director in March 2013.

Mr. Lee completed his secondary vocational education in 1991.

Mr. Chu Ming Tak (朱明德先生), aged 62, is the engineering director of our Group. He is responsible for the product development of our Group.

Mr. Chu has over 37 years of experience in product engineering, inspection and development. Mr. Chu was a project engineer of Yip Tat Industrial Limited from March 1989 to March 1990, a senior engineer of Goodway Electrical Company, Limited from March 1991 to March 1994 and a senior project engineer of Nice Win Electrical Limited from March 1994 to October 1994. He worked at Tunbow Electrical Limited as engineer director from October 1994 to March 2009. From April 2009 to March 2013, he was the engineer director of Young Tigers R&D Limited. He joined Tunbow Group Limited as engineering director in April 2013.

Mr. Chu was granted a diploma in business management by the Hong Kong Polytechnic University and the Hong Kong Management Association in September 1997. He has been awarded an associateship (electrical appliance industry) of The Professional Validation Council of Hong Kong Industries since November 2010.

Mr. Poon Ching Ching Kelvin (潘正正先生), aged 57, is the design director of our Group. He is responsible for the product design development of our Group.

Mr. Poon has over 33 years of experience in product design development. He worked at Willas International Limited as a product designer from September 1992 to September 1994. He worked at Moulin Optical Manufactory Limited (currently known as Moulin Global Eyecare Trading Limited) from September 1994 and left as a new product development manager in August 2000. He worked at Tunbow Electrical Limited as the design director from September 2000 to March 2013. He joined Tunbow Group Limited as a director in July 2010 and as the design director in April 2013.

Mr. Poon was granted a high diploma in industrial design by the Tokyo Designer Gakuin College in March 1992, with a distinction award in his graduation project. He further obtained merit awards for Tunbow Electrical Limited at the 9th and 10th Hong Kong Household Electrical Appliances Design and Innovation Competition organised by the Hong Kong Electrical Appliances Manufacturers Association and the Hong Kong Productivity Council in November 2007 and November 2008, respectively. He has been awarded an associateship (electrical appliance industry) and a fellowship (electrical appliance industry) of The Professional Validation Council of Hong Kong Industries since November 2010 and December 2014, respectively.

* denotes unofficial names for identification purpose only

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee Kwok Ho (李國豪先生), aged 44, is the sales development director of our Group. He is responsible for the product development, project management and formulation of sales strategies of our Group. He is a nephew of Ms. Cheng, a non-executive Director, and a brother-in-law of Mr. Luk Hok Keung, a senior management of our Group.

Mr. Lee has over 16 years of experience in product development and project management. He worked at Tunbow Electrical Limited as a management trainee from June 2003 to June 2004 and an operation officer from June 2004 to March 2008. He worked as an operation officer of Young Tigers R&D Limited from April 2009 to March 2013. He joined Tunbow Group Limited as a project manager in April 2013, as an engineering sales manager in September 2015 and was promoted to senior sales project manager since May 2021. He was further promoted to sales director of our Group in April 2022. He became the sales development director since March 2026.

Mr. Lee graduated from the Hong Kong University of Science and Technology with a bachelor's degree of engineering in industrial engineering and engineering management (with a minor in information technology) in November 2003 and further obtained a master's degree of science in technology management from the Hong Kong Polytechnic University in October 2011. He has been awarded a fellowship of Management and Business Administration (FMBA®) by The Professional Validation Council of Hong Kong Industries since September 2020.

Mr. Lee was appointed as the process technology deputy director, the process technology director and the deputy treasurer of the Hong Kong Electrical Appliance Industries Association since July 2020, July 2022 and July 2024, respectively. Since August 2022 to July 2024, he was appointed as a vice chairman of the Hong Kong Adventist Hospital Foundation Board of Governors — Tsuen Wan. He was awarded the “Best Employee Award 2020” by the Hong Kong Small and Medium Enterprises Association and JCI Dragon in July 2020.

Ms. Tung Ming Yiu (董銘堯女士), aged 42, is the accounting director of our Group. She is responsible for the financial management and overall accounting management of our Group.

Ms. Tung has over 20 years of experience in accounting and finance. She worked at Tunbow Electrical Limited with the last position as an assistant accountant from August 2005 to October 2007. She joined Tunbow Group Limited as an assistant accountant in November 2007 and was promoted to accounting manager in September 2011. She was further promoted to finance manager in October 2019 and subsequently promoted to accounting director in April 2023.

Ms. Tung graduated from the Hong Kong Polytechnic University with a bachelor's degree in business administration in accountancy in October 2008. She was a member of the Hong Kong Institute of Certified Public Accountants from January 2012 to June 2020 and has been a fellow of the Hong Kong Institute of Certified Public Accountants since July 2020. She has been awarded a fellowship by The Professional Validation Council of Hong Kong Industries since September 2020.

Since August 2024, Ms. Tung has been appointed as a vice chairman of the Board of Governors and the chairman to Fund Raising Consultative Committee of the Hong Kong Adventist Hospital Foundation – Tsuen Wan. She was awarded the “Best Employee Award 2020” by the Hong Kong Small and Medium Enterprises Association and JCI Dragon in July 2020. In March 2024, Ms. Tung was awarded the “Master Entrepreneur Award 2024” in the Asia Pacific Enterprise Awards (APEA®) by Enterprise Asia.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Luk Hok Keung (陸鶴強先生), aged 44, is the operation director of our Group. He is responsible for identifying and evaluating emerging technologies, driving product innovation, implementing cutting-edge methodologies to enhance quality and efficiency, and continuously monitoring market dynamics to adapt our Group's innovation and technology strategies. He also leads all departments of the Group to implement quality planning initiatives in alignment with the Group's overall development strategy and ensure effective execution. He is a nephew-in-law of Ms. Cheng, a non-executive Director, and a brother-in-law of Mr. Lee Kwok Ho, a senior management of our Group.

Mr. Luk has over 21 years of experience in procurement and product engineering. He worked at Tunbow Electrical Limited with the last position as sourcing manager from July 2004 to April 2009 and Oriental Purchasing Limited with the last position as purchasing and engineering manager from April 2009 to March 2016. He joined Tunbow Group Limited as a purchasing and engineering manager in April 2016 and was promoted to innovation and applied technology director in September 2023. He became an operation director since March 2026.

Mr. Luk graduated from the Chinese University of Hong Kong with a bachelor's degree in electrical engineering in July 2004.

Since September and November 2025, Mr. Luk has been appointed as the executive committee member of the Hong Kong Artificial Intelligence Industries Association and the Hong Kong Mould and Product Technology Association, respectively. In November 2024, Mr. Luk was awarded as the "Asia's Most Inspiring Executives" at the 2024 Asia Corporate Excellence & Sustainability Awards by the MORS Group in Malaysia.

COMPANY SECRETARY

Mr. Chiu Wai Kwong is our company secretary for the purposes of Rule 8.17 of the Listing Rules. For details of his biography, please refer to the paragraph headed "Executive Directors" under this section.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2025.

PURPOSE, MISSION AND VALUES

The Group is a leading product developer, industrial designer, manufacturer, and supplier for a broad range of electrothermic household appliances catering to the diverse needs of customers in overseas markets. The Group's mission is to be the top provider of advanced electrothermic household appliances. Guided by the Group's five core values of "Best Design", "Best Value", "Best Quality", "Best Communication" and "Best Service", the Group strives to provide its customers with innovative and quality products. To achieve this, the Group's strategy involves upgrading its production facilities and enhancing its production capacity, strengthening its product design and development capabilities and increasing its product offerings, strengthening its customer base and upgrading its information technology systems.

The Board considers that the Group's purpose, mission, values and strategy are aligned with the Group's culture. The Board will continue to monitor such alignment through its oversight of strategy execution, governance practices, risk management, people development and stakeholder engagement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company believes that an effective corporate governance framework is fundamental to maintaining and promoting investors' confidence, safeguarding interests of Shareholders and other stakeholders and enhancing Shareholders' value.

The Company has adopted the Code Provisions set out in the CG Code in Appendix C1 to the Listing Rules as its own code of corporate governance.

In the opinion of the Directors, the Company has complied with all the applicable principles and Code Provisions set out in the CG Code during the Year and up to the date of this annual report. Key corporate governance principles and practices of the Company are summarised below.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

After having made specific enquiry of all Directors, each of the Directors confirmed that he/she has fully complied with the required standards set out in the Model Code during the Year and up to the date of this annual report.

COMPLIANCE WITH THE WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES OF THE COMPANY

The Company has also established written guidelines (the "**Employees Written Guidelines**") on no less exacting terms than the Model Code, governing securities transactions by employees (including directors or employees of a subsidiary or holding company of the Company) who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company. In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

CORPORATE GOVERNANCE REPORT

THE BOARD

Board Composition

As at the date of this annual report, the Board comprises ten members, consisting of four executive Directors, two non-executive Directors and four independent non-executive Directors.

Executive Directors

Mr. Chan Wai Ming (*Chief Executive Officer*)

Mr. Chiu Wai Kwong

Ms. Tang Mei Wah

Dr. Yu Kwok Wai

Non-executive Directors

Dr. Chan Kam Kwong Charles (*Chairman*)

Ms. Cheng Yuk Sim Connie

(also known as Ms. Cheng Yuk Yee Connie)

Independent non-executive Directors

Mr. Choi Chi Leung Danny

Mr. Chan Shing Jee

Ms. Chan Tak Yi

Ms. Leung Lai Yee Edwina

The names, positions, date of first appointment, length of tenure on the Board and current period of appointment of the Directors are set out below:

Name of Director	Position	Date of first appointment/ appointment as Director	Length of tenure as at the date of this annual report	Current period of appointment
Dr. Chan Kam Kwong Charles	Chairman and non-executive Director	28 September 2017	About 8 years and 6 months	One-year term, automatically renewable for one-year in all subsequent terms unless terminated in accordance with the appointment letter
Ms. Cheng Yuk Sim Connie	Non-executive Director	28 September 2017	About 8 years and 6 months	
Mr. Chan Wai Ming	Executive Director/ Chief Executive Officer	28 September 2017	About 8 years and 6 months	Three-year term, automatically renewable for three-year in all subsequent terms unless terminated in accordance with the service agreement
Mr. Chiu Wai Kwong	Executive Director	28 September 2017	About 8 years and 6 months	
Ms. Tang Mei Wah	Executive Director	28 September 2017	About 8 years and 6 months	
Dr. Yu Kwok Wai	Executive Director	28 September 2017	About 8 years and 6 months	

CORPORATE GOVERNANCE REPORT

Name of Director	Position	Date of first appointment/ appointment as Director	Length of tenure as at the date of this annual report	Current period of appointment
Mr. Choi Chi Leung Danny	Independent non-executive Director	3 October 2019	About 6 years and 6 months	One-year term, automatically renewable for one-year in all subsequent terms unless terminated in accordance with the appointment letter
Mr. Chan Shing Jee	Independent non-executive Director	3 October 2019	About 6 years and 6 months	
Ms. Chan Tak Yi	Independent non-executive Director	21 December 2023	About 2 years and 3 months	
Ms. Leung Lai Yee Edwina	Independent non-executive Director	21 December 2023	About 2 years and 3 months	

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules. During the Year, no new Director was appointed to the Board.

The biographical details of the Directors of the Company are set out under the section headed “Biographical Details of Directors and Senior Management” in this annual report. Save as disclosed in the section headed “Biographical Details of Directors and Senior Management” in this annual report, there is no financial, business, family or other material or relevant relationships among members of the Board and senior management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibility between the Chairman of the Board and the Chief Executive Officer to ensure a balance of power and authority. The positions of Chairman and Chief Executive Officer are currently held by Dr. Chan Kam Kwong Charles and Mr. Chan Wai Ming, respectively. Their respective responsibilities are clearly defined and set out in writing.

Save as their respective positions in the Group, there is no financial, business, family or other material or relevant relationship between the Chairman and the Chief Executive Officer.

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Throughout the year ended 31 December 2025, the Company has four independent non-executive Directors, which represent at least one-third of the Board members, and that at least one of the independent non-executive Directors, namely Ms. Chan Tak Yi, has appropriate professional qualifications on accounting or related financial management expertise. The Company has complied with Rules 3.10 and 3.10A of the Listing Rules.

The independent non-executive Directors bring a wide spectrum of business and financial expertise, experience and independent judgement to the Board for its efficient and effective functioning. They are invited to serve on the Board committees of the Company. Through active participation at Board and committee meetings, taking the lead in managing issues involving potential conflicts of interests, all independent non-executive Directors have made various contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the Shareholders.

The Company has received written annual confirmation from each of the independent non-executive Directors of his/her independence pursuant to Rule 3.13 of the Listing Rules. Upon the recommendation of the Nomination Committee, the Company considers all independent non-executive Directors to be independent in light of the independence guidelines set out in the said Listing Rules. As at 31 December 2025, no independent non-executive Director had served more than nine years on the Board.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors entered into a service agreement with the Company for an initial fixed term of three years commencing from the Listing Date. The term of service shall be renewed and extended automatically by three years on the expiry of such initial term and on the expiry of every successive period of three years thereafter, unless terminated by either party thereto giving at least six months' written notice before the expiry of the then existing term.

Each of the non-executive Directors and independent non-executive Directors entered into an appointment letter with the Company for an initial fixed term of one year commencing from the Listing Date, except for Ms. Chan Tak Yi and Ms. Leung Lai Yee Edwina, who are independent non-executive Directors, entered into an appointment letter with the Company for an initial fixed term of one year commencing from 21 December 2023. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless terminated by either party thereto giving at least two months' written notice before the expiry of the then existing term.

The procedure and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association (the "**Articles**"). The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment of Directors and assessing the independent non-executive Directors.

According to the Articles, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office. In addition, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

CORPORATE GOVERNANCE REPORT

INDEPENDENT VIEWS TO THE BOARD

The Board recognises Board independence is critical to good corporate governance. The Company has put in place the mechanisms to ensure a strong independence element on the Board, which are summarised below:

Board Composition

The Board endeavours to ensure the appointment of at least three independent non-executive Directors and at least one-third of the Board 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 other Board committees as far as practicable to ensure independent views are available.

Independence Assessment

The Nomination Committee shall strictly adhere to the nomination policy (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.

Decision Making

All Directors (including independent non-executive 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.

All Directors (including independent non-executive 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 Board had made an annual review on the implementation of the abovementioned mechanisms and was of the view that the abovementioned mechanisms had been satisfactorily implemented.

CORPORATE GOVERNANCE REPORT

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance. The Board is also responsible for implementing policies in relation to financial matters, which include risk management and internal controls and compliance, if applicable. In addition, the Board reviews the financial performance of the Group and approves investment proposals, nomination of Directors to the Board and appointment of key management personnel. These functions are carried out either directly by the Board or through Board committees such as the Audit Committee, Nomination Committee and Remuneration Committee.

All Directors are aware of their collective and individual responsibilities to the Shareholders, the duties to act honestly and in good faith, in compliance with applicable laws and regulations and in the interests of the Company and its Shareholders at all times and to avoid conflicts of interests. Throughout the year ended 31 December 2025, in accordance with Code Provision D.1.2, all Directors were provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

All Directors have timely access to all relevant information as well as the advice and services of the company secretary and senior management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

Delegation of Management Functions

The Board gives clear directions as to the powers delegated to the management for the management and administration functions of the Group, in particular, with respect to the circumstances where management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group. Matters which are specifically reserved to the full Board for decision are those involving a conflict of interest of a substantial Shareholder or a Director, material acquisition and disposal of assets, corporate or financial restructuring, share issuance and distribution of dividends, and approval of financial results and corporate strategies. The Board will review those issues on a periodic basis to ensure that they remain appropriate to the needs of the Group.

CORPORATE GOVERNANCE FUNCTIONS OF THE BOARD

The Board is responsible for performing the corporate governance duties set out in Code Provision A.2.1. During the Year, the Board has performed the following corporate governance functions:

- developed and reviewed the Company's policies and practices on corporate governance and made recommendations where appropriate;
- reviewed and monitored the training and continuous professional development of Directors and senior management;
- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- reviewed and monitored the code of conduct and policies applicable to employees and Directors, including the Model Code and the Employees Written Guidelines; and
- reviewed the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

The Board considers that the corporate governance policies and practices of the Company during the Year were appropriate and effective.

CORPORATE GOVERNANCE REPORT

DIRECTORS' TIME COMMITMENT

The Company requires Directors to disclose to the Company, at the time of appointment and in a timely manner upon any change, the number and nature of offices held in listed public companies or organisations and other significant external commitments. The Nomination Committee and the Board take such disclosures into account when assessing whether each Director is able to devote sufficient time to the affairs of the Company and discharge his/her responsibilities effectively.

The Nomination Committee made assessment on the time commitments of the Directors during the Year and was of the view that the Directors had devoted sufficient time to the business and affairs of the Company.

CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed Director shall receive induction on the first occasion of his/her appointment to ensure he/she has an appropriate understanding of the business and operations of the Company and he/she is fully aware of the Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Pursuant to Code Provision C.1.4, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The existing Directors are continually updated on the changes and developments to the Group's business and on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. Directors' training is an ongoing process. All Directors are encouraged to attend relevant training courses at the Company's expense.

During the Year, all Directors have complied with the Listing Rules and the CG Code by participating in sufficient relevant continuous professional training by attending the training sessions organised by the Company and/or training provided by external course providers enrolled by the Directors individually.

BOARD MEETINGS AND ANNUAL GENERAL MEETING HELD IN 2025

The Board intends to hold Board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than 14 days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda of meetings. For all other Board meetings, reasonable notice period will be given.

The attendance records of each Director at the Board meetings held during the Year and the annual general meeting of the Company held on 26 May 2025 (the "2025 AGM") are set out below:

Name of Director	Number of Board meetings attended/held during the Year	Attendance of 2025 AGM
Mr. Chan Wai Ming	4/4	1/1
Mr. Chiu Wai Kwong	4/4	1/1
Ms. Tang Mei Wah	4/4	1/1
Dr. Yu Kwok Wai	4/4	1/1
Dr. Chan Kam Kwong Charles	4/4	1/1
Ms. Cheng Yuk Sim Connie	4/4	0/1
Mr. Choi Chi Leung Danny	4/4	1/1
Mr. Chan Shing Jee	4/4	1/1
Ms. Chan Tak Yi	4/4	1/1
Ms. Leung Lai Yee Edwina	4/4	1/1

CORPORATE GOVERNANCE REPORT

In addition, the Chairman of the Board held a meeting with the independent non-executive Directors without the presence of the other Directors during the Year.

Minutes of the Board and committee meetings are prepared and kept by the company secretary of the Company and are open for inspection by Directors. Directors may seek external professional advice in appropriate circumstances at the Company's expense.

Appropriate insurance cover has been arranged by the Company in respect of any legal action against Directors.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) pursuant to the requirement of the CG Code. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

In designing the Board's composition, Board diversity has been considered from a wide range of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience and qualifications, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. High emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenges that enable the Board to discharge its duties and responsibilities effectively, support good decision-making in view of the core businesses and strategy of the Group, and support succession planning and development of the Board. For achieving an optimal Board, additional measurable objectives/specific diversity targets may be set and reviewed from time to time to ensure their appropriateness.

Selection of candidates will be based on the Company's Nomination Policy and will take into account this Board Diversity Policy. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect.

The Board has set measurable objectives as to gender diversity and background of the Directors in terms of Board Diversity Policy that there should be at least one female Board member and at least one Board member who has professional qualifications or experience which are different than those required for running the principal business of the Company for giving a diversified insights to the Board. The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board will ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectations and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. Although it has yet to be set as a measurable objective, the Board considers it will be desirable to have an appropriate proportion of Directors with direct experience in the Group's core markets from different backgrounds and in line with the Group's strategy. As at the end of the Year, the measurable objectives have been achieved.

The Board had reviewed the implementation and effectiveness of the Board Diversity Policy and was of the view that the Board Diversity Policy and its implementation were sufficient and effective.

CORPORATE GOVERNANCE REPORT

Board Diversity

The Company is conscious of maintaining Board diversity with an appropriate level of female members on the Board, which shall not be less than one female member as a measurable objective and may further increase in the next five years. As at 31 December 2025 and up to the date of this annual report, the Board comprised four female Board members, in which case the Board considered the measurable objective of gender diversity has been achieved. While conscious efforts are being taken by the Company to fulfil its Board Diversity Policy, all appointments are ultimately made on a merit basis taking into account available and suitable candidates.

The Nominations Committee will review the implementation of the Board Diversity Policy at least annually and make recommendations on any proposed changes to the Board for the Board's review and approval to ensure its continued appropriateness and effectiveness.

For recruiting potential successors to the Board to achieve Board diversity including gender diversity, the Board has prepared a list of desirable skills, experience, qualifications, gender or perspectives which director candidates should have. If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, Shareholders, management, advisors of the Company and external executive search firms.

Board Skills Matrix

Having regard to the backgrounds, qualifications and experience of the Directors, the Board considers that the Board currently possesses skills and experience appropriate to the Group's business and strategic development, including, among others, manufacturing and operations, product design and development, finance and accounting, legal and regulatory matters, risk management, business management, international business, marketing and corporate governance.

The Board considers that the combination of such skills, experience and diversity of perspectives supports the Group's purpose, mission, values, strategy and culture, and enables the Board to discharge its duties and responsibilities effectively.

The Board will continue to review its composition from time to time having regard to the Group's strategy, business needs and succession planning, and will consider whether any additional skills, experience or diversity of perspectives would further enhance the effectiveness of the Board.

Workforce Diversity Policy and Workforce Diversity

The Group strictly adheres to fair and appropriate employment practices and labour standards and the workforce diversity policy the Group adopted. The aim of the workforce diversity policy is for cultivating and preserving a diverse and inclusive workplace, which includes (i) promoting equal opportunities at work to all employees, eliminating discrimination and harassment in employment; (ii) ensuring all employment-related decisions are made based on merits, free from any form of discrimination or bias; and (iii) providing various mechanisms for employees to raise their concerns relating to the workplace. With an anti-discriminatory and equal-opportunity policy in place, the Group provides job applicants and employees with equal opportunities for employment and promotion, and prohibits all forms of discrimination on gender, religion, race, disability or age. The Group considers workforce diversity as an important element in maintaining sustainable growth and operational success of the Group.

As at 31 December 2025, the Group had a total of 1,005 staff members (excluding Directors), of whom 6 were members of senior management and 999 were other employees.

The gender ratio of the Group's senior management was approximately 83% male and approximately 17% female.

CORPORATE GOVERNANCE REPORT

The gender ratio of the Group's workforce (excluding senior management and Directors) was approximately 41% male and approximately 59% female. The Group will continue to take gender diversity into consideration during recruitment and ensure that there is a pipeline of female members of the senior management and potential successors to the Board in the future.

The Board considered that gender diversity of the workforce of the Group had been well maintained during the Year. As such, the plan and measurable objective for the Group in terms of gender diversity in the workforce is to maintain the balance of gender diversity of having at least 50% female staff members in the foreseeable future. The Board considered such measurable objective had been achieved during the Year.

BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee specific aspects of the Group's affairs. Each of the Board committees has its own terms of reference in compliance with the Listing Rules and the CG Code relating to its authority and duties. All Board committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary. The composition of each of the committees as at the date of this annual report is as follows:

Name of Director	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Choi Chi Leung Danny	Member	Member	Chairperson
Mr. Chan Shing Jee	Member	Chairperson	Member
Ms. Chan Tak Yi	Chairperson	Member	Member
Ms. Leung Lai Yee Edwina	Member	Member	Member

Audit Committee

The Audit Committee comprises four members, who are all independent non-executive Directors, and is delegated with the authority from the Board primarily to make recommendations to the Board on the appointment, re-appointment and removal of external auditor, review the financial statements and provide material advice in respect of financial reporting, oversee the financial reporting process, internal controls, risk management systems and audit process of the Group, and perform other duties and responsibilities assigned by the Board. The composition of the Audit Committee meets the requirements of Rule 3.21 of the Listing Rules. Details of the authority and duties of the Audit Committee are set out in the Audit Committee's terms of reference which are available on the websites of the Stock Exchange and the Company.

The individual attendance record of each member at the Audit Committee meetings held during the Year is set out below:

Name of Director	Number of meetings attended/held during the Year
Ms. Chan Tak Yi (Chairperson)	4/4
Mr. Choi Chi Leung Danny	4/4
Mr. Chan Shing Jee	4/4
Ms. Leung Lai Yee Edwina	4/4

CORPORATE GOVERNANCE REPORT

The following is a summary of the work performed by the Audit Committee during the Year:

- reviewed and discussed the annual audited financial statements, annual results announcement and annual report for the year ended 31 December 2024, interim results announcement and interim report for the six months ended 30 June 2025, the related accounting principles and practices adopted by the Group, the report from the management on the Company's review of the risk management and internal control systems, and recommendation on the re-appointment of the external auditor;
- reviewed the annual audit plan of the external auditor including the nature and scope of the audit, the fee payable to them, their reporting obligations and their work plan;
- reviewed the independence and objectivity of the external auditor; and
- reviewed the effectiveness and performance of the Company's financial reporting system, risk management and internal control systems, and the effectiveness of the internal audit function, including the internal audit plan.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

Remuneration Committee

The Remuneration Committee comprises four members, who are all independent non-executive Directors, and is delegated with the authority from the Board to review and approve the management's remuneration proposals, make recommendations to the Board on the remuneration package of the Directors and senior management, and ensure none of the Directors determine his/her own remuneration. The Remuneration Committee has adopted the model described in Code Provision E.1.2(c)(ii), namely to make recommendations to the Board on the remuneration packages of individual Directors and senior management. Details of the authority and duties of the Remuneration Committee are set out in the Remuneration Committee's terms of reference which are available on the websites of the Stock Exchange and the Company.

The individual attendance record of each member at the Remuneration Committee meetings held during the Year is set out below:

Name of Director	Number of meetings attended/held during the Year
Mr. Chan Shing Jee (<i>Chairperson</i>)	2/2
Mr. Choi Chi Leung Danny	2/2
Ms. Chan Tak Yi	2/2
Ms. Leung Lai Yee Edwina	2/2

CORPORATE GOVERNANCE REPORT

The following is a summary of the work performed by the Remuneration Committee during the Year:

- reviewed the Group's remuneration policy (the "**Remuneration Policy**");
- reviewed the remuneration of Directors and senior management;
- considered matters relating to the performance of the executive Directors and the terms of their service arrangements, where applicable; and
- made recommendations to the Board on the remuneration of individual Directors and senior management.

Details of the Director's remuneration and the five highest paid individuals in the Group are set out in notes 8 and 9, respectively, to the consolidated financial statements.

Pursuant to Code Provision E.1.5, the remuneration paid to the members of the senior management (excluding Directors) by band during the Year is set out below:

Remuneration band (HK\$)	Number of person(s)
Nil to 1,000,000	4
1,000,001 to 1,500,000	1
1,500,001 to 2,000,000	1

The Remuneration Policy of Directors

Quality and committed staff are valuable assets contributing to the Group's success. To ensure the ability to attract and retain talents, the Group's Remuneration Policy for Directors is built upon the principles of providing equitable and market-competitive remuneration packages that support the performance culture and enable the achievement of strategic business goals. The Group's Remuneration Policy for Directors is, therefore, aiming at providing a competitive but not excessive remuneration package to the Directors.

The Directors' remuneration comprises fixed salary or service fee and variable components (such as bonus and share options), which is benchmarked against companies of comparable business or scale with reference to a mix of factors such as the prevailing market condition, the Company's performance and the qualifications, skills, experience and educational background of the Directors.

The Directors' remuneration will be reviewed annually and is subject to Shareholders' approval at the annual general meeting.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Nomination Committee comprises four members, who are all independent non-executive Directors, and is delegated with the authority from the Board to, among other things, review the structure, size and composition of the Board (including the skills, knowledge and experience of the Directors), consider the mix of skills, experience and diversity of perspectives of the Board, identify individuals suitably qualified to become Board members, assess the independence of independent non-executive Directors, make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, and consider matters relating to the Board's performance and effectiveness. Details of the authority and duties of the Nomination Committee are set out in the Nomination Committee's terms of reference which are available on the websites of the Stock Exchange and the Company.

The individual attendance record of each member at the Nomination Committee meetings held during the Year is set out below:

Name of Director	Number of meetings attended/held during the Year
Mr. Choi Chi Leung Danny (<i>Chairperson</i>)	4/4
Mr. Chan Shing Jee	4/4
Ms. Chan Tak Yi	4/4
Ms. Leung Lai Yee Edwina	4/4

The following is a summary of the work performed by the Nomination Committee during the Year:

- reviewed the Board Diversity Policy;
- reviewed the independence of the independent non-executive Directors;
- considered the Directors to retire and to be reappointed at the 2025 AGM;
- reviewed the structure, size, composition and skills mix of the Board;
- considered the Board's mix of skills, experience and diversity of perspectives having regard to the Company's business and strategic needs;
- considered matters relating to the Board's performance and effectiveness;
- assessed the time commitment and contribution of each Director to the Board, and considered that each Director had devoted sufficient time to discharge his/her responsibilities effectively having regard to his/her professional qualifications, work experience, directorships in other listed public companies and other significant external commitments, if any; and
- reviewed succession planning for the Board, including the Chairman and the Chief Executive Officer.

CORPORATE GOVERNANCE REPORT

The Company has adopted a Nomination Policy which sets out the approach and procedures the Board adopts for the nomination and selection of Directors of the Company, including the appointment of additional Directors, replacement of Directors, and re-election of Directors. The Nomination Committee has been delegated with the overall responsibility for implementation, monitoring and periodic review of the Nomination Policy, and the summary of which is set out below:

Nomination Criteria

In evaluating and selecting any candidate for the directorship, the following criteria would be considered by the Nomination Committee and the Board:

- the candidate's character and integrity;
- the candidate's qualifications including professional qualifications, skills, knowledge and experience, and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- for independent non-executive Directors, whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- willingness and ability of the candidate to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; and
- such other perspectives that are appropriate to the Company's business and succession plan and where applicable may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning.

Nomination Procedures

The Company has put in place the following Director nomination procedures:

Appointment of New and Replacement Directors

- (i) If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable Director candidates, including referral from Directors, Shareholders, management, advisors of the Company and external executive search firms.
- (ii) Upon compilation and interview of the list of potential candidates, the Nomination Committee will shortlist candidates for consideration by the Nomination Committee and/or the Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable Director candidate for appointment.

CORPORATE GOVERNANCE REPORT

Re-election of Directors and Nomination from Shareholders

- (i) Where a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee and/or the Board shall consider and, if consider appropriate, recommend such retiring Director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring Director will be sent to Shareholders prior to the general meeting in accordance with the Listing Rules.
- (ii) Any Shareholder of the Company who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the company secretary of the Company, (a) a written nomination of the candidate, (b) a written confirmation from such nominated candidate of his/her willingness to stand for election, and (c) biographical details of such nominated candidate as required under the Listing Rules. Particulars of the candidate so proposed will be sent to all Shareholders for information by a supplementary circular.

DIVIDEND POLICY

The Company has adopted a dividend policy (the “**Dividend Policy**”), the summary of which is set out below:

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things, the following factors:

- (i) the general financial condition of the Group;
- (ii) capital and debt level of the Group;
- (iii) future cash requirements and availability for business operations, business strategies and future development needs;
- (iv) any restrictions on payment of dividends that may be imposed by the Group’s lenders;
- (v) the general market conditions; and
- (vi) any other factors that the Board considers appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Act of the Cayman Islands and the Articles. Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may from time to time pay to the Shareholders such interim and/or special dividends as it considers to be justified by the profits of the Group.

Any declaration and/or payment of future dividends under the Dividend Policy are/is subject to the Board’s determination that the same would be in the best interests of the Group and the Shareholders as a whole. The Board endeavours to strike a balance between the Shareholders’ interests and prudent capital management with a sustainable Dividend Policy. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the policy at any time as it deems fit and necessary. The Dividend Policy will continue to be reviewed from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

CORPORATE GOVERNANCE REPORT

The Board confirms that the dividend decision made during the Year was made in accordance with the Dividend Policy.

The final dividend proposed for the Year represents a decrease as compared with that for the previous corresponding year. Such variation was mainly attributable to the Group's financial performance for the Year.

Details of dividends are disclosed in note 11 to the consolidated financial statements.

COMPANY SECRETARY

The Company has appointed Mr. Chiu Wai Kwong as its company secretary. Mr. Chiu has confirmed that he has taken not less than 15 hours of relevant professional training during the Year and has complied with Rule 3.29 of the Listing Rules. The biography of Mr. Chiu is set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities for the Company's financial statements for the year ended 31 December 2025 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to the Company's auditor in respect of audit and non-audit services for the year ended 31 December 2025 are analysed below:

	HK\$'000
Audit services	1,468
Non-audit services	
Advisory services	65

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements for each financial year, which give a true and fair view of the consolidated financial position of the Group and of the consolidated results and consolidated cash flows of the Group for that year and in compliance with relevant law and disclosure provisions of the Listing Rules. In preparing the financial statements for the year ended 31 December 2025, the Directors have selected appropriate accounting policies and applied them consistently, made judgements and estimates that are prudent and reasonable, and have prepared disclosure of the financial position of the Group with reasonable accuracy at any time.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewing the effectiveness of such systems through the Audit Committee on an annual basis. The Audit Committee assists the Board in fulfilling its oversight and corporate roles in the Group's financial, operational, compliance, risk management and internal controls, while senior management designs, implements and monitors the risk management and internal control systems, and provides reports to the Board and the Audit Committee on the effectiveness of these systems. However, systems and internal controls can only provide reasonable but not absolute assurance against material misstatement or loss, as they are designed to manage, rather than to eliminate the risk of failure to achieve the Group's business objectives.

During the Year, the Group has conducted an annual review on the effectiveness and efficiency of the Group's risk management and internal control systems in relation to the financial, operational and compliance controls, and the results were summarised and discussed with the Audit Committee and the Board. Upon conducting annual review on risk management and internal control systems of the Group, the Audit Committee and the Board are satisfied with the effectiveness and efficiency of the risk management and internal control systems of the Group.

The Audit Committee assists the Board in reviewing the effectiveness of the Group's risk management and internal control systems on an ongoing basis. The Directors, through the Audit Committee, are kept informed of significant risks that may impact the Group's performance.

During the Year, the Board considered the risk management and internal control systems of the Group to be effective and adequate. The Audit Committee has reviewed and is satisfied with the adequacy of resources, staff qualifications and experience of the Group's accounting and financial reporting function.

The Group maintained effective risk management and internal controls in all material respects, and the Board was not aware of any significant or material defects in relation to the risk management and internal controls. The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group and considered them effective and adequate.

The annual review covered all material controls, including financial, operational and compliance controls, and considered, among other things:

- the changes, since the last annual review, in the nature and extent of significant risks faced by the Group, including ESG-related risks, and the Group's ability to respond to the changes in its business and external environment;
- the scope and quality of management's ongoing monitoring of risks and internal control systems;
- the effectiveness of the internal audit function and the work performed by the Audit Committee;
- the extent and frequency of communication of monitoring results to the Board and the Audit Committee;
- any significant control failings or weaknesses identified and the related remedial actions taken or to be taken; and
- the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting and ESG-related functions.

CORPORATE GOVERNANCE REPORT

The review of the effectiveness of the Group's risk management and internal control systems is conducted on an ongoing basis by management and the internal audit function, and is reviewed by the Audit Committee and the Board at least annually. Management is responsible for the design, implementation and monitoring of the systems, while the internal audit function performs independent reviews of the adequacy and effectiveness of such systems. The Audit Committee reviews the findings and recommendations of management and the internal audit function and reports to the Board.

The Board's conclusion that the Group's risk management and internal control systems were effective and adequate was based on, among other things, the reports received from management, the findings and work performed by the internal audit function, and the review and recommendations of the Audit Committee.

Main features of the Risk Management and Internal Control Systems

The Group has adopted a risk management policy, the main objectives of which is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business in order to guide decisions on risk related issues.

The specific objectives of the policy are:

- (i) to ensure that all the current and future material risk exposures of the Group are identified, assessed, quantified, appropriately mitigated, minimised and managed i.e. to ensure adequate systems for risk management;
- (ii) to establish a framework for the Group's risk management process and to ensure its implementation;
- (iii) to enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices; and
- (iv) to assure business growth with financial stability.

Risk Assessment Process

Risk identification is based on discussions and interviews with senior management from different departments. Risks are preliminarily identified by senior management from the risk universe which is a collection of risks built on environmental analysis and external benchmarking that can impact the Group at the entity or specific business process level. Key risk factors are then identified by integrating the results of the discussions and interviews.

Risk evaluation is the second step to assess the relative impact and likelihood of identified key risk factors. These identified key risk factors are further assessed by a scale rating process by the senior management to evaluate their impact and likelihood.

Risk prioritisation is a mapping exercise. A risk map is used to prioritise the identified key risk factors according to their impact and likelihood.

CORPORATE GOVERNANCE REPORT

Handling and Dissemination of Inside Information

The Group is aware of its obligation under relevant sections of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) (the “SFO”) and the Listing Rules. An inside information policy has been established to lay down guidelines on definition, compliance and reporting mechanism of inside information. All members of the Board, senior management, and staff who are likely to possess inside information are strictly bound by this policy. Staff who have access to inside information are required to keep such unpublished inside information confidential until relevant announcement is made. Failure to comply with such requirements may result in disciplinary actions.

Whistleblowing Policy and Anti-corruption Policy

The Company has established a whistleblowing policy and system for internal and external parties to raise concerns in relation to possible misconduct of the Group, its employees or Directors in a confidential or anonymous manner, or both.

The Company has also adopted anti-corruption policy and procedures to promote and support compliance with applicable anti-corruption laws and regulations. The Group provides relevant guidance and/or training to its employees from time to time to reinforce ethical business conduct and compliance awareness.

Internal Audit Function

The Group has an internal audit function which is primarily responsible for developing various internal control manuals and procedures, and conducting reviews on the key operational processes and the related internal controls to ensure compliance with the Group’s risk management and internal control policies and procedures. In addition, the Board conducted an annual review on the effectiveness of risk management and internal control systems, covering all material controls such as financial, operational and compliance controls. The Board considered that the risk management and internal control systems of the Group for the Year were effective and adequate.

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDER RIGHTS

General Meeting

The general meetings of the Company provide a good opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at such time and place to be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

The 2026 AGM is scheduled to be held on Wednesday, 27 May 2026. A circular and a notice of the 2026 AGM containing, among other matters, further information relating to the 2026 AGM will be sent or made available to the Shareholders in accordance with the Articles, the Listing Rules and other applicable laws and regulations.

CORPORATE GOVERNANCE REPORT

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to Article 64 of the Articles, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the voting rights at general meetings on a one vote per share basis in the share capital of the Company. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to Put Forward Proposals at Shareholders' Meeting

If a Shareholder wishes to put forward proposals at a Shareholders' meeting, the Shareholder, who has satisfied the shareholding requirements set out in the above paragraph headed "Procedures for Shareholders to Convene an Extraordinary General Meeting", may follow the same procedures by sending a written requisition to the Board or the company secretary of the Company at the principal place of business of the Company in Hong Kong. The Shareholder should state his/her proposals in the written requisition and submit the written requisition as early as practicable to enable the company secretary of the Company to make necessary arrangement.

Procedures for Shareholders to Propose a Person for Election as a Director

Details of the procedures for Shareholders to propose a person for election as a Director are set out in the procedures for nomination of directors by Shareholders which are available on the website of the Company.

If a Shareholder wishes to nominate a person (the "**Proposed Candidate**") to stand for election as a Director at a general meeting of the Company, the following documents must be validly served to the Board or the company secretary of the Company at the Company's principal place of business in Hong Kong at Workshop A, 25th Floor, Reason Group Tower, No. 403 Castle Peak Road — Kwai Chung, Kwai Chung, New Territories, Hong Kong:

- (i) a written notice signed by the Shareholder(s), who is(are) duly qualified to attend and vote at the general meeting, of his/her(their) intention to propose the Proposed Candidate for election as a Director; and
- (ii) a written notice signed by the Proposed Candidate of his/her willingness to be elected as a Director.

As stipulated in Article 113 of the Articles, the period for lodgement of such notices required under such Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

Procedure for Sending Enquiries to the Board

Shareholders are welcome to send enquiries to the Board by post to the Company's principal place of business in Hong Kong at Workshop A, 25th Floor, Reason Group Tower, No. 403 Castle Peak Road — Kwai Chung, Kwai Chung, New Territories, Hong Kong or via telephone at (852) 2750 0775.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

The Shareholders' Communication Policy

The Company has adopted a shareholders' communication policy (the "**Shareholders' Communication Policy**"), details of which are summarised below:

Shareholders' Meetings

- The annual general meetings and extraordinary general meetings of the Company are the primary communication forum between the Company and the Shareholders. Shareholders are encouraged to participate in general meetings physically or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.
- Notices of the general meetings, related circulars and forms of proxy are provided within a prescribed time prior to the general meetings on the websites of the Stock Exchange and the Company and sent or made available to the Shareholders in accordance with the requirements of the Articles and Listing Rules.
- The Directors, in particular, the chairpersons of the Board committees or their delegates, appropriate senior executives and external auditor will attend the general meetings to answer the Shareholders' questions.
- The chairman of the general meetings will propose to vote on the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the Articles. A scrutineer will be appointed for the vote-taking at the general meetings and the voting results will be published on the websites of the Stock Exchange and the Company subsequent to the close of the general meetings.

Corporate Communications

- The Company will make available corporate communications of the Company, which include annual reports, interim reports, notices of Shareholders' meetings, listing documents, related circulars, and forms of proxy, on the websites of the Stock Exchange and the Company, and send these corporate communications by electronic means to the Shareholders (where applicable). Shareholders can also request for printed copies of these corporate communications to be sent to the Shareholders by post free of charge.
- Shareholders are encouraged to provide their up-to-date contact details to the Company's branch share registrar and transfer office in Hong Kong in order to facilitate timely and effective communications.

CORPORATE GOVERNANCE REPORT

Company's Website

- The website of the Company at “www.townray.com” provides the Shareholders with corporate information on the Group. It also provides information on the corporate governance of the Group and the compositions and functions of the Board and the committees of the Board.
- In addition to the “Investor Relations” section in which corporate communications of the Company are posted as soon as practicable following their release on the website of Stock Exchange, press releases and newsletters issued by the Company from time to time are also available on the website of the Company to facilitate communication between the Company, the Shareholders and investment community.
- Information on the website of the Company is updated on a regular basis.

Communication with the Company

Shareholders may raise questions, request publicly available information and provide comments and suggestions to the Directors and senior management of the Company. Such questions, requests, comments and suggestions can be addressed to the Company by post to the Company's principal place of business in Hong Kong at Workshop A, 25th Floor, Reason Group Tower, No. 403 Castle Peak Road — Kwai Chung, Kwai Chung, New Territories, Hong Kong, or by the following means:

Telephone number: (852) 2750 0775

Email address: enquiry@townray.com

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

The Company highly values the view and comments of the Shareholders and relevant stakeholders to the Company and would invite the Shareholders and relevant stakeholders to communicate with the Company by employing the abovementioned means. In view of the above Shareholders' communication means and measures adopted by the Company, the Board is of the view that the Shareholders' Communication Policy implemented during the Year was sufficient and effective.

CONSTITUTIONAL DOCUMENTS

During the Year, there was no change to the Memorandum of Association and the Articles, the latest version of which have been published on the websites of the Stock Exchange and the Company.

REPORT OF THE DIRECTORS

The Board is pleased to present this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacture and sale of electrothermic household appliances. Details of the principal activities of the principal subsidiaries are set out in note 1 to the consolidated financial statements.

BUSINESS REVIEW AND OTHER DISCLOSURES

The business review of the Group for the Year, descriptions of the principal risks and uncertainties faced by the Company, further development of the Company's business and an analysis using financial key performance indicators are set out in the section headed "Management Discussion and Analysis" in this annual report. The business review forms part of this annual report.

GROUP REORGANISATION

The Company was incorporated in the Cayman Islands on 28 September 2017 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The reorganisation was completed on 30 September 2019 in preparation for the Listing of the Company's shares on the Stock Exchange, after which the Company became the holding company of the Group. For further information in relation to the reorganisation, please refer to the section headed "History, Development and Reorganisation" in the Prospectus.

The Company's shares have been listed on the Stock Exchange since 25 October 2019.

COMPLIANCE WITH THE LAWS AND REGULATIONS

As the production of the Group mainly takes place in the PRC, the Group's business is subject to the relevant PRC national and local environmental laws and regulations, such as the Environmental Protection Law of the PRC. These laws and regulations govern a broad range of environmental matters, including discharge of wastewater and disposal of hazardous wastes. A summary of the environmental protection laws and regulations applicable to the Group is set out in the section headed "Regulatory Overview" in the Prospectus. The Group recognises the importance of compliance with regulatory requirements and the risks of non-compliance with the applicable laws and regulations. During the Year and up to the date of this annual report, the Group in all material aspects has complied with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

There was no material breach or non-compliance with the applicable laws and regulations by the Group during the Year and up to the date of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the Group's five largest customers in aggregate accounted for approximately 66.9% of the total revenue of the Group and the largest customer of the Group accounted for approximately 25.2% of the total revenue.

For the year ended 31 December 2025, the Group's five largest suppliers in aggregate accounted for less than 30% of the total purchases of materials of the Group.

None of the Directors, or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest customers or suppliers.

REPORT OF THE DIRECTORS

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2025 and the Group's financial position as at that date are set out in the consolidated financial statements in this annual report.

The Directors recommended the payment of a final dividend of HK7.5 cents per ordinary share, totalling approximately HK\$26.9 million in respect of the year ended 31 December 2025, to Shareholders whose names appear on the register of members (the **"Register of Members"**) of the Company at the close of business on Friday, 5 June 2026 as the record date. This proposed final dividend is subject to the approval of the Shareholders at the 2026 AGM, and if approved, is expected to be paid on or before Tuesday, 16 June 2026.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out on page 130 in this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

USE OF PROCEEDS FROM THE SHARE OFFER

Details of the use of Net Proceeds are set out on page 13 in this annual report.

ANNUAL GENERAL MEETING

The 2026 AGM is scheduled to be held on Wednesday, 27 May 2026. A notice convening the 2026 AGM will be issued and despatched to the Shareholders according to the applicable law, the Articles and the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the identity of the Shareholders who will be entitled to attend and vote at the 2026 AGM, the Register of Members will be closed from Thursday, 21 May 2026 to Wednesday, 27 May 2026, both dates inclusive, the period during which no transfer of shares will be effected. Shareholders whose names appear on the Register of Members on Wednesday, 27 May 2026, being the record date, will be eligible to attend and vote at the 2026 AGM. In order to be eligible to attend and vote at the 2026 AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 20 May 2026.

Subject to the approval of the Shareholders at the 2026 AGM for payment of the final dividend, to ascertain the entitlement of the Shareholders to the final dividend, the Register of Members will be closed from Tuesday, 2 June 2026 to Friday, 5 June 2026, both dates inclusive, the period during which no transfer of shares will be effected. The final dividend, if approved at the 2026 AGM, is expected to be paid on or before Tuesday, 16 June 2026 to the Shareholders whose names appear on the Register of Members on Friday, 5 June 2026, being the record date. In order to qualify for receiving the final dividend, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at the above address, not later than 4:30 p.m. on Monday, 1 June 2026.

CHARITABLE CONTRIBUTIONS

Charitable contributions made by the Group during the Year amounted to approximately HK\$0.9 million.

REPORT OF THE DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the authorised share capital and issued share capital of the Company during the Year are set out in note 24 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme at the annual general meeting of the Company held on the Adoption Date (i.e., 25 May 2023). No share option has been granted, exercised, cancelled, or lapsed under the Share Option Scheme since the Adoption Date and up to the date of this annual report.

A summary of the principal terms of the Share Option Scheme is set out below:

Summary of the Principal Terms of the Share Option Scheme

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Group to grant options under the Share Option Scheme (the “**Option(s)**”) to the Eligible Participants (as defined below) as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

(b) Who may join

Eligible participants (the “**Eligible Participants**”) under the Share Option Scheme include:

- (i) the employee participants, who are the Director(s) (excluding independent non-executive Directors) and employee(s) (whether full time or part time) of the Group (including persons who are granted Options under the Share Option Scheme as an inducement to enter into employment contracts with any member of the Group);
- (ii) the director(s) and employee(s) of the holding companies, fellow subsidiaries or associated companies of the Company; and
- (iii) person(s) who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (the “**Service Providers**”).

The eligibility of, and the terms of grant of Options to each of the Eligible Participants to an offer shall be determined by the Board from time to time on the basis of the Board's opinion as to his/her experience in the business of the Group, the length of his/her service with the Group, his/her contribution to the development and long-term growth of the Group, and other factors as the Board may at its discretion consider appropriate. When considering eligibility of, and the terms of grant of Options to any Service Provider and whether such Service Provider provides services to the Group on a continuing or recurring basis in the ordinary and usual course of business, the Board shall generally consider all relevant factors as appropriate from time to time, including (i) the industry experience of the Service Provider; (ii) the type(s) of services that the Service Provider had provided to the Group; (iii) the period of engagement of the Service Provider; and (iv) the contribution and/or future contribution of the Service Provider to the development and long-term growth of the Group.

REPORT OF THE DIRECTORS

(c) Maximum number of Options to be granted

The total number of the Company's shares which may be allotted and issued upon exercise of all Options to be granted under the Share Option Scheme and any other share scheme(s) of the Company must not, in aggregate, exceed 10.0% of the total number of issued shares of the Company as of the Adoption Date (the "**Scheme Mandate Limit**") unless the Company obtains an approval from the Shareholders. The Options which are cancelled or lapsed in accordance with the rules of the Share Option Scheme and any other share scheme(s) of the Company shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. As at 31 December 2025, the Scheme Mandate Limit was 35,900,000 shares.

The Company may seek approval of its Shareholders in a general meeting to refresh the Scheme Mandate Limit and service provider sublimit (the "**Service Provider Sublimit**") after three years from the approval of the Shareholders for the Adoption Date or the last refreshment.

Any refreshment within any three-year period must be approved by Shareholders of the issuer subject to:

- (i) any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
- (ii) the Company must comply with the requirements of the Listing Rules.

The Service Provider Sublimit under the Share Option Scheme was 1.0% of the total number of issued shares of the Company as of the Adoption Date, which was 3,590,000 shares.

As at 1 January 2025, 31 December 2025 and up to the date of this annual report, the total number of shares of the Company which may be allotted and issued upon exercise of all Options available for grant under the Scheme Mandate Limit of the Share Option Scheme was 35,900,000 shares, representing approximately 10.0% of the total number of the Company's shares in issue (excluding treasury shares, if any) as at 1 January 2025, 31 December 2025 and the date of this annual report, respectively. The Service Provider Sublimit under the Share Option Scheme was 1.0% of the total number of the Company's shares in issue as at the Adoption Date, i.e., 3,590,000 shares, representing 1.0% of the total number of the Company's shares in issue (excluding treasury shares, if any) as at 1 January 2025, 31 December 2025 and the date of this annual report, respectively. From the Adoption Date and up to 31 December 2025, no Options were granted under the Share Option Scheme and there were no outstanding Options.

(d) Maximum entitlement of each Eligible Participant

The total number of issued shares of the Company and which may fall to be issued upon exercise of the Options and the options or awards granted under any other share scheme(s) of the Company (including both exercised or outstanding options but excluding any options and awards lapsed in accordance with Scheme Rules) to each grantee (the "**Grantee**") in any 12-month period up to and including the date of such grant shall not exceed 1% of the issued share capital of the Company for the time being ("**1% Individual Limit**"). Where any further grant of Options to a Grantee under the Share Option Scheme would result in the Company's shares issued and to be issued upon exercise of all options and awards granted and proposed to be granted to such person (including exercised, cancelled and outstanding options but excluding any options and awards lapsed in accordance with the terms of the scheme) under the Share Option Scheme and any other share scheme(s) of the Company in the 12-month period up to and including the date of such further grant exceeding the 1% Individual Limit, such further grant must be separately approved by Shareholders in a general meeting with such Grantee and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting. The number and terms of the options to be further granted to such Grantee must be fixed before Shareholders' approval.

REPORT OF THE DIRECTORS

(e) Grant of Options to core connected persons

- (i) Without prejudice to (ii) below, the making of an offer under the Share Option Scheme to any Director, chief executive or substantial Shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of an Option under the Share Option Scheme).
- (ii) Without prejudice to (i) above, where any grant of Options under the Share Option Scheme to a substantial Shareholder or any of their respective associates, would result in the Company's shares issued and to be issued upon exercise of all Options under the Share Option Scheme already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the share in issue, such further grant of Options must be approved by the Shareholders in a general meeting. The Grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

For the purpose of seeking the approval of the Shareholders under paragraphs (c), (d) and (e) above, the Company must send a circular to the Shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the general meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

(f) Time of acceptance and exercise of an Option

An offer under the Share Option Scheme shall remain open for acceptance by the Eligible Participants concerned (and by no other person) for a period of up to 21 days from the date, which must be a business day, on which the offer is made.

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to the Grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such Option to the date falling ten years from the grant date of that Option. There was no prescribed vesting period for which an Option must be held before it can be vested under the Share Option Scheme, subject to the conditions of grant to be determined by the Board and a general vesting period of 12 months from the date of grant.

An offer shall have been accepted by an Eligible Participant in respect of all the Company's shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from the grant date). Such remittance shall in no circumstances be refundable.

REPORT OF THE DIRECTORS

(g) Exercise price for Options

The exercise price in respect of any Options shall, subject to the adjustments, be at the discretion of the Directors, provided that it shall not be less than the highest of:

- (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the shares on the grant date, which must be a business day;
- (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date; and
- (iii) the nominal value of a Company's share.

(h) Remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing from the Adoption Date (i.e., until 24 May 2033). Accordingly, the remaining life of the Share Option Scheme is approximately seven years.

Tax Relief and Exemption

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding the Company's securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

RESERVES

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares) during the Year. The Company did not have any treasury shares as at 31 December 2025.

ISSUE FOR CASH OF EQUITY SECURITIES

During the Year, the Company did not issue any equity securities (including securities convertible into equity securities) or sell any treasury shares for cash.

REPORT OF THE DIRECTORS

DISCLOSURE OF INTERESTS

(i) Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 31 December 2025, interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director/ chief executive	Capacity/nature of interest	Number of ordinary shares of the Company held (Note 1)	Approximate percentage of shareholding
Dr. Chan	Interest in a controlled corporation (Note 2)	213,640,000 (L)	59.51%
	Interest of spouse (Note 3)	6,806,000 (L)	1.90%
Ms. Cheng	Interest in a controlled corporation (Note 2)	213,640,000 (L)	59.51%
	Beneficial owner	6,806,000 (L)	1.90%
Mr. Chan	Beneficial owner	5,000,000 (L)	1.39%
Mr. Chiu	Beneficial owner	5,000,000 (L)	1.39%
Ms. Tang	Beneficial owner	5,000,000 (L)	1.39%
Dr. Yu	Beneficial owner	5,000,000 (L)	1.39%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such shares.
2. 213,640,000 shares of the Company are owned by Modern Expression Limited ("**Modern Expression**"), which is wholly owned by Dr. Chan and Ms. Cheng jointly. Under the SFO, each of Dr. Chan and Ms. Cheng is deemed to be interested in all the shares owned by Modern Expression.
3. Ms. Cheng is the spouse of Dr. Chan. Under the SFO, Dr. Chan is deemed to be interested in all the shares in which Ms. Cheng is interested.

REPORT OF THE DIRECTORS

(ii) Interest in associated corporations of the Company

As at 31 December 2025, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Name of associated corporation	Capacity/nature	Number of ordinary shares held in associated corporation (Note 1)	Approximate percentage of shareholding in associated corporation
Dr. Chan	Modern Expression	Interest held jointly with another person (Note 2)	1 (L)	100%
Ms. Cheng	Modern Expression	Interest held jointly with another person (Note 2)	1 (L)	100%

Notes:

1. The letter "L" denotes a person's/corporation's "long position" (as defined under Part XV of the SFO) in such shares.
2. Modern Expression is wholly owned by Dr. Chan and Ms. Cheng jointly. Dr. Chan and Ms. Cheng are spouses.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executive of the Company had interests or short positions 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) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

(iii) Substantial Shareholders' and other persons' interests and short positions in shares, underlying shares and debentures

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

Person/corporation	Capacity/nature of interest	Number of ordinary shares of the Company held (Note 1)	Approximate percentage of shareholding in the Company
Modern Expression	Beneficial owner	213,640,000 (L)	59.51%
Capital Fortress Limited ("Capital Fortress")	Beneficial owner	29,000,000 (L)	8.08%
Mr. Leung Yat Cheong Albert ("Mr. Leung")	Interest in a controlled corporation (Note 2)	29,000,000 (L)	8.08%
Ms. Chan Ying Yuk Purple ("Ms. Chan")	Interest of spouse (Note 3)	29,000,000 (L)	8.08%
Bestresult Assets Limited ("Bestresult Assets")	Beneficial owner	22,360,000 (L)	6.23%
Ms. Li Siu Lan ("Ms. Li")	Interest in a controlled corporation (Note 4)	22,360,000 (L)	6.23%
Mr. Lo Kam Wing Raymond ("Mr. Lo")	Interest of spouse (Note 5)	22,360,000 (L)	6.23%

Notes:

1. The letter "L" denotes a person's/corporation's "long position" (as defined under Part XV of the SFO) in such shares.
2. Capital Fortress is wholly owned by Mr. Leung. Under the SFO, Mr. Leung is deemed to be interested in all the shares owned by Capital Fortress.
3. Ms. Chan is the spouse of Mr. Leung. Under the SFO, Ms. Chan is deemed to be interested in all the shares in which Mr. Leung is interested.
4. Bestresult Assets is wholly owned by Ms. Li. Under the SFO, Ms. Li is deemed to be interested in all the shares owned by Bestresult Assets.
5. Mr. Lo is the spouse of Ms. Li. Under the SFO, Mr. Lo is deemed to be interested in all the shares in which Ms. Li is interested.

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

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVES

As at 31 December 2025, in the opinion of the Directors, the reserves of the Company available for distribution to Shareholders under the Companies Act of the Cayman Islands amounted to approximately HK\$146.9 million.

EQUITY-LINKED AGREEMENT

Save for the Share Option Scheme, no equity-linked agreements were entered into by the Company during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year and up to the date of this annual report, none of the Directors or their close associates (as defined under the Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

The controlling Shareholders, namely Dr. Chan Kam Kwong Charles, Ms. Cheng Yuk Sim Connie and Modern Expression (collectively, the “**Controlling Shareholder(s)**”) had entered into the deed of non-competition in favour of the Company on 3 October 2019 (the “**Non-competition Undertaking**”). Each of the Controlling Shareholders has confirmed that he/she/it had complied with the Non-competition Undertaking during the Year and the independent non-executive Directors have reviewed that state of compliance of each of the Controlling Shareholders with the Non-competition Undertaking and as far as the independent non-executive Directors can ascertain, there has been no breach of the undertakings given in the Non-competition Undertaking by the Controlling Shareholders during the Year.

DIRECTORS

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

Executive Directors

Mr. Chan Wai Ming (*Chief Executive Officer*)

Mr. Chiu Wai Kwong

Ms. Tang Mei Wah

Dr. Yu Kwok Wai

Non-executive Directors

Dr. Chan Kam Kwong Charles (*Chairman*)

Ms. Cheng Yuk Sim Connie

(also known as Ms. Cheng Yuk Yee Connie)

Independent Non-executive Directors

Mr. Choi Chi Leung Danny

Mr. Chan Shing Jee

Ms. Chan Tak Yi

Ms. Leung Lai Yee Edwina

REPORT OF THE DIRECTORS

Pursuant to Article 108 of the Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. As such, Ms Chan Tak Yi and Ms. Leung Lai Yee Edwina, the independent non-executive Directors, and Mr. Chan Wai Ming and Mr. Chiu Wai Kwong, the executive Directors, shall retire at the 2026 AGM and shall be eligible to offer themselves for re-election.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considered all of its independent non-executive Directors to be independent in accordance with the independence criteria as set out under the Listing Rules.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, there were no transactions, arrangements or contracts of significance in relation to the business of the Group to which the Company, its holding Company, or any of its subsidiaries was a party and in which a Director of the Company or his/her connected entities or a controlling shareholder of the Company (having the meaning ascribed under the Listing Rules) or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted during the Year and up to the date of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service agreement with the Company for an initial fixed term of three years commencing from the Listing Date. The term of service shall be renewed and extended automatically by three years on the expiry of such initial term and on the expiry of every successive period of three years thereafter, unless terminated by either party thereto giving at least six months' written notice before the expiry of the then existing term.

Each of the non-executive Directors and independent non-executive Directors entered into an appointment letter with the Company for an initial fixed term of one year commencing from the Listing Date, except for Ms. Chan Tak Yi and Ms. Leung Lai Yee Edwina, who entered into an appointment letter with the Company for an initial fixed term of one year commencing from 21 December 2023. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless terminated by either party thereto giving at least two months' written notice before the expiry of the then existing term.

There is no director's service contract with the Company or any of its subsidiary which is not determinable by the Company or its subsidiary within one year without payment of compensation (other than statutory compensation) as at 31 December 2025.

REPORT OF THE DIRECTORS

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and the five highest paid individuals of the Group for the Year are set out in notes 8 and 9 to the consolidated financial statements.

The Directors and senior management receive compensation in the form of salaries and discretionary bonuses related to their performance. The Group also reimburses them for expenses which are necessarily and reasonably incurred in relation to all business and affairs carried out by the Group from time to time or for providing services to the Group or executing their functions in relation to the Group's business and operations. The Group regularly reviews and determines the remuneration and compensation package of the Directors and senior management by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and performance of the Group. The Directors and senior management may also receive Options to be granted under the Share Option Scheme.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution mandatory provident fund retirement benefit scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the 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.

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

The total retirement benefit scheme contributions made by the Group amounted to approximately HK\$17.6 million for the Year. There was no forfeited contribution under the MPF Scheme and other retirement benefit schemes which may be used by the Group to reduce the contribution during the Year and payable in the future years.

MANAGEMENT CONTRACTS

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

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

The Group did not enter into any non-fully exempted connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules, which required reporting, announcement or independent Shareholders' approval requirements of the Listing Rules, during the Year.

There were connected transactions entered into by the Group in 2024. On 10 May 2024, the Group entered into the following tenancy agreements which constituted connected transactions under Chapter 14A of the Listing Rules:

(i) Tenancy Agreement I

Town Ray Electrical (Huizhou) Limited ("**Town Ray (Huizhou)**"), an indirect wholly owned subsidiary of the Company, as tenant entered into the tenancy agreement (the "**Tenancy Agreement I**") with Tunbow Electrical (Huizhou) Limited* (東保利電業(惠州)有限公司) ("**Tunbow (Huizhou)**"), a connected person of the Company, as landlord in relation to the leasing of the Dunzilipian (Jiangbei 84) Community, Qingtang Village, Xiaojinkou Town, Huicheng District, Huizhou City, Guangdong Province, the PRC, with a total gross floor area of 85,036.10 square metres (the "**Property I**"), for renewing the existing tenancy agreement in respect of the same premises entered into by the same parties (the "**Property I Existing Tenancy Agreement**") which was expired on 31 December 2024, and the leasing of the Dunzilipian (Jiangbei 85) Community, Qingtang Village, Xiaojinkou Town, Huicheng District, Huizhou City, Guangdong Province, the PRC, with a total gross floor area of 5,171.01 square metres (the "**Property II**") for a term of three years from 1 January 2025 to 31 December 2027 at an aggregate monthly rent of RMB1,172,692.43;

(ii) Tenancy Agreement II

Town Ray (Huizhou), an indirect wholly owned subsidiary of the Company, as tenant entered into the tenancy agreement (the "**Tenancy Agreement II**") with Tunbow (Huizhou) as landlord in relation to the leasing of Property II for a term of six months from 1 July 2024 to 31 December 2024 at a monthly rent of RMB67,223.13; and

(iii) Tenancy Agreement III

Town Ray (Huizhou), an indirect wholly owned subsidiary of the Company, as tenant entered into the tenancy agreement (the "**Tenancy Agreement III**") with Tunbow Electronics (Huizhou) Limited * (東保達電子(惠州)有限公司) ("**Tunbow Electronics (Huizhou)**"), a connected person of the Company, as landlord in relation to the leasing of the Dunzilipian (Jiangbei 85) Community, Qingtang Village, Xiaojinkou Town, Huicheng District, Huizhou City, Guangdong Province, the PRC, with a total gross floor area of 15,581.76 square metres (the "**Property III**") for a term of three years and six months from 1 July 2024 to 31 December 2027 at a monthly rent of RMB202,562.88.

The Property I, II and III are currently used for the production warehouse, manufacturing plant and related operation, dormitory, factory facilities and ancillary office of the Group.

Tunbow (Huizhou), the landlord under the Tenancy Agreement I and Tenancy Agreement II, is a company established in Huizhou City, Guangdong Province, the PRC with limited liability on 5 December 2005 and principally engages in the business of properties holding. Tunbow (Huizhou) is wholly owned by Tunbow Electrical (BVI) Limited, which is in turn wholly owned by Tunbow Investments (BVI) Limited. Tunbow Investments (BVI) Limited is owned as to approximately 78.23% by Modern Expression, which is in turn wholly owned by Dr. Chan and Ms. Cheng (both being non-executive Directors) jointly. Therefore, Tunbow (Huizhou) is an associate of Dr. Chan and Ms. Cheng, and is a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

* denotes unofficial names for identification purpose only

REPORT OF THE DIRECTORS

Tunbow Electronics (Huizhou), the landlord under the Tenancy Agreement III, is a company established in Huizhou City, Guangdong Province, the PRC with limited liability on 5 December 2005 and principally engages in the business of properties holding. Tunbow Electronics (Huizhou) is wholly owned by Tunbow Electronics (BVI) Limited, which is in turn wholly owned by Tunbow Investments (BVI) Limited. Tunbow Investments (BVI) Limited is owned as to approximately 78.23% by Modern Expression, which is in turn wholly owned by Dr. Chan and Ms. Cheng (both being non-executive Directors) jointly. Therefore, Tunbow Electronics (Huizhou) is an associate of Dr. Chan and Ms. Cheng, and is a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

In accordance with HKFRS 16 “Leases”, the Group was required to recognise right-of-use assets from the commencement date of the Tenancy Agreement I, Tenancy Agreement II and Tenancy Agreement III (the “**Tenancy Agreements**”) in its consolidated statement of financial position. Hence, the Tenancy Agreements and the transactions contemplated thereunder were regarded as acquisitions of right-of-use assets from the commencement date of the Tenancy Agreements by the Group, which were aggregated under Rule 14.22 of the Listing Rules as if one transaction, and after aggregation, constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules. The total consideration of the connected transactions under the Tenancy Agreements was approximately HK\$56.4 million, which was calculated with reference to the aggregate rental payments and discounted by a discount rate. For details, please refer to the announcement of the Company dated 10 May 2024 and the circular of the Company dated 28 May 2024.

The Tenancy Agreements and the transactions contemplated thereunder were approved by the independent Shareholders at the annual general meeting of the Company held on 21 June 2024.

RELATED PARTY TRANSACTIONS

The significant related party transactions entered into by the Group during the Year are set out in note 28 to the consolidated financial statements in this annual report. Save as (i) the transactions relating to the Tenancy Agreements, which constituted connected transactions in the year ended 31 December 2024; (ii) the charitable donations to Tunbow Charity Foundation Limited during the Year, which did not fall within the definition of connected transaction under Chapter 14A of the Listing Rules; and (iii) the compensation to key management personnel of the Group, including the Directors and chief executive of the Group paid during the Year, which were fully-exempted connected transactions under Rule 14A.95 of the Listing Rules, none of the related party transactions transacted during the Year constitute connected transactions or continuing connected transactions (as defined under Chapter 14A of the Listing Rules). In relation to the Company’s connected transactions or continuing connected transactions, the Company has complied with the relevant requirements (including applicable disclosure requirements) in accordance with the Chapter 14A of the Listing Rules.

CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out in the section headed “Corporate Governance Report” in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the minimum prescribed public float of at least 25% of the issued share capital of the Company under Rule 13.32B of the Listing Rules during the Year and up to the date of this annual report.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

The Company's Articles provides that every Director is entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of duties of his/her office or otherwise in relation thereto provided that such indemnity shall not extend to any matter in respect of fraud or dishonesty which may attach to the Director.

The Company has arranged appropriate insurance cover for Directors' and officers' liabilities in respect of potential legal actions against the Directors and officers arising out of corporate activities during the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT AND POLICY

For details of the environmental, social and governance performance of the Group during the Year and the status of compliance of the relevant environmental law of the Group during the Year, please refer to the environmental, social and governance report for the Year, which will be published by the Company according to the requirements of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material events for disclosure subsequent to 31 December 2025 and up to the date of this annual report.

AUDITOR

The auditor of the Company, Ernst & Young, will retire at the 2026 AGM and a resolution for its re-appointment as auditor of the Company will be proposed at the 2026 AGM.

REVIEW BY AUDIT COMMITTEE

The Audit Committee was established on 3 October 2019 with specific written terms of reference which clearly sets out with its authority and duties.

The Audit Committee is mainly responsible for (i) making recommendations to the Board on the appointment, re-appointment and removal of external auditor; (ii) reviewing the financial statements and providing material advice in respect of financial reporting; (iii) overseeing the financial reporting process, internal controls, risk management systems and audit process of the Group; and (iv) overseeing the Company's continuing connected transactions. Details of the authority and duties of the Audit Committee are set out in the Audit Committee's terms of reference, which is available on the websites of the Stock Exchange and the Company.

The Audit Committee comprises four independent non-executive Directors, namely Ms. Chan Tak Yi (Chairperson), Mr. Choi Chi Leung Danny, Mr. Chan Shing Jee and Ms. Leung Lai Yee Edwina. The composition of the Audit Committee meets the requirements of Rule 3.21 of the Listing Rules.

The consolidated financial statements of the Group for the year ended 31 December 2025 have been reviewed by the Audit Committee.

On behalf of the Board

Town Ray Holdings Limited

Chan Kam Kwong Charles

Chairman and non-executive Director

Hong Kong, 23 March 2026

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report

To the shareholders of Town Ray Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Town Ray Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 65 to 129, 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 ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of trade receivables

As at 31 December 2025, the carrying amount of trade receivables was HK\$105.8 million which represented 20% of the Group's total assets. Assessment of expected credit losses ("ECLs") of trade receivables is performed by management 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 Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The assessment is significant to our audit due to (i) the significance of the carrying amount of trade receivables; and (ii) significant estimates involved in determining the future cash flows that the Group expects to receive from such receivables based on, among others, the correlation among historical observed default rates, forecast economic conditions (i.e. gross domestic product) and ECLs.

The Group's accounting policies, disclosures of accounting estimates on the provision for ECLs on trade receivables and information about the ECLs on trade receivables are included in notes 2.4, 3 and 17 to the consolidated financial statements, respectively.

We assessed management's assessment by (i) testing the inputs used by management to prepare the provision matrix including the ageing and historical collection records of trade receivables by comparing individual item in the analysis, on a sampling basis, to supporting billings and collections; (ii) benchmarking the forecast economic conditions (i.e. gross domestic product) against market data; and (iii) reviewing the arithmetic accuracy of the calculation of the ECLs.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

As part of an audit in accordance with HKSAs, 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

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 Leung Chi Ying (practising certificate number: P04302).

Ernst & Young

Certified Public Accountants

27/F, One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

23 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	5	672,645	703,593
Cost of sales		(493,483)	(471,844)
Gross profit		179,162	231,749
Other income and gain, net	5	7,937	18,657
Selling and distribution expenses		(15,914)	(15,588)
General and administrative expenses		(94,562)	(98,832)
Other expenses, net		1,479	(3,257)
Finance costs	6	(2,957)	(2,312)
PROFIT BEFORE TAX	7	75,145	130,417
Income tax expense	10	(12,562)	(22,807)
PROFIT FOR THE YEAR		62,583	107,610
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic and diluted		HK17.43 cents	HK29.97 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
PROFIT FOR THE YEAR	62,583	107,610
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	4,822	(3,547)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	67,405	104,063

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	94,058	85,256
Investment property	14	2,100	2,200
Right-of-use assets	15(a)	102,997	116,009
Deposits paid for purchases of items of property, plant and equipment		5,073	11,259
Prepayments	18	91	206
Deferred tax assets	23	2,884	3,337
Total non-current assets		207,203	218,267
CURRENT ASSETS			
Inventories	16	78,218	100,128
Trade and bills receivables	17	107,666	132,069
Prepayments, deposits and other receivables	18	18,504	27,125
Tax recoverable		1,986	153
Pledged deposits	19	88	820
Cash and cash equivalents	19	103,641	75,894
Total current assets		310,103	336,189
CURRENT LIABILITIES			
Trade payables	20	74,676	58,454
Other payables and accruals	21	37,874	49,411
Interest-bearing bank borrowings	22	26,293	39,975
Lease liabilities	15(b)	17,110	16,168
Tax payable		1,658	1,604
Total current liabilities		157,611	165,612
NET CURRENT ASSETS		152,492	170,577
TOTAL ASSETS LESS CURRENT LIABILITIES		359,695	388,844
NON-CURRENT LIABILITIES			
Accrual	21	235	220
Lease liabilities	15(b)	15,956	31,583
Deferred tax liabilities	23	3,986	1,999
Total non-current liabilities		20,177	33,802
Net assets		339,518	355,042

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
EQUITY			
Issued capital	24	3,590	3,590
Reserves	25	335,928	351,452
Total equity		339,518	355,042

Chan Wai Ming
Director

Chiu Wai Kwong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

		Issued capital	Share premium account	Merger reserve	Capital contribution reserve	Share- based payment reserve	Statutory reserve funds	Exchange fluctuation reserve	Retained profits	Total equity
	Note	HK\$'000	HK\$'000	HK\$'000 (note 25(a))	HK\$'000 (note 25(b))	HK\$'000 (note 25(c))	HK\$'000 (note 25(d))	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024		3,590	73,524	10,000	63,000	10,050	14,695	(16,621)	186,440	344,678
Profit for the year		-	-	-	-	-	-	-	107,610	107,610
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations		-	-	-	-	-	-	(3,547)	-	(3,547)
Total comprehensive income for the year		-	-	-	-	-	-	(3,547)	107,610	104,063
Final 2023 dividend	11	-	-	-	-	-	-	-	(54,209)	(54,209)
Interim 2024 dividend	11	-	-	-	-	-	-	-	(39,490)	(39,490)
At 31 December 2024 and at 1 January 2025		3,590	73,524	10,000	63,000	10,050	14,695	(20,168)	200,351	355,042
Profit for the year		-	-	-	-	-	-	-	62,583	62,583
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations		-	-	-	-	-	-	4,822	-	4,822
Total comprehensive income for the year		-	-	-	-	-	-	4,822	62,583	67,405
Final 2024 dividend	11	-	-	-	-	-	-	-	(57,799)	(57,799)
Interim 2025 dividend	11	-	-	-	-	-	-	-	(25,130)	(25,130)
At 31 December 2025		3,590	73,524*	10,000*	63,000*	10,050*	14,695*	(15,346)*	180,005*	339,518

* These reserve accounts comprise the consolidated reserves of HK\$335,928,000 (2024: HK\$351,452,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		75,145	130,417
Adjustments for:			
Interest income	5	(2,196)	(4,743)
Finance costs	6	2,957	2,312
Depreciation of property, plant and equipment	7	15,168	14,260
Depreciation of right-of-use assets	7	18,991	16,782
Fair value loss of an investment property	7	100	11
Impairment/(reversal of impairment) of trade receivables, net	7	(1,646)	3,204
Loss on disposal of items of property, plant and equipment, net	7	67	42
Reversal of write-down inventories to net realisable value	7	(4,333)	(7,069)
		104,253	155,216
Decrease/(increase) in inventories		28,452	(35,924)
Decrease/(increase) in trade and bills receivables		26,131	(68,233)
Decrease/(increase) in prepayments, deposits and other receivables		9,263	(18,550)
Increase in trade payables		14,552	16,767
Increase/(decrease) in other payables and accruals		(11,948)	6,024
		170,703	55,300
Cash generated from operations		(6,131)	(17,901)
Hong Kong profits tax paid		(5,833)	(14,289)
Overseas tax paid			
		158,739	23,110
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,196	4,743
Purchases of items of property, plant and equipment		(14,730)	(22,704)
Increase in deposits paid for purchases of items of property, plant and equipment		(1,758)	(9,440)
Proceeds from disposal of items of property, plant and equipment		361	30
Purchase of an investment property		-	(2,211)
Additions to right-of-use assets		(5,001)	(13,101)
Placement of pledged deposits		(699)	(2,212)
Withdrawal of pledged deposits		1,442	1,467
		(18,189)	(43,428)
Net cash flows used in investing activities			

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings	26(b)	107,161	71,952
Repayment of bank borrowings	26(b)	(120,843)	(53,363)
Principal portion of lease payments	26(b)	(15,683)	(13,777)
Dividends paid		(82,929)	(93,699)
Interest paid		(2,957)	(2,312)
Net cash flows used in financing activities		(115,251)	(91,199)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		75,894	187,719
Effect of foreign exchange rate changes, net		2,448	(308)
CASH AND CASH EQUIVALENTS AT END OF YEAR		103,641	75,894
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		61,930	75,894
Non-pledged time deposits with original maturity of less than three months when acquired		41,711	–
		103,641	75,894

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Town Ray Holdings Limited is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at Workshop A, 25th Floor, Reason Group Tower, No. 403 Castle Peak Road – Kwai Chung, Kwai Chung, New Territories, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the manufacture and sale of electrothermic household appliances.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company is Modern Expression Limited (“Modern Expression”), a company incorporated in the British Virgin Islands.

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
			2025	2024	
Tunbow Group Limited	Hong Kong	HK\$10,000,000	100	100	Trading of electrothermic household appliances
登輝電器(惠州)有限公司*	People’s Republic of China (“PRC”)/ Mainland China	HK\$30,000,000	100	100	Manufacture and sale of electrothermic household appliances
Kwun Tong 1008 Properties Limited	Hong Kong	HK\$1	100	100	Holding of properties
Leighton 2338 Properties Limited	Hong Kong	HK\$1	100	100	Holding of properties
Leighton 2348 Properties Limited	Hong Kong	HK\$1	100	100	Holding of properties
RGT 1238 Properties Limited	Hong Kong	HK\$1	100	100	Holding of properties

* This subsidiary is registered as a wholly-foreign-owned enterprise under PRC law.

The above subsidiaries are indirectly held by the Company.

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. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an investment property which has been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the 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 owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

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

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

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

³ 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 effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

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

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

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

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 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) 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, 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.

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	4%
Leasehold improvements	Over the shorter of the lease terms and 20%
Plant and machinery	9%
Furniture, fixtures and equipment	18% to 20%
Moulds	18% to 20%

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in 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.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease components, the Group adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components as a single lease component.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms.

(b) Lease liabilities

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessor

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

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

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 transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Subsequent measurement of 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.

Derecognition of financial assets

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets

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

General approach

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

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.

Inventories

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

Cash and cash equivalents

Cash and cash equivalents in the consolidated 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 recognised in the statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax

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

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

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 future 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 future taxable profit will be available against which the temporary differences can be utilised.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

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

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

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

(a) Sale of electrothermic household appliances and tooling

Revenue from the sale of electrothermic household appliances and tooling is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the electrothermic household appliances and acceptance of the tooling.

Other income

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

Consultancy income is recognised over time as consultancy services are rendered.

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

Contract liabilities

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

Contract costs

Other than the costs which are capitalised as inventories and property, plant and equipment, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the 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.

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

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities 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 overseas 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 amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

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

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.

Judgements

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

Income taxes

The Group has exposure to income taxes in different jurisdictions. Significant judgement is involved in determining the provision for income taxes. Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation, interpretations and practices in respect thereof.

Classification between investment properties and owner-occupied properties

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

Estimation uncertainty

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of non-financial assets

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

Provision for expected credit losses on trade receivables

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

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the electrothermic household appliance manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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 is disclosed in note 17 to the financial statements.

Net realisable value of inventories

The Group performs regular review of the carrying amounts of inventories with reference to aged analyses of the Group's inventories, projections of expected future saleability of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the estimated net realisable value of inventories declines below their carrying amount. Due to changes in technological, market and economic environment and customers' preference, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation. As at 31 December 2025, the carrying amount of inventories was HK\$78,218,000 (2024: HK\$100,128,000).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of electrothermic household appliances. Information reported to the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment is focused on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	2025 HK\$'000	2024 HK\$'000
Europe	545,055	617,270
Asia	107,647	64,826
United States	4,583	11,114
Others	15,360	10,383
Total revenue	672,645	703,593

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

(b) Non-current assets

	2025 HK\$'000	2024 HK\$'000
Hong Kong	101,391	100,243
Mainland China	102,928	114,687
Total non-current assets	204,319	214,930

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

Information about major customers

Revenue from external customers contributing over 10% of the total revenue of the Group is as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A	169,424	173,238
Customer B	129,158	165,102
Customer C	80,018	87,730

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAIN, NET

An analysis of revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers	672,645	703,593

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 HK\$'000	2024 HK\$'000
Types of goods		
Sale of electrothermic household appliances	657,160	703,058
Sale of tooling	15,485	535
Total	672,645	703,593
Timing of revenue recognition		
Goods transferred at a point in time	672,645	703,593

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:		
Sale of electrothermic household appliances	9,242	9,073
Sale of tooling	5,635	–
Total	14,877	9,073

NOTES TO FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAIN, NET (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations

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

Sale of electrothermic household appliances

The performance obligation is satisfied upon delivery of the electrothermic household appliances and payment is generally due within 30 to 120 days from delivery, except for new customers, where payment in advance is normally required.

Sale of tooling

The performance obligation is satisfied upon transfer of control of the tooling and payment is generally due upon achievement of milestone and customer acceptance.

As a practical expedient, the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the sale of goods are a part of contracts that have an original expected duration of one year or less.

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

	2025 HK\$'000	2024 HK\$'000
Bank interest income	2,196	4,743
Consultancy income	2,359	6,465
Gross rental income	245	92
Government subsidies*	1,793	1,004
Foreign exchange differences, net	120	5,240
Others	1,224	1,113
Total	7,937	18,657

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

6. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank loans	1,467	1,614
Interest on lease liabilities	1,490	698
Total	2,957	2,312

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
Cost of inventories sold		493,483	471,844
Depreciation of property, plant and equipment*	13	15,168	14,260
Depreciation of right-of-use assets*	15(a)	18,991	16,782
Lease payments not included in the measurement of lease liabilities	15(c)	20	20
Auditor's remuneration		1,468	2,140
Employee benefit expense (including directors' remuneration (note 8))*:			
Wages, salaries, bonuses and allowances		124,185	116,024
Pension scheme contributions (defined contribution schemes)#		17,582	16,869
Total		141,767	132,893
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment property		6	5
Fair value loss of an investment property^	14	100	11
Impairment/(reversal of impairment) of trade receivables, net^	17	(1,646)	3,204
Loss on disposal of items of property, plant and equipment, net^		67	42
Reversal of write-down of inventories to net realisable value*		(4,333)	(7,069)

* The cost of sales for the year included depreciation charge of property, plant and equipment of HK\$11,463,000 (2024: HK\$10,511,000), depreciation charge of right-of-use assets of HK\$13,091,000 (2024: HK\$11,985,000), employee benefit expense of HK\$66,523,000 (2024: HK\$58,016,000) and reversal of write-down of inventories to net realisable value of HK\$4,333,000 (2024: HK\$7,069,000).

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

^ Included in "Other expenses, net" in the consolidated statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2025 HK\$'000	2024 HK\$'000
Fees	1,008	1,134
Other emoluments:		
Salaries and allowances	9,120	9,120
Discretionary bonuses	5,675	5,895
Pension scheme contributions	96	96
Subtotal	14,891	15,111
Total	15,899	16,245

(a) Independent non-executive directors

	Fees HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2025			
Mr. Choi Chi Leung Danny	252	–	252
Mr. Chan Shing Jee	252	–	252
Ms. Chan Tak Yi	252	–	252
Ms. Leung Lai Yee Edwina	252	–	252
Total	1,008	–	1,008
2024			
Mr. Chan Ping Yim*	126	–	126
Mr. Choi Chi Leung Danny	252	–	252
Mr. Chan Shing Jee	252	–	252
Ms. Chan Tak Yi	252	–	252
Ms. Leung Lai Yee Edwina	252	–	252
Total	1,134	–	1,134

* Mr. Chan Ping Yim retired as an independent non-executive director of the Company upon the conclusion of the annual general meeting of the Company held on 21 June 2024.

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' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors and non-executive directors

	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonuses HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2025					
Executive directors:					
Mr. Chan Wai Ming	-	1,693	282	24	1,999
Mr. Chiu Wai Kwong	-	1,559	130	24	1,713
Ms. Tang Mei Wah	-	1,055	176	24	1,255
Dr. Yu Kwok Wai	-	1,009	168	24	1,201
Non-executive directors:					
Dr. Chan Kam Kwong Charles	-	2,004	2,580	-	4,584
Ms. Cheng Yuk Sim Connie	-	1,800	2,339	-	4,139
Total	-	9,120	5,675	96	14,891
2024					
Executive directors:					
Mr. Chan Wai Ming	-	1,693	247	24	1,964
Mr. Chiu Wai Kwong	-	1,559	227	24	1,810
Ms. Tang Mei Wah	-	1,055	154	24	1,233
Dr. Yu Kwok Wai	-	1,009	147	24	1,180
Non-executive directors:					
Dr. Chan Kam Kwong Charles	-	2,004	2,706	-	4,710
Ms. Cheng Yuk Sim Connie	-	1,800	2,414	-	4,214
Total	-	9,120	5,895	96	15,111

During the year, no remuneration was paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

There was no arrangement under which a director or a chief executive 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 included four (2024: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2024: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	1,225	2,440
Discretionary bonuses	398	1,242
Pension scheme contributions (defined contribution scheme)	18	36
Total	1,641	3,718

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

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

During the year, no remuneration was paid or payable by the Group to the highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

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%). 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 profits tax		
Charge for the year	4,445	14,469
Overprovision in prior years	(5)	(12)
Current — Mainland China — income taxes		
Charge for the year	5,163	8,875
Underprovision in prior years	546	1,532
Deferred (<i>note 23</i>)	2,413	(2,057)
Total tax charge for the year	12,562	22,807

A reconciliation of the tax expense applicable to profit before tax at the Hong Kong statutory tax rate to the tax charge at the Group's effective tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Profit before tax	75,145	130,417
Tax at the Hong Kong statutory tax rate of 16.5% (2024: 16.5%)	12,399	21,519
Lower tax rate under two-tiered profits tax rates regime	(165)	(165)
Difference in tax rates applied for specific provinces or local authority	(737)	(776)
Effect of withholding tax at 5% on the distributable profits of a PRC subsidiary of the Group	1,912	2,076
Adjustments in respect of current tax of previous periods	541	1,520
Super deduction on eligible research and development expenses of a PRC subsidiary of the Group	(1,456)	(1,617)
Income not subject to tax	(572)	(754)
Expenses not deductible for tax	616	1,001
Tax losses not recognised	24	3
Tax charge at the Group's effective tax rate	12,562	22,807

NOTES TO FINANCIAL STATEMENTS

31 December 2025

11. DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
Dividends recognised as distribution during the year:		
Final 2024 — HK16.1 cents (2023: HK15.1 cents) per ordinary share	57,799	54,209
Interim 2025 — HK7.0 cents (2024: HK11.0 cents) per ordinary share	25,130	39,490
Total	82,929	93,699
Dividend proposed after the end of the reporting period:		
Proposed final 2025 — HK7.5 cents (2024: HK16.1 cents) per ordinary share	26,925	57,799

The proposed final dividend for the year 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\$62,583,000 (2024: HK\$107,610,000), and the weighted average number of ordinary shares of 359,000,000 (2024: 359,000,000) 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

	Buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Moulds HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2025							
At 31 December 2024 and at 1 January 2025:							
Cost	21,720	23,852	53,902	11,324	43,983	125	154,906
Accumulated depreciation	(2,061)	(14,735)	(20,902)	(6,993)	(24,959)	-	(69,650)
Net carrying amount	19,659	9,117	33,000	4,331	19,024	125	85,256
At 1 January 2025, net of accumulated depreciation	19,659	9,117	33,000	4,331	19,024	125	85,256
Additions	2,375	575	2,944	465	16,098	362	22,819
Disposals	-	-	(154)	(124)	(150)	-	(428)
Depreciation provided during the year	(904)	(3,013)	(3,680)	(1,441)	(6,130)	-	(15,168)
Transfers	-	-	127	87	-	(214)	-
Exchange realignment	-	64	824	75	610	6	1,579
At 31 December 2025, net of accumulated depreciation	21,130	6,743	33,061	3,393	29,452	279	94,058
At 31 December 2025:							
Cost	24,095	24,769	57,842	11,880	60,719	279	179,584
Accumulated depreciation	(2,965)	(18,026)	(24,781)	(8,487)	(31,267)	-	(85,526)
Net carrying amount	21,130	6,743	33,061	3,393	29,452	279	94,058
31 December 2024							
At 1 January 2024:							
Cost	16,710	21,160	48,760	11,188	37,236	-	135,054
Accumulated depreciation	(1,257)	(10,861)	(18,510)	(5,478)	(20,818)	-	(56,924)
Net carrying amount	15,453	10,299	30,250	5,710	16,418	-	78,130
At 1 January 2024, net of accumulated depreciation	15,453	10,299	30,250	5,710	16,418	-	78,130
Additions	5,010	2,975	6,558	346	7,688	127	22,704
Disposals	-	-	(63)	-	(9)	-	(72)
Depreciation provided during the year	(804)	(4,089)	(3,047)	(1,643)	(4,677)	-	(14,260)
Exchange realignment	-	(68)	(698)	(82)	(396)	(2)	(1,246)
At 31 December 2024, net of accumulated depreciation	19,659	9,117	33,000	4,331	19,024	125	85,256
At 31 December 2024:							
Cost	21,720	23,852	53,902	11,324	43,983	125	154,906
Accumulated depreciation	(2,061)	(14,735)	(20,902)	(6,993)	(24,959)	-	(69,650)
Net carrying amount	19,659	9,117	33,000	4,331	19,024	125	85,256

As at 31 December 2025, the Group's building with a net carrying amount of HK\$9,959,000 (2024: HK\$10,424,000) was pledged to secure banking facilities granted to the Group (note 22).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. INVESTMENT PROPERTY

	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1 January	2,200	–
Addition	–	2,211
Loss from a fair value adjustment	(100)	(11)
Carrying amount at 31 December	2,100	2,200

The Group's investment property is a car parking space in Hong Kong. The Group's investment property was revalued on 31 December 2025 based on a valuation performed by Ravia Global Appraisal Advisory Limited, an independent firm of professionally qualified valuers, at HK\$2,100,000. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuation of the Group's property. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

The investment property is leased to a third party under an operating lease, further summary details of which are included in note 15 to the financial statements.

Fair value hierarchy

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

	Fair value measurement as at 31 December 2025 using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Recurring fair value measurement for:				
Car parking space	–	–	2,100	2,100
	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
Recurring fair value measurement for:				
Car parking space	–	–	2,200	2,200

NOTES TO FINANCIAL STATEMENTS

31 December 2025

14. INVESTMENT PROPERTY (Continued)

Fair value hierarchy (Continued)

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

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

	Car parking space HK\$'000
Carrying amount at 1 January 2024	–
Addition	2,211
Loss from a fair value adjustment	(11)
Carrying amount at 31 December 2024 and at 1 January 2025	2,200
Loss from a fair value adjustment	(100)
Carrying amount at 31 December 2025	2,100

Below is a summary of the valuation technique used and the key input to the valuation of investment property:

	Valuation technique	Significant unobservable input	Range	
			2025	2024
Car parking space	Direct comparison method	Estimated price per space	HK\$1,550,000 to HK\$2,500,000	HK\$2,190,000 to HK\$2,500,000

The investment property was valued using the direct comparison method having regard to comparable sales transactions as available in the relevant market. The valuation takes into account the characteristics of the property which included the location, size, floor level, year of completion and other factors collectively. A significant increase/(decrease) in the estimated price per space in isolation would result in a significant increase/(decrease) in the fair value of the investment property.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

15. LEASES

The Group as a lessee

The Group leases its ancillary office, factory, warehouse and staff quarters from related companies under operating lease arrangements. The leases are negotiated for terms ranging from 6 to 42 months. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 21 to 25 years, and no ongoing payments will be made under the terms of these land leases. The office equipment leased by the Group are of low value.

(a) Right-of-use assets

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

	Leasehold land HK\$'000	Leased properties HK\$'000	Total HK\$'000
At 1 January 2024	58,810	11,838	70,648
Additions	13,101	11,115	24,216
Remeasurement on lease modification	–	38,719	38,719
Depreciation charge during the year	(2,919)	(13,863)	(16,782)
Exchange realignment	–	(792)	(792)
At 31 December 2024 and at 1 January 2025	68,992	47,017	116,009
Addition	5,001	–	5,001
Depreciation charge during the year	(3,134)	(15,857)	(18,991)
Exchange realignment	–	978	978
At 31 December 2025	70,859	32,138	102,997

As at 31 December 2025, the Group's leasehold land with a net carrying amount of HK\$34,104,000 (2024: HK\$35,691,000) was pledged to secure banking facilities granted to the Group (note 22).

NOTES TO FINANCIAL STATEMENTS

31 December 2025

15. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

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

	2025 HK\$'000	2024 HK\$'000
At 1 January	47,751	12,501
New leases	–	11,115
Remeasurement on lease modification	–	38,719
Accretion of interest recognised during the year	1,490	698
Payments during the year	(17,173)	(14,475)
Exchange realignment	998	(807)
At 31 December	33,066	47,751
Analysed into:		
Due within one year	17,110	16,168
Due in the second year	15,956	16,083
Due in the third year	–	15,500
Total	33,066	47,751

The maturity analysis of lease liabilities is disclosed in note 31 to the financial statements.

(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	1,490	698
Depreciation charge of right-of-use assets	18,991	16,782
Expense relating to leases of low-value assets (included in administrative expenses)	20	20
Total amount recognised in profit or loss	20,501	17,500

(d) The total cash outflow for leases is disclosed in note 26(c) to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

15. LEASES (Continued)

The Group as a lessor

The Group leases its investment property and a portion of its owner-occupied property under operating lease arrangements. Rental income recognised by the Group in respect of these operating lease arrangements during the year was HK\$245,000 (2024: HK\$92,000).

As at 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	404	15

16. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	30,229	34,630
Work in progress	15,293	17,213
Finished goods	32,696	48,285
Total	78,218	100,128

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. TRADE AND BILLS RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	107,817	135,704
Impairment	(1,990)	(3,635)
	105,827	132,069
Bills receivable	1,839	–
	107,666	132,069
Net carrying amount	107,666	132,069

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 one month, extending up to four months for major customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

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

	2025 HK\$'000	2024 HK\$'000
Within 30 days	32,980	18,903
31 to 90 days	40,495	54,691
Over 90 days	34,191	58,475
Total	107,666	132,069

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

	2025 HK\$'000	2024 HK\$'000
At beginning of year	3,635	431
Impairment losses/(reversal of impairment losses), net (<i>note 7</i>)	(1,646)	3,204
Exchange realignment	1	–
At end of year	1,990	3,635

NOTES TO FINANCIAL STATEMENTS

31 December 2025

17. TRADE AND BILLS RECEIVABLES (Continued)

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 geographical region). 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. Generally, trade receivables are written off if past due for more than 120 days and are not subject to enforcement activity.

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

	Past due			Total
	Current	Less than 30 days	31 to 90 days	
Expected credit loss rate	1.58%	2.23%	12.99%	1.85%
Gross carrying amount (HK\$'000)	83,074	23,581	1,162	107,817
Expected credit losses (HK\$'000)	1,313	526	151	1,990

As at 31 December 2024

	Current	Past due			Total
		Less than 30 days	31 to 90 days	Over 90 days	
Expected credit loss rate	0.02%	3.33%	20.60%	27.68%	2.68%
Gross carrying amount (HK\$'000)	98,200	23,799	13,697	8	135,704
Expected credit losses (HK\$'000)	20	792	2,821	2	3,635

Bills receivable

The Group applies a general approach in calculating ECLs for bills receivable. The Group classifies such instruments as Stage 1 and measures ECLs on a 12-month basis. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. As at 31 December 2025, all of the bills receivable were not past due and the expected credit loss was assessed to be minimal.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Prepayments	10,112	17,658
Deposits	271	302
Other receivables	8,212	9,371
Total	18,595	27,331
Less: Portion classified as non-current assets	(91)	(206)
Portion classified as current assets	18,504	27,125

The financial assets included in the above balances relate to deposits and receivables for which there was no recent history of default and past due amounts. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	62,018	76,714
Time deposits	41,711	–
Subtotal	103,729	76,714
Less: Pledged deposits for credit facilities	(88)	(820)
Cash and cash equivalents	103,641	75,894

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in Renminbi ("RMB") amounted to HK\$29,003,000 (2024: HK\$24,897,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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 time deposits are deposited with creditworthy banks with no recent history of default.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

20. 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:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	21,027	13,231
31 to 90 days	32,180	43,056
Over 90 days	21,469	2,167
Total	74,676	58,454

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 90 days.

21. OTHER PAYABLES AND ACCRUALS

	Notes	2025 HK\$'000	2024 HK\$'000
Contract liabilities	(a)	11,381	18,673
Other payables	(b)	1,527	1,649
Accruals		25,201	29,309
Total		38,109	49,631
Less: Portion classified as non-current liabilities		(235)	(220)
Portion classified as current liabilities		37,874	49,411

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2025 HK\$'000	31 December 2024 HK\$'000	1 January 2024 HK\$'000
Short-term advances received from customers for the sale of goods	11,381	18,673	14,656

The decrease (2024: increase) in contract liabilities in 2025 was mainly due to the decrease (2024: increase) in short-term advances received from customers for the sale of goods at the end of the year.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

22. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Contractual interest rate (%)	Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000
Portion of bank loan due for repayment within one year or on demand — secured	Hong Kong Interbank Offered Rate ("HIBOR") +1	2026	1,464	HIBOR +1	2025	2,487
Portions of bank loans due for repayment within one year or on demand — unsecured	HIBOR +1.2	2026	10,261	CNH HIBOR +1.2 to HIBOR +1.8	2025	21,942
Portion of bank loan due for repayment after one year which contains repayment on demand clause (note) — secured	HIBOR +1	2027-2035	14,568	HIBOR +1	2026-2032	15,546
Total			26,293			39,975

Note:

A term loan of the Group containing repayment on demand clauses as at 31 December 2025 with a carrying amount of HK\$16,032,000 (2024: HK\$18,033,000) has been classified in total as current liabilities. Accordingly, portion of the bank loan due for repayment after one year as at 31 December 2025 with a carrying amount of HK\$14,568,000 (2024: HK\$15,546,000) has been classified as current liabilities. For the purpose of the above analysis, the loan is included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or on demand.

Ignoring the effect of any repayment on demand clause and based on the maturity terms of these term loans, the Group's bank borrowings are repayable:

	2025 HK\$'000	2024 HK\$'000
Within one year	11,725	24,429
In the second year	1,515	2,487
In the third to fifth years, inclusive	4,876	7,462
Beyond five years	8,177	5,597
Total	26,293	39,975

- The Group's bank borrowings are secured by the pledge of leasehold land and buildings with an aggregate carrying value of HK\$44,063,000 (2024: HK\$46,115,000) as at 31 December 2025 (notes 13 and 15(a)).
- Except for bank borrowings of HK\$14,942,000 as at 31 December 2024, which were denominated in RMB, the remaining bank borrowings are denominated in Hong Kong dollars.
- The secured bank loan of HK\$16,032,000 with the maturity date of 22 May 2035 is subject to a covenant, including consolidated net worth at any time having not less than HK\$50,000,000 and consolidated total net debt to consolidated total net worth not exceeding 0.5 times. As at 31 December 2025, the consolidated net worth and consolidated total net debt to consolidated total net worth was HK\$339,518,000 and 0.08 times, respectively. The Group considers there is no indication that it will have difficulties in complying with these covenants.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. DEFERRED TAX

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

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK\$'000	Right-of- use assets HK\$'000	Withholding tax HK\$'000	Total HK\$'000
At 1 January 2024	101	1,775	3,087	4,963
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (<i>note 10</i>)	(31)	5,396	(1,038)	4,327
Exchange realignment	–	(119)	(51)	(170)
At 31 December 2024 and at 1 January 2025	70	7,052	1,998	9,120
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (<i>note 10</i>)	(24)	(2,379)	1,912	(491)
Exchange realignment	–	147	75	222
At 31 December 2025	46	4,820	3,985	8,851

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. DEFERRED TAX (Continued)

Deferred tax assets

	Depreciation in excess of related depreciation allowance HK\$'000	Lease liabilities HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2024	227	1,875	47	2,091	4,240
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	225	5,409	15	735	6,384
Exchange realignment	–	(121)	–	(45)	(166)
At 31 December 2024 and at 1 January 2025	452	7,163	62	2,781	10,458
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	285	(2,352)	54	(891)	(2,904)
Exchange realignment	–	150	–	45	195
At 31 December 2025	737	4,961	116	1,935	7,749

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

	2025 HK\$'000	2024 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	2,884	3,337
Net deferred tax liabilities recognised in the consolidated statement of financial position	(3,986)	(1,999)
Net deferred tax assets/(liabilities)	(1,102)	1,338

NOTES TO FINANCIAL STATEMENTS

31 December 2025

23. DEFERRED TAX (Continued)

At 31 December 2025, the Group had tax losses arising in Hong Kong of HK\$184,000 (2024: HK\$39,000), subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against the future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses due to unpredictability of future taxable profit streams.

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

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

24. SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
Authorised:		
4,000,000,000 ordinary shares of HK\$0.01 each	40,000	40,000
Issued and fully paid:		
359,000,000 ordinary shares of HK\$0.01 each	3,590	3,590

25. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

(a) Merger reserve

The merger reserve represents the nominal value of the paid-up capital of a subsidiary acquired by the Company pursuant to a group reorganisation in 2018.

(b) Capital contribution reserve

Capital contribution reserve represents capital contribution of HK\$63,000,000 from the former immediate holding company of the Company in 2018.

(c) Share-based payment reserve

The share-based payment reserve represents the fair value of the 1,003 ordinary shares of the Company awarded to certain key management personnel of the Group in 2017 in exchange for services rendered by them.

(d) Statutory reserve funds

Pursuant to the relevant laws and regulations in Mainland China, a portion of the profits of the Company's subsidiaries in Mainland China has been transferred to the statutory reserve funds which are restricted as to use.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

- (i) In the prior year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$11,115,000 and HK\$11,115,000, respectively, in respect of lease arrangements for leased properties.
- (ii) In the prior year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$38,719,000 and HK\$38,719,000, respectively, in respect of lease modification for a leased property.

(b) Changes in liabilities arising from financing activities

2025

	Interest-bearing bank borrowings HK\$'000	Lease liabilities HK\$'000
At 1 January 2025	39,975	47,751
Changes from financing cash flows	(13,682)	(15,683)
Interest paid classified as financing cash flows	–	(1,490)
Non-cash changes:		
Interest expense	–	1,490
Foreign exchange movement	–	998
At 31 December 2025	26,293	33,066

2024

	Interest-bearing bank borrowings HK\$'000	Lease liabilities HK\$'000
At 1 January 2024	21,386	12,501
Changes from financing cash flows	18,589	(13,777)
Interest paid classified as financing cash flows	–	(698)
Non-cash changes:		
New leases	–	11,115
Remeasurement on lease modification	–	38,719
Interest expense	–	698
Foreign exchange movement	–	(807)
At 31 December 2024	39,975	47,751

NOTES TO FINANCIAL STATEMENTS

31 December 2025

26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

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

	2025 HK\$'000	2024 HK\$'000
Within operating activities	20	20
Within financing activities	17,173	14,475
Total	17,193	14,495

27. COMMITMENTS

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

	2025 HK\$'000	2024 HK\$'000
Leasehold improvements	-	29
Plant and machinery	927	888
Furniture, fixtures and equipment	804	680
Moulds	2,663	4,916
Total	4,394	6,513

NOTES TO FINANCIAL STATEMENTS

31 December 2025

28. RELATED PARTY TRANSACTIONS

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

	Note	2025 HK\$'000	2024 HK\$'000
東保利電業(惠州)有限公司 ("Tunbow (Huizhou)")*: Lease payments	(i)	14,644	13,206
東保達電子(惠州)有限公司 ("Tunbow Electronics (Huizhou)")*: Lease payments	(ii)	2,529	1,269
Tunbow Charity Foundation Limited^: Charitable contributions		800	880

* These related companies are controlled by Modern Expression.

^ The directors of this charity fund are Dr. Chan Kam Kwong Charles and Ms. Cheng Yuk Sim Connie, directors and controlling shareholders of the Company.

Note:

- (i) The lease payments were charged by the related companies at monthly fixed amounts as detailed in notes 28(b)(i) and 28(b)(ii).

(b) Other transactions with related parties:

- (i) On 30 September 2021, the Group entered into a tenancy agreement with Tunbow (Huizhou) for the lease of premises for a term of 3 years ending 31 December 2024 at a monthly rent of RMB1,020,433 (inclusive of value-added tax). On 10 May 2024, the Group entered into tenancy agreements with Tunbow (Huizhou) for the leases of premises for terms of 6 months ended 31 December 2024 and 3 years ending 31 December 2027 at monthly rents of RMB67,223 (inclusive of value-added tax) and RMB1,172,692 (inclusive of value-added tax), respectively.
- (ii) On 10 May 2024, the Group entered into a tenancy agreement with Tunbow Electronics (Huizhou) for the lease of premises for a term of 42 months ending 31 December 2027 at a monthly rent of RMB202,563 (inclusive of value-added tax).

(c) Compensation of key management personnel of the Group

Remuneration for key management personnel of the Group, including directors' and chief executive's remuneration as disclosed in note 8 to the financial statements, is as follows:

	2025 HK\$'000	2024 HK\$'000
Short-term employee benefits	21,043	21,448
Post-employment benefits	203	204
Total compensation paid to key management personnel	21,246	21,652

NOTES TO FINANCIAL STATEMENTS

31 December 2025

29. 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:

Financial assets

	2025 HK\$'000	2024 HK\$'000
Financial assets at amortised cost:		
Trade and bills receivables	107,666	132,069
Financial assets included in prepayments, deposits and other receivables	1,099	717
Pledged deposits	88	820
Cash and cash equivalents	103,641	75,894
Total	212,494	209,500

Financial liabilities

	2025 HK\$'000	2024 HK\$'000
Financial liabilities at amortised cost:		
Trade payables	74,676	58,454
Financial liabilities included in other payables and accruals	4,847	8,094
Interest-bearing bank borrowings	26,293	39,975
Lease liabilities	33,066	47,751
Total	138,882	154,274

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk. The Group mitigates this risk by closely monitoring the movements in interest rates and reviewing its available credit facilities and their utilisation regularly.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK\$'000
2025		
Hong Kong dollar	25	(66)
Hong Kong dollar	(25)	66
2024		
Hong Kong dollar	25	(63)
Hong Kong dollar	(25)	63
RMB	25	(37)
RMB	(25)	37

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures mainly arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rates, with all other variables held constant, of the Group's profit before tax (arising from RMB denominated financial instruments).

	Increase/ (decrease) in RMB rate %	Increase/ (decrease) in profit before tax HK\$'000
2025		
If the Hong Kong dollar weakens against the RMB	5.0	107
If the Hong Kong dollar strengthens against the RMB	(5.0)	(107)
2024		
If the Hong Kong dollar weakens against the RMB	5.0	3,515
If the Hong Kong dollar strengthens against the RMB	(5.0)	(3,515)

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

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

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivables*	–	–	–	107,817	107,817
Bills receivable					
— Not yet past due	1,839	–	–	–	1,839
Financial assets included in prepayments, deposits and other receivables					
— Normal**	1,099	–	–	–	1,099
Pledged deposits					
— Not yet past due	88	–	–	–	88
Cash and cash equivalents					
— Not yet past due	103,641	–	–	–	103,641
Total	106,667	–	–	107,817	214,484

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	Total HK\$'000
Trade receivables*	–	–	–	135,704	135,704
Financial assets included in prepayments, deposits and other receivables					
– Normal**	717	–	–	–	717
Pledged deposits					
– Not yet past due	820	–	–	–	820
Cash and cash equivalents					
– Not yet past due	75,894	–	–	–	75,894
Total	77,431	–	–	135,704	213,135

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 17 to the financial statements.

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 17 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. At the end of the reporting period, the Group had certain concentrations of credit risk as 41% (2024: 65%) and 75% (2024: 85%) of the Group's gross trade and bills receivables were due from the Group's largest customer and five largest customers, respectively.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group monitors its risk to a shortage of funds by considering the maturities of both its financial liabilities and financial assets.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Group aims to maintain sufficient cash and cash equivalents to meet its liquidity requirements.

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

	2025			
	On demand HK\$'000	Less than 1 year HK\$'000	1 to 5 years HK\$'000	Total HK\$'000
Trade payables	–	74,676	–	74,676
Financial liabilities included in other payables and accruals	–	4,847	–	4,847
Interest-bearing bank borrowings (<i>note</i>)	26,293	–	–	26,293
Lease liabilities	–	17,401	17,401	34,802
Total	26,293	96,924	17,401	140,618
	2024			
	On demand HK\$'000	Less than 1 year HK\$'000	1 to 5 years HK\$'000	Total HK\$'000
Trade payables	–	58,454	–	58,454
Financial liabilities included in other payables and accruals	–	8,094	–	8,094
Interest-bearing bank borrowings (<i>note</i>)	39,975	–	–	39,975
Lease liabilities	–	16,973	33,945	50,918
Total	39,975	83,521	33,945	157,441

NOTES TO FINANCIAL STATEMENTS

31 December 2025

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

Note:

Included in the above interest-bearing bank borrowings of the Group as at 31 December 2025 is a term loan with a carrying amount of HK\$16,032,000 (2024: HK\$18,033,000). The loan agreement contains a repayment on demand clause giving the bank the unconditional right to call in the loan at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as “on demand”.

Notwithstanding the above clause, the directors do not believe that the loan will be called in its entirety within 12 months from the end of the reporting period, and they consider that the loan will be repaid in accordance with the maturity dates as set out in the loan agreement. This evaluation was made considering: the financial position of the Group at the date of approval of the financial statements; the lack of events of default; and the fact that the Group has made all previously scheduled repayments on time.

In accordance with the terms of the loans which contain repayment on demand clauses, the maturity profile of those loans as at the end of the reporting period, based on the contractual undiscounted payments and ignoring the effect of any repayment on demand clause, is as follows:

	Less than 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total HK\$'000
As at 31 December 2025	2,001	8,002	8,834	18,837
As at 31 December 2024	3,410	12,265	5,932	21,607

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, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

Capital of the Group comprises all components of shareholders' equity.

NOTES TO FINANCIAL STATEMENTS

31 December 2025

32. 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
NON-CURRENT ASSET		
Investment in a subsidiary	–	–
CURRENT ASSETS		
Prepayments	399	484
Due from a subsidiary	137,976	119,687
Tax recoverable	57	5
Cash and cash equivalents	12,331	30,924
Total current assets	150,763	151,100
CURRENT LIABILITIES		
Accruals	308	272
NET CURRENT ASSETS	150,455	150,828
Net assets	150,455	150,828
EQUITY		
Issued capital	3,590	3,590
Reserves (<i>note</i>)	146,865	147,238
Total equity	150,455	150,828

NOTES TO FINANCIAL STATEMENTS

31 December 2025

32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

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

	Share premium account HK\$'000	Capital contribution reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2024	73,524	63,000	10,398	146,922
Profit and total comprehensive income for the year	–	–	94,015	94,015
Final 2023 dividend	–	–	(54,209)	(54,209)
Interim 2024 dividend	–	–	(39,490)	(39,490)
At 31 December 2024 and at 1 January 2025	73,524	63,000	10,714	147,238
Profit and total comprehensive income for the year	–	–	82,556	82,556
Final 2024 dividend	–	–	(57,799)	(57,799)
Interim 2025 dividend	–	–	(25,130)	(25,130)
At 31 December 2025	73,524	63,000	10,341	146,865

The Company's capital contribution reserve represents capital contribution of HK\$63,000,000 from the former immediate holding company of the Company in 2018.

33. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 March 2026.

FINANCIAL SUMMARY

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

	Results for the year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
REVENUE	672,645	703,593	704,417	823,658	763,085
Cost of sales	(493,483)	(471,844)	(459,042)	(561,198)	(542,097)
Gross profit	179,162	231,749	245,375	262,460	220,988
Other income and gains, net	7,937	18,657	14,471	11,078	4,522
Selling and distribution expenses	(15,914)	(15,588)	(17,213)	(15,035)	(14,648)
General and administrative expenses	(94,562)	(98,832)	(93,965)	(91,845)	(84,515)
Other expenses, net	1,479	(3,257)	679	(1,655)	357
Finance costs	(2,957)	(2,312)	(2,587)	(3,972)	(840)
PROFIT BEFORE TAX	75,145	130,417	146,760	161,031	125,864
Income tax expense	(12,562)	(22,807)	(24,554)	(26,720)	(19,360)
PROFIT FOR THE YEAR	62,583	107,610	122,206	134,311	106,504
PROFIT FOR THE YEAR	62,583	107,610	122,206	134,311	106,504
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	4,822	(3,547)	(4,317)	(20,359)	3,577
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	67,405	104,063	117,889	113,952	110,081
	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	517,306	554,456	477,348	581,850	608,477
Total liabilities	177,788	199,414	132,670	231,924	276,291
Total equity	339,518	355,042	344,678	349,926	332,186