



JU TENG INTERNATIONAL HOLDINGS LIMITED
巨騰國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 3336

2025 ANNUAL REPORT

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Cheng Li-Yu (*Chairman and Chief Executive Officer*)
Mr. Chiu Hui-Chin (*Chief Strategy Officer*)
Mr. Huang Kuo-Kuang
Mr. Lin Feng-Chieh (*Retired on 28 May 2025*)
Mr. Tsui Yung Kwok (*Chief Financial Officer*)
Mr. Wang Ting Jin (*Appointed on 11 June 2025*)

NON-EXECUTIVE DIRECTORS

Mr. Cheng Li-Yen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cherng Chia-Jiun (*Retired on 28 May 2025*)
Mr. Yip Wai Ming
Mr. Yuen Chi Ho
Dr. Chuang Shu-Hui

AUTHORISED REPRESENTATIVES

Mr. Cheng Li-Yu
Mr. Tsui Yung Kwok

COMPANY SECRETARY

Ms. Cheung Lai Yin

AUDIT COMMITTEE

Mr. Yuen Chi Ho (*Chairman*)
Mr. Cherng Chia-Jiun (*Retired on 28 May 2025*)
Mr. Yip Wai Ming
Dr. Chuang Shu-Hui

REMUNERATION COMMITTEE

Mr. Yuen Chi Ho (*Chairman*)
Mr. Cherng Chia-Jiun (*Retired on 28 May 2025*)
Mr. Cheng Li-Yu
Mr. Huang Kuo-Kuang
Mr. Yip Wai Ming
Dr. Chuang Shu-Hui

NOMINATION COMMITTEE

Mr. Cheng Li-Yu (*Chairman*)
Mr. Huang Kuo-Kuang
Mr. Cherng Chia-Jiun (*Retired on 28 May 2025*)
Mr. Yip Wai Ming
Mr. Yuen Chi Ho
Dr. Chuang Shu-Hui

CORPORATE GOVERNANCE COMMITTEE

Mr. Yip Wai Ming (*Chairman*)
Mr. Cheng Li-Yu
Mr. Huang Kuo-Kuang
Mr. Cherng Chia-Jiun (*Retired on 28 May 2025*)
Mr. Yuen Chi Ho
Dr. Chuang Shu-Hui

LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners

AUDITORS

Ernst & Young
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of China
Bank SinoPac
Cathay United Bank
China Citic Bank
CTBC Bank
E. Sun Bank
Fubon Bank
Industrial and Commercial Bank of China
KGI Bank
Taishin Bank
United Overseas Bank

CORPORATE INFORMATION

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 3311-3312, Jardine House
1 Connaught Place, Central
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

No. 666 Yin Jia Road
Wujiang Economic Development District
Wujiang District, Suzhou City, Jiangsu Province
The PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.irasia.com/listco/hk/juteng

STOCK CODE

3336.HK and 9136.TT

FINANCIAL HIGHLIGHTS

	Notes	For the year ended 31 December		
		2025	2024	Changes
Operating Results:				
Revenue (HK\$ million)		5,731	6,026	-4.9%
Loss attributable to equity holders of the Company (HK\$ million)		-493	-530	+6.9%
Loss per share				
Basic (HK cents)		-58.3	-62.7	+6.9%
Diluted (HK cents)		-58.3	-62.7	+6.9%
Profitability Ratio:				
Gross profit margin		4.7%	2.9%	+1.8%
Operating loss margin	1	-5.8%	-8.8%	+3.0%
Net loss margin	2	-8.6%	-8.8%	+0.2%
EBITDA (HK\$ million)		106	130	-18.5%
Return on equity	3	-10.8%	-10.5%	-0.3%
Liquidity and Capital Ratio:				
Inventory turnover days	4	88	66	+33.3%
Trade receivables turnover days	5	153	129	+18.6%
Trade and bills payables turnover days	6	64	52	+23.1%
Interest coverage	7	-328.9%	-298.2%	-30.7%
Net debt to equity	8	35.1%	28.2%	+6.9%
Net cash flows from operating activities (HK\$ million)		-135	741	-118.2%

Notes:

- (1) Operating loss margin equals operating loss divided by revenue. Operating loss includes gross profit, net of selling and distribution expenses, and administrative expenses.
- (2) Net loss margin equals loss attributable to equity holders of the Company divided by revenue.
- (3) Return on equity equals loss attributable to equity holders of the Company divided by the average of the beginning and closing balance of equity attributable to equity holders of the Company.
- (4) Inventory turnover days is equal to the closing balance of inventories divided by cost of sales and multiplied by the number of days in the year.
- (5) Trade receivables turnover days is equal to the closing balance of trade receivables divided by revenue and multiplied by the number of days in the year.
- (6) Trade and bills payables turnover days is equal to the closing balance of trade and bills payables divided by cost of sales and multiplied by the number of days in the year.
- (7) Interest coverage ratio equals loss before tax and finance costs divided by finance costs.
- (8) Net debt to equity equals net debt divided by net assets. Net debt includes all interest-bearing bank and other borrowings net of cash and cash equivalents.

The global PC market experiences moderate growth, while challenges still exist in the business environment

During the year ended 31 December 2025 (the "Year"), as inflation in major economies fell and monetary policies gradually shifted towards easing, the global economy maintained fairly stable. Meanwhile, the continued geopolitical tensions, the rising trade protectionism, and the uncertainties in tariff policies had an impact on the global supply chain stability and corporate investment decisions, collectively weakening the foundation of global growth. However, the global trade still showed phased growth during the Year, partly due to companies shipping ahead of schedule to avoid upcoming tariff increases and strong growth in service trades. In this context, the overall performance of the global PC market and the domestic PC market of China has shown a moderate improvement as compared with that of last year. According to the report released by Gartner, Inc., a market research organization, the global PC shipments in 2025 increased by 9.1%, mainly driven by tariff volatility, expected memory price hikes, and the discontinuation of services for the Windows 10 operating system. In terms of the domestic market of China, according to data released by Omdia, a market research organization, it is expected that the domestic PC market will increase by 5% to 41.5 million units in 2025, mainly driven by strong consumer demands and stable commercial procurement in the first half of the Year, especially from the innovation sector, which supported the market growth. However, there are signs of further slowdown in consumer demands and uncertainties in the business environment.

In addition, due to trade and policy fluctuations, the supply chain of the PC market continues to undergo industrial adjustments. The Group is adapting to the industrial development, gradually promoting diversified production capacity layout, and has dispersed certain production capacities to Southeast Asia. Among them, the production base located in Vietnam was officially put into production in the second quarter of 2025. However, with the continuous changes in tariff policies during the Year, the overall market wait-and-see atmosphere continues, and order demand is under short-term pressure. Coupled with the fact that the production capacity of factories in Vietnam is still in the climbing stage, and its production efficiency and scale still need to be further released. The Group's ability to undertake and expand orders is temporarily limited, which has a short-term impact on its business performance. During the Year, Ju Teng International Holdings Limited (the "Company" and together with its subsidiaries, the "Group" or "Ju Teng") recorded revenue of approximately HK\$5,731,000,000 (2024: revenue of approximately HK\$6,026,000,000), representing a decrease of approximately 4.9% as compared with that of last year. The Group actively carried out measures for cost reduction and efficiency improvement, driving the gross profit margin to maintain relatively stable and record approximately 4.7%, representing an increase of 1.8% as compared with that of last year. The Group will closely monitor the market changes, prudently promote to release the production capacity of factories in Vietnam, accelerate the integration of domestic factory resources, and strengthen overall business resilience and competitiveness.

Continuously optimizing various types of casing product portfolio and taking various measures to respond to the market challenges

Notebook computers and 2-in-1 computer casings remained the core products of the Group. With years of comprehensive experience and technological advantages, the Group has maintained a leading position in the industry and has established stable and close cooperative relationships with its upstream and downstream supply chains and customers, thereby continuously consolidating a stable market share. During the Year, despite a mild recovery in the global PC market, the industry as a whole is still constrained by the upward cost pressure brought by the imbalance of memory supply and demand. The Group will actively identify market trends and deepen business strategy adjustments, comprehensively promote resource integration and capacity optimization, including efficient integration of domestic factory resources, acceleration of capacity upgrading of factories in Vietnam, and strengthening cross-regional production collaboration, so as to build a more efficient, flexible, and cost-effective production system. At the same time, the Group actively promotes the research and application of new products, continuously optimizes various types of casing product portfolio and operational strategies, aiming to strengthen its ability to secure orders in high value-added fields such as high-end metal casings, and provide impetus for the Group's medium and long-term sustainable development.

CHAIRMAN'S STATEMENT

The trend of operating system upgrade and "AI PC" replacement encounters memory shortage, leading to a mixed PC market

The complex situation of structural PC replacement and supply chain challenges is leading to a mixed global PC market. On the one hand, Microsoft announced the discontinuation of support services for the Windows 10 operating system on 14 October 2025, accelerating upgrade cycle of the Windows 11 operating system. In addition, with the intense penetration of artificial intelligence ("AI") technology application scenarios into the PC field, the iteration of AI technology brings attraction to product devices with various functions, and the market is welcoming a PC replacement demand driven by major upgrades to the Windows operating system and PC products equipped with artificial intelligence functions ("AI PC"). According to the projections of Gartner, Inc., a market research organization, the global AI PC shipments will reach approximately 77.8 million units in 2025, accounting for approximately 31% of the overall PC market share and injecting momentum into the industry growth. On the other hand, this wave of PC replacement coincides with an imbalance in memory supply and demand. The memory price hikes and tight supply may stimulate manufacturers to purchase and accelerate shipments in the short term, driving the global PC shipments to increase. However, the upward cost pressure may ultimately suppress consumer demand for PC replacement. Faced with market fluctuations, the Group will actively deepen supply chain collaboration and optimize global production capacity layout, and proactively manage its cost risks; At the same time, the Group will focus on the trend of high-end casing and AI PC, drive the product value enhancement through technological upgrades, consolidate customer cooperation in the changing situation, and prepare for future performance improvement.

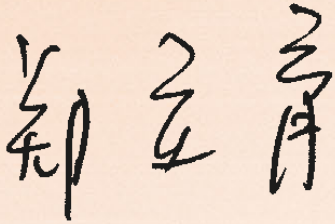
Continuously optimizing the production capacity configuration and orderly promoting to release the production capacity of factories in Vietnam

Against the backdrop of sustained fluctuations in the global trade environment and intense protectionist measures, the Group has proactively optimized its production capacity configuration, enhanced its ability to respond to various market demands, and ensured the stability and resilience of its business development. During the Year, the Group comprehensively promoted its capacity integration strategy, and focused on improving production performance and cost control level. In the overseas market, the Group has accelerated the strategic layout of factories in Vietnam, and the relevant production capacity has been officially put into operation in the second quarter of 2025. It is expected to accurately respond to the incremental demand of the Southeast Asian market, and enhance the regional resilience and delivery capability of the supply chain. In the domestic market, the Group continued to deepen the integration of factory resources. During the Year, the Group has sold various factories and closely promoted the return of other factories, so as to minimize its operating costs and achieve optimal resource allocation and operational performance in an unstable market situation. In the face of the accelerated restructuring and diversified development of the global supply chain, the Group has closely monitored the dynamics of the industrial chain at home and abroad, actively optimized the global production capacity layout and cost structure, and strived to seize development opportunities in the complex environments.

Looking forward to 2026, opportunities and challenges will coexist in the PC market. The Group remains prudently optimistic about the development of the PC industry, and will rely on our established production capacity layout and supply chain resilience to continuously optimize its resource allocation and production efficiency, and flexibly and stably respond to the market changes. At the same time, the Group will actively identify and seize the opportunities from the PC market recovery, and strive to create sustainable long-term values for its shareholders and investors by consolidating its core competitiveness and improving its operational performance.

CHAIRMAN'S STATEMENT

Lastly, I would like to take this opportunity to express my sincere gratitude to the Company's shareholders, customers, partners and investors for their continuous trust and support, as well as the unremitting efforts of the Group's employees. Looking ahead to the future, the Group will continue to uphold a prudent and pragmatic business philosophy, continuously optimize its operational efficiency to flexibly respond to the dynamic evolution of the market environment. At the same time, the Group will fully leverage its comprehensive competitive advantages in technology, production capacity and supply chain, seize the growth opportunities from the industry recovery, and strive for sustainable returns for its shareholders, employees, and all partners.



Cheng Li-Yu

Chairman and Chief Executive Officer

Hong Kong
26 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review & Prospects

Looking back at the year ended 31 December 2025 (the “Year”), the global economy has undergone profound changes, and the significant changes in trade and policy are reshaping the global market and policy framework. However, the surge in trade before policy changes and the rapid adjustment of global supply chain have provided temporary support for the global economic growth. The global economic situation is under pressure and resilience, and the economic recovery in different regions is showing differentiated trends. In this context, the global PC market and the domestic PC market of China have undergone adjustments, with performance differentiation in different regions and application scenarios, but the overall performance has still improved as compared with that of last year. According to market data released by Gartner, Inc., a market research organization, the global PC market saw a significant reversal in shipments during the Year after experiencing a sharp decline in 2022 and 2023 and a slight increase in 2024. The cumulative shipments for the Year exceeded 270 million units, representing an increase of 9.1% as compared with that of last year. In the fourth quarter, the global PC shipments reached 71.5 million units, representing a year-on-year increase of 9.3%, indicating a rebound in market demand compared to last year. In terms of the domestic market of China, according to data released by Omdia, a market research organization, benefiting from stable consumer demands and strong commercial procurement in the first half of the Year, it was expected that the domestic PC market will increase by 5% year-on-year to 41.5 million units by the end of 2025. Nevertheless, the business environment remains full of challenges due to the fading subsidy effect and the flattening overall market demand.

As one of the world’s leading notebook computer casing manufacturers, notebook computers and 2-in-1 computer casings remained as the Group’s major source of revenue. Looking back at the Year, despite of the overall good performance of the global PC market, affected by the continued fluctuation of trade policies and the widespread extension of customer decision-making cycles, coupled with the fact that the Group is in the stage of orderly capacity migration and adjustment, the Group’s production capacity has not been fully released, and our response to the market demands is encountering phased challenges, which brought certain challenges to our business operations. During the year ended 31 December 2025, the Group recorded revenue of approximately HK\$5,731 million (2024: approximately HK\$6,026 million), representing a decrease of approximately 4.9% as compared with that of last year. Faced with market fluctuations, the Group actively adjusted its operational strategies during the Year, continuously optimized its resource allocation and operational efficiency, and the gross profit margin rebounded compared to last year to approximately 4.7% (2024: approximately 2.9%). However, due to the decline in sales revenue and the utilization rate of production capacity remaining low, the Group recorded an impairment of property, plant and equipment of approximately HK\$400 million (2024: approximately HK\$304 million). Therefore, the Group recorded the loss attributable to equity holders of the Company of approximately HK\$493 million for the Year (2024: approximately HK\$530 million).

Under the intertwined influence of multiple factors such as the global tariff structure adjustment, policy fluctuations, and changes in geopolitical situation, the international trade environment has become more complex, which have been further complicated by increase in trade barriers, which posed structural challenges to the production capacity layout of notebook computer casings, especially the production demands in China. During the Year, in order to build a more flexible and sustainable supply chain and respond more efficiently and robustly to changes in the market demands, the Group has orderly promoted various measures such as the integration of domestic factory resources, the gradual increase in production of factories in Vietnam, and cross-regional production collaboration. Among which, Lian-Yi Precision (Zhongshan) Inc., an indirect, non-wholly-owned subsidiary of the Group, has entered into an assets disposal agreement with Guangdong Rushan Intelligent Technology Co., Ltd for the sale of certain land and buildings in Zhongshan, and certain production capacities of the Group are expected to be relocated within the next three years, which will help further reduce operating costs. Factories in Vietnam have also been successfully put into production in the second quarter of the Year, and its production capacity is still in the initial climbing

MANAGEMENT DISCUSSION AND ANALYSIS

stage. We hope to continuously ensure its order delivery capability and customer cooperation flexibility through this additional overseas production capacity, and support the medium and long-term business resilience construction and market expansion. In addition, the Group is closely monitoring the market demands, timely promoting new product development and technological upgrades, so as to strengthen its product differentiation advantages and market competitiveness, and accumulate momentum for the future performance growth.

During the Year, the global PC market was in a stage of technological upgrades and demand structure adjustment. Diversified applications and digitalization processes are driving the demands for devices equipped with higher performance, especially with the accelerated upgrade cycle of the Windows operating system, enterprises and individual users were willing to purchase new generation hardware, which stimulated the demand for computer procurement. According to data released by International Data Corporation, a market research organization, the global PC shipments increased by 9.4% year-on-year to 75.8 million units in the third quarter of the Year, driven by the discontinuation of services for the Windows 10 operating system in the third quarter of the Year. Looking ahead to 2026, driven by the transition of the Windows operating system and the demand for device updates, it is expected that the demand for PC replacement in the global PC market will continue, which will provide supports for the business environment.

The deepening application of artificial intelligence (“AI”) technologies continues to reshape the product forms and market pattern of the PC industry, and bring opportunities and challenges to the PC market. On the one hand, with the iteration of AI technologies and continuous expansion of application scenarios, PCs equipped with AI technologies (“AI PC”) have gradually become an important direction for industry upgrading. According to the projections of Gartner, Inc., a market research organization, the global AI PC shipments will reach 143 million units by 2026, accounting for approximately 55% of the total shipments in the PC market, and are expected to become the norm by 2029. The popularization of AI PC helps to promote product structure optimization and overall value enhancement, bringing new development opportunities to the PC market. On the other hand, the imbalance of memory supply and demand driven by AI is causing structural impacts on the PC market. The AI infrastructures continue to occupy memory production capacity, resulting in the tightened consumer memory supply and sharply rising prices, which in turn lead to significant cost pressures and supply instability for computer manufacturers. This not only affects the pace of shipments, but also forces terminal product prices to rise, squeezes the growth space of the market and consumers’ purchasing willingness, and imposes significant suppression to the PC shipments. The Group will continue to monitor the evolution of relevant technologies and changes in the market demands, adjust its product layout and resource allocation in a timely manner, and strive to build a more resilient and competitive product matrix for the Company’s long-term development, thereby further consolidating its market leading position.

Despite ongoing trade and policy uncertainties, coupled with the memory shortages coinciding with the discontinuation of services for the Windows 10 operating system and the AI PC market promotion boom, the PC market is facing structural reshaping. However, the Group remains cautiously optimistic about the long-term prospects of the industry. To effectively respond to future market challenges, the Group will continue to optimize its production capacity layout and supply chain configuration, accelerate the integration of domestic factory resources and the orderly release of overseas factory production capacity, thereby strengthening the resilience and dynamic allocation capabilities of the supply chain to cope with changes in trade policies and demand in different markets. At the same time, the Group will actively seize the market opportunities, promote product technology innovation in response to the market demands, optimize the product matrix and flexibly adjust its pricing strategies to strengthen its market competitiveness, strive to smoothly cross the cyclical fluctuations of the industry in the complex and changing market conditions, and to accumulate momentum for the next round of market recovery and structural demands, so as to create sustainable investment returns for its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and Gross Profit Margin

During the year, the Group's factory in Vietnam only commenced production in the second quarter and is still in the process of ramping up production efficiency and scale. At the same time, ongoing geopolitical tensions, rising trade protectionism, and uncertainties surrounding tariff policies have made customers more cautious, prompting them to reassess their supply chains in order to mitigate tariff exposure. These factors have temporarily suppressed customer demand for notebook casings from China and impacted the Group's performance. As a result, the Group's revenue decreased by approximately 4.9% as compared with that of 2024 to approximately HK\$5,731 million (2024: approximately HK\$6,026 million).

As the order demand for the Group's products was under short-term pressure during the Year, the Group adjusted the production scale in China and have also begun to shift certain production capacities to Vietnam in order to improve production efficiency and reduce the cost of production. Therefore, the Group achieved better economies of scale in the second half of the Year, resulting in an increase in gross profit margin. The Group's gross profit margin during the Year increased to approximately 4.7% (2024: approximately 2.9%).

Other income and gains

Mainly due to the recognition of gain on disposal of non-current assets classified as held for sale of approximately HK\$143 million (2024: approximately HK\$39 million), write-off of long outstanding other payables and accruals of approximately HK\$22 million (2024: approximately HK\$1 million), gain on disposal of items of property, plant and equipment and right-of-use assets, net of approximately HK\$85 million (2024: approximately HK\$16 million) and gain on deregistration of subsidiaries of approximately HK\$16 million (2024: nil) during the Year, which offset the impact of the absence of foreign exchange gains, net of approximately HK\$145 million recorded in last year, the Group recorded an increase of approximately 18.2% in other income and gains as compared with the corresponding period of last year to approximately HK\$356 million (2024: approximately HK\$301 million), accounting for approximately 6.2% (2024: approximately 5.0%) of the Group's revenue.

Operating costs

During the Year, the Group recorded a decrease of approximately 15.1% in operating costs, including administrative expenses and selling and distribution expenses, as compared with that of 2024 to approximately HK\$599 million (2024: approximately HK\$706 million). The decrease in the operating costs was mainly attributable to implementation of cost control measures and allocation of operating costs to production costs following the successful commissioning of the production plant in Vietnam in the second quarter of the Year, which reduced staff costs and transportation expenses. The percentage of operating costs of the Group accounted for approximately 10.5% (2024: approximately 11.7%) of the Group's revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Other expenses

During the Year, other expenses of the Group mainly consisted of impairment of property, plant and equipment of approximately HK\$400 million (2024: approximately HK\$304 million) as a result of the decline in sales revenue and low utilization rates of production capacity, and net foreign exchange losses, mainly resulting from the translation of trade receivables denominated in United States Dollar (“USD”), of approximately HK\$105 million (2024: net foreign exchange gains of approximately HK\$145 million) arising from the appreciation of Renminbi (“RMB”) against USD. Due to the increase in impairment of property, plant and equipment and recognition of net foreign exchange losses, the Group recorded an increase of approximately 62.9% in other expenses during the Year as compared with that of 2024 to approximately HK\$511 million (2024: approximately HK\$314 million), accounting for approximately 8.9% (2024: approximately 5.2%) of the Group’s revenue.

Finance costs

Finance costs of the Group decreased by approximately 19.2% as compared with that of 2024 to approximately HK\$148 million (2024: approximately HK\$183 million) for the Year, which was mainly attributable to the decrease in interest rate of USD borrowings of the Group and repayment of certain bank borrowings with higher interest rates during the Year. Interest capitalized during the Year was approximately HK\$14 million (2024: approximately HK\$13 million).

Income tax expense

Despite the Group’s operating losses for the Year, the Group has provided income tax expense on the operating profits generated by certain subsidiaries and gain on disposal of non-current assets classified as held for sale, and withholding tax on profit distributions by certain subsidiaries located in the PRC. The impact of these items was partially offset by the recognition of deferred tax assets arising from impairment of certain property, plant and equipment. As a result, the Group’s income tax expense for the Year amounted to approximately HK\$32 million (2024: approximately HK\$2 million).

Loss attributable to equity holders of the Company

Despite the measures adopted by the Group to lower the production costs and improve the efficiency through factory consolidation plans, the Group still recorded a loss attributable to equity holders of the Company for the Year of approximately HK\$493 million (2024: approximately HK\$530 million), mainly attributable to the decrease in revenue and increase in impairment of property, plant and equipment, the impact of which was partially offset by the increase in gross profit, increase in other income and gains, and decrease in operating costs.

Liquidity and Financial Resources

As at 31 December 2025, total bank and other borrowings of the Group amounted to approximately HK\$2,789 million (31 December 2024: approximately HK\$2,640 million), representing an increase of approximately 5.6% as compared with that as at 31 December 2024. The Group’s bank and other borrowings were at floating interest rates and included short-term loans with 1-year maturity, 3-year term loans and 5-year syndicated loans. As at 31 December 2025, the Group’s bank and other borrowings denominated in USD, New Taiwan dollars and RMB were approximately HK\$2,477 million (31 December 2024: approximately HK\$2,526 million), approximately HK\$22 million (31 December 2024: approximately HK\$17 million) and approximately HK\$290 million (31 December 2024: approximately HK\$97 million), respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Year, the Group recorded a net cash outflow of approximately HK\$135 million from operating activities during the year, compared with a net cash inflow of approximately HK\$741 million in 2024, mainly attributable to the increase in inventories and trade receivables. As a result of the purchase of manufacturing facilities and equipment for installation in the new production plant in Vietnam during the Year, the Group recorded a net cash outflow from investing activities of approximately HK\$127 million (2024: approximately HK\$332 million). The decrease in net cash outflow from investing activities was mainly attributable to the proceeds received from disposal of items of property, plant and equipment and right-of-use assets and non-current assets classified as held for sale. During the Year, due to the drawdown of new bank borrowings, the Group recorded a net cash inflow from financing activities of approximately HK\$94 million during the year (2024: net cash outflow of approximately HK\$585 million). As at 31 December 2025, the Group had cash and bank balances of approximately HK\$892 million (31 December 2024: approximately HK\$1,028 million).

As at 31 December 2025, the Group's gearing ratio, calculated as total bank and other borrowings of approximately HK\$2,789 million (31 December 2024: approximately HK\$2,640 million) divided by total assets of approximately HK\$10,346 million (31 December 2024: approximately HK\$10,342 million), increased slightly to approximately 27.0% (31 December 2024: approximately 25.5%), which was mainly due to the increase in total bank and other borrowings as at 31 December 2025 as compared with that as at 31 December 2024.

Financial Ratios

Inventory turnover days of the Group during the Year increased to approximately 88 days (2024: approximately 66 days) mainly due to the expectation that sales in the first quarter of 2026 will be higher than those in the first quarter of the Year. As at 31 December 2025, there was an increase in the Group's inventories of approximately 25.7% to approximately HK\$1,318 million (31 December 2024: approximately HK\$1,048 million).

Trade receivables turnover days of the Group during the Year increased to approximately 153 days (2024: approximately 129 days) which was mainly due to the slower payment from the Group's customers. Trade receivables as at 31 December 2025 increased by approximately 13.7% to approximately HK\$2,408 million, as compared with approximately HK\$2,118 million as at 31 December 2024.

Trade and bills payables turnover days of the Group during the Year increased to approximately 64 days (2024: approximately 52 days) mainly due to the increase in purchases in the fourth quarter of the Year compared to the fourth quarter of last year. As at 31 December 2025, there was an increase in the Group's trade and bills payables of approximately 15.6% to approximately HK\$953 million (31 December 2024: approximately HK\$824 million).

Pledge of Assets

As at 31 December 2025, certain land and buildings of the Group with a net carrying amount of approximately HK\$20 million (31 December 2024: approximately HK\$19 million) were pledged to secure certain banking facilities granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Exposure

Since most of the Group's revenue is denominated in USD and most of the Group's expenses are denominated in RMB, the appreciation of RMB will have adverse effect on the Group's profitability and vice versa. Accordingly, the Group had entered into forward foreign exchange contracts to mitigate possible exchange losses arising from the fluctuations in the values of the USD and RMB. During the Year, the Group recorded foreign exchange losses, net of approximately HK\$105 million (2024: foreign exchange gains, net of approximately HK\$145 million) and fair value gain on derivative financial instruments, net of approximately HK\$1 million (2024: fair value losses, net of approximately HK\$2 million). The management of the Group will continue to monitor the Group's foreign currency risk exposures and adopt prudent measures as appropriate to minimise the adverse effects arising from the foreign currency fluctuations.

Employees

During the Year, the Group had approximately 21,000 employees (2024: approximately 20,000 employees) and recorded staff costs (excluding directors' remuneration) of approximately HK\$2,014 million (2024: approximately HK\$1,844 million).

The Group's employees are remunerated in line with prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. Discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and that of the individual employee. The Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants, including the employees of the Group, for (among others) their contribution to the growth and development of the Group, as well as a share award plan to recognize the contribution by eligible participants thereunder and to attract suitable personnel for further development of the Group. The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme for its employees in Hong Kong, and provides its PRC, ROC and Vietnam employees with welfare schemes as required by the applicable laws and regulations of the PRC, ROC and Vietnam.

Capital Commitment

As at 31 December 2025, the capital commitments which the Group had contracted for but were not provided for in the financial information in respect of the acquisition of buildings, machinery and office equipment amounted to approximately HK\$197 million (31 December 2024: approximately HK\$263 million).

Contingent Liabilities

As at 31 December 2025, the Group did not have any significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

There is no event that will have material impact on the Group since the end of the Year to the date of this report.

Possible risks and uncertainties

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

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Market risk

Casing products are one of the components for notebook computers and handheld devices. With the development of the technologies, notebook computers and handheld devices face the competition from new substitutes, leading to difficulties in the rebound of the market of notebook computers and handheld devices.

Following the principals of market-orientation, the Group will strive to develop new casing products to fulfil the new market opportunities. In the view of the strong demand on metal casings with sleek, durable and high-ended features, the Group is continuously exploring any new technologies and materials in production of the metal casings.

(2) Concentration risk on the product types

Casing products for the notebook computers and handheld devices are the major products of Ju Teng. In the past few years, the casing products provided the stable source of the income to the Group. The business development of the Group is therefore highly limited to the saturation of global PC market.

In the view of the concentration risk on the product types, the Group will expand the product mix based on the market trends, improve the quality of the products, focus on new product development and look for any opportunities in the future to widen the sources of the income.

(3) Risk of keen competition arising from the sluggish demand

Sluggish demand on the casing products for the notebook computers result in fierce competition among the industry. Since 2022, due to the downturn of market of notebook computers and handheld devices, the demand on the casing products has become weak. In order to maintain the market, casing manufacturers have lowered the unit price of the casing products, resulting in an adverse impact on the profitability of the industry.

In the view of the keen competition in the industry, the Group will continue to invest in advanced equipment, maintain the good quality of the products and expand the product mix in order to gain good reputation among the industry.

(4) Risk of rising labour cost in the PRC

As the factories of the Group are mainly located in the PRC, the increase of labour costs in the PRC will adversely affect the profitability of the Group.

In the view of the upward trends on the labour cost in the PRC, the Group has strategically identified Vietnam as the ideal location for production of casings for notebook computer and automotive parts and hence shifted certain production capacity to Vietnam due to the relatively lower cost of production in Vietnam, which is in line with the Group's strategy of taking better advantage of the global supply chain, enhancing cost efficiency and seizing the development opportunities in Vietnam's manufacturing industry.

MANAGEMENT DISCUSSION AND ANALYSIS

Compliance with Relevant Laws and Regulations

The Group's business is mainly operated by its subsidiaries incorporated or established in the British Virgin Islands, Hong Kong, the ROC, the PRC and the Vietnam and the Company was incorporated in the Cayman Islands and is a listed company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). Therefore, the Group should comply with relevant laws and regulations of the Cayman Islands, British Virgin Islands, Hong Kong, the ROC, the PRC and the Vietnam. The Company promotes the culture of adhering to the highest ethical standards of business conduct and commits to complying with all prevailing laws and regulations in all its operating regions.

During the Year, the Company was not aware of any material non-compliance or breach of the applicable legislation or regulations that have a significant impact on the Group.

Environmental policy

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

Product liability

Ju Teng maintains well-established quality inspection procedures to ensure all products meet quality standards. Products from the production lines are subject to inspection by its quality management department before they are qualified for storage or delivery. The Group has also in place a set of product recall procedures to ensure that customer claims are properly addressed in case of quality issues. Details of which are disclosed in our Environmental, Social and Governance report.

Occupational safety

The Group has formulated an occupational safety management system and is in compliance with the Production Safety Law of the PRC and other requirements set out in relevant laws and regulations. The Group also holds educational activities of occupational safety including the publicity of relevant laws and regulations. Moreover, new employees have to receive safety orientation training and special operations staff such as electricians and forklift operators have to be certified. The Group also holds training on safety techniques, responsibilities and systems for staff in various positions from time to time. Details of which are disclosed in our Environmental, Social and Governance report.

Relationships with key stakeholders

The Group's success also depends on the support from its key stakeholders which comprise employees, customers, suppliers and shareholders.

(1) Employees

Diverse staff allows Ju Teng to be flexible on serving customers around the world. Each of the Ju Teng's management members is top talent in the industry, and possesses solid professional backgrounds. They serve as the backbone of the Group's development.

MANAGEMENT DISCUSSION AND ANALYSIS

Ju Teng has a comprehensive internal promotion pipeline. To keep up with the market dynamics, it deploys talented executives through a system of human resources assessment, so that each of the staff may leverage its strengths, contribute to the swift growth, and maintain stable operation and flexibilities of the organization.

Ju Teng's culture emphasizes professional division of labour, team spirits and on-site management. Ju Teng pursues increasingly profound qualities and technologies through requirements on discipline and efficiency and maximization of the economies of scale.

The Group has a share option scheme. The purpose of the scheme is to attract and retain eligible and well-performed participants, including employees and any company related person, and to motivate them to strive for future development and expansion of the Group. The scheme serves as an incentive encouraging participants to perform their best in achieving the goals of the Group and allows the participants to enjoy the results of the Group attained through their efforts and contributions. Offering share options to employees is also a way of recognizing employees' contributions. The Group strongly believes that the operation of the scheme can result in a boost in employees' loyalty and cohesiveness.

(2) Customers

The Group's customers are mainly global well-known notebook computer manufacturers and brand owners. They purchased products of the Group by way of a single order on request and therefore, the Group did not enter into any long-term sales contracts with any major customers. The Group has established good and long-term business relationship with the customers, and believes that these customers will continue to place the purchase orders to the Group. Meanwhile, the Group will actively seek for the new customers, in order to minimize the possible negative impact on the Group's business and profitability resulting from the discontinuance of order from any major customer.

(3) Suppliers

Ju Teng holds supply chain management in high regard and strives to select quality suppliers through an open and transparent screening process to achieve mutual benefits. Under the same conditions, priority will be given to suppliers who stick to standard management practices and actively fulfil their social responsibility.

In addition, all suppliers must provide their company background and product information for supervision and inspection by the Group. The Group will also review and assess the performance of suppliers annually to decide whether to continue cooperating with them, and such reviews will also be taken into consideration when identifying other suppliers.

(4) Shareholders

One of the corporate goals of the Group is to enhance corporate value to shareholders of the Company. The Group is committed to fostering business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts, taking into account of capital adequacy levels, liquidity positions and business expansion needs of the Group.

Set out below is the biographical details of the Directors and senior management of the Group as at the date of this annual report:

DIRECTORS

Executive Directors

Mr. Cheng Li-Yu (鄭立育), aged 67, is the chairman and the chief executive officer of the Group and director of certain subsidiaries of the Group. Mr. Cheng Li-Yu is one of the founders of the Group. Mr. Cheng was appointed as an executive Director on 15 July 2004 and the chief executive officer of the Group on 16 March 2022. Mr. Cheng is responsible for the Group's overall corporate strategy planning, operation management and establishment of the Group's future development direction. Prior to co-founding the Group, Mr. Cheng began his career at San Li Industrial Company Limited which was engaged in spray painting in around 1984. Mr. Cheng is the younger brother of Mr. Cheng Li-Yen, the non-executive Director. Mr. Cheng's interest in shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance is disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report.

Mr. Chiu Hui-Chin (邱輝欽), aged 72, is an executive Director and the chief strategy officer of the Group and director of a subsidiary of the Group. He was conferred a Master Degree in Industrial Engineering and Management in National Taipei University of Technology and EMBA in the Graduate Institute of Finance in National Taiwan University. He has more than 39 years of experience in notebook computer, and electronic products business. He joined the Group as executive Director and the chief executive officer of the Group on 1 March 2017. He ceased to be the chief executive officer of the Group and was appointed as the chief strategy officer of the Group on 16 March 2022, responsible for formulating and managing strategies of the Group. Prior to joining the Group, Mr. Chiu was a chief executive officer of Lite-on Technology Corporation, a company listed on the Taiwan Stock Exchange Corporation ("TSEC") until February 2017, and held top management position in various leading international brands and manufacturers of notebook computer, and electronic products. He was a director of Silitech Technology Corporation (stock code: 3311.TT) from June 2012 to March 2017 and Dragonjet Corporation (stock code: 3280.TT) from June 2014 to March 2017, which are listed on the TSEC. Mr. Chiu has also been appointed as an independent director of Syncmold Enterprise Corp. (stock code: 1582.TT) since 18 June 2020, Integrated Service Technology Inc. (stock code: 6913.TT) since 8 December 2022, Auras Technology Co., Ltd. (stock code: 3324.TT) since 2 June 2023, and Amia Co., Ltd. (stock code: 2718.TT) since 26 June 2024, all of which is listed on the TSEC. Mr. Chiu was the chairman of council of Department of Industrial Engineering and Management Alumnus and council member of China Value Engineering Society (中華民國價值工程學會). Mr. Chiu was also awarded as the outstanding Alumnus of National Taipei University of Technology. Mr. Chiu's interest in shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance is disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report.

Mr. Huang Kuo-Kuang (黃國光), aged 65, is an executive Director and director of a subsidiary of the Group. He joined the Group in February 2001 as a member of the Group's senior management and has been responsible for the Group's daily operations and for overseeing the Group's procurement and operation management of two of its major operating subsidiaries in the PRC, namely, Everyday Computer Components (Suzhou) Co., Ltd. ("Everyday Computer") and Suzhou Dazhi Communication Accessory Co., Ltd ("Suzhou Dazhi"), since their establishment. He was appointed as senior vice president of Everyday Computer and of Suzhou Dazhi in 2002. He has more than 33 years' experience in the computer industry. Mr. Huang was appointed as an executive Director on 10 June 2005. He is responsible for the planning of the Group's procurement strategy, as well as the execution and guidance of operation management. Mr. Huang's interest in shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance is disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report.

MANAGEMENT PROFILE

Mr. Tsui Yung Kwok (徐容國), aged 57, is an executive Director, the chief financial officer and director of a subsidiary of the Group. Mr. Tsui was appointed as an executive Director on 10 June 2005. He is responsible for the overall financial management. He holds a master degree in corporate governance and a bachelor degree in business (Accounting). He is also a member of Chartered Accountants Australia and New Zealand, CPA Australia, the Hong Kong Institute of Certified Public Accountants and the Hong Kong Chartered Governance Institute. Before joining the Group in August 2004, Mr. Tsui had been the chief financial officer of a Hong Kong listed company and held a senior position in an international accounting firm in Hong Kong. He had over 32 years' experience in accounting and finance. He has been an independent non-executive director of Shenguan Holdings (Group) Limited (stock code: 829) since 19 September 2009, Cabbeen Fashion Limited (stock code: 2030) since 18 February 2013 and Intron Technology Holdings Limited (stock code: 1760) since 22 June 2018. Mr. Tsui's interest in shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance is disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report.

Mr. Wang Ting Jin (王挺進先生), aged 57, is an executive Director of the Group. He was appointed as an executive Director on 11 June 2025. Mr. Wang has over 17 years of experience in computer components development and manufacturing. Before joining the Group, Mr. Wang was the general manager of the ODM Business Operations Department of Lens Technology Co., Ltd., a company whose shares are listed on the Shenzhen Stock Exchange (stock code:300433) between May 2024 to March 2025, and the general manager of Lens Changsha Co., Ltd., a main operating subsidiary of Lens Technology Co., Ltd., where he was responsible for managing and overseeing the operations between March 2023 to May 2024. Mr. Wang also served in several positions within Apple Procurement Operations Management (Shanghai) Co., Ltd.* (蘋果採購運營管理(上海)有限公司) between September 2008 to April 2021: between April 2019 to April 2021, he served as the director of Brittle Material Manufacturing Design and Quality Engineering Division, where he helped establish key tools and processes in the area of brittle materials to support product and process development, and led the newly-formed Brittle Material External Casings team with a focus on functional capability development, and alignment of resources for business needs; between April 2012 to March 2019, he served as senior manager and director of manufacturing design and quality engineering of laptop casings and peripheral equipment, successively; and manager of laptop casings manufacturing design and quality engineering between September 2008 to April 2012. He was also a quality control manager of the Communications Device Enclosure Systems Division of Sanmina Corporation in Toronto and Suzhou, successively, from September 2005 to August 2008. Mr. Wang obtained his Bachelor of Engineering in mechanical engineering from Tsinghua University in July 1991 and his Master of Applied Science in mechanical engineering from the University of Toronto in November 2002.

Non-executive Director

Mr. Cheng Li-Yen (鄭立彥), aged 72, is one of the founders of the Group. He was an executive Director from 10 June 2005 to 1 March 2017, and thereafter he remained as a director of a subsidiary of the Company and a consultant to the Group in relation to the Group's overall management of resource planning, as well as plant expansion, development and construction. He was appointed as the non-executive Director on 16 March 2022. Prior to co-founding the Group, Mr. Cheng began his career at San Li Industrial Company Limited which was engaged in spray painting in around 1990 and later joined the management of Sunrise Plastic Injection Company Limited in around 2000. Mr. Cheng is the elder brother of Mr. Cheng Li-Yu, the chairman and the chief executive officer of the Group. Mr. Cheng's interest in shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance is disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report.

Independent non-executive Directors

Mr. Yip Wai Ming (葉偉明), aged 60, is an independent non-executive Director. He has more than 34 years of experience in finance and accounting, and had held senior positions in an international accounting firm, a major European bank and listed companies in Hong Kong. Mr. Yip graduated from the University of Hong Kong with a Bachelor's degree in social sciences and from the University of London with a Bachelor's degree in law. He is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Chinese Institute of Certified Public Accountants. He has been appointed as an independent non-executive director of PAX Global Technology Limited (stock code: 327) since December 2010, Far East Horizon Limited (stock code: 3360) since March 2011, Poly Culture Group Corporation Limited (stock code: 3636) since December 2013 (he then resigned as an independent non-executive director, the chairman of the remuneration and assessment committee of the board of directors and the member of the audit committee of the board of directors with effect from 21 June 2022), Yida China Holdings Limited (stock code: 3639) since June 2014 (he then resigned as an independent non-executive director, the chairman of the audit committee and member of the nomination committee of the board of directors with effect from 26 July 2024), Sinohope Technology Holdings Limited (formerly known as New Huo Technology Holdings Limited) (stock code: 1611) since October 2018 and Peijia Medical Limited (stock code: 9996) since January 2020 (with effect since May 2020). Mr. Yip was appointed as an independent non-executive Director on 25 May 2006. Mr. Yip's interest in shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance is disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report.

Mr. Yuen Chi Ho (袁志豪), aged 58, is an independent non-executive Director. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has over 35 years of experience in audit, accounting and financial management. Mr. Yuen has been the chief financial officer of a private group of companies principally engaged in manufacturing and sales of gardening planter products since 2021. From 1990 to 2000, Mr. Yuen worked in international accounting firms. He was an executive director and chief financial officer of IPE Group Limited (stock code: 929), a company listed on the Main Board of the Stock Exchange, from 1 October 2009 to 1 June 2017, and was redesignated as chief operating officer from 2 June 2017 to 30 November 2018. Mr. Yuen was appointed as an independent non-executive Director on 6 December 2022.

Dr. Chuang Shu-Hui (莊淑惠), aged 60, is an independent non-executive Director. She has over 16 years of experience in business administration, application of information systems in government and enterprise, knowledge management and business intelligence. She has been the chairperson of the Department of Business Administration at Asia University, Taiwan since August 2021 and one of its professors since August 2018. Before that, she held various teaching positions at Asia University including assistant professor and associate professor at its Department of Accounting and Information Systems and Department of Business Administration, successively, from August 2007 to July 2018. She is the supervisor of Sunyu Tech Co., Inc. (翺墀科技股份有限公司), which is principally engaged in providing system development and consulting services for information technology infrastructure. She has been appointed as honorary director general of the Digital Transformation and Innovative Development Association (中華數位轉型創新發展協會) in Taiwan since January 2023. She also served as an independent director of Bai Sha Technology Co., Ltd (白紗科技印刷股份有限公司), a company whose shares are listed on the Taipei Exchange (stock code: 8401), from May 2019 to May 2022 and re-appointed as an independent director with effect from 29 May 2025. Dr. Chuang's research interests include the applications of e-business, knowledge management, online marketing, and business intelligence, and she has been a guest editor and reviewer for international journals regarding information management (such as Queuing Models and Service Management, Journal of Information and Knowledge Management and Technology Analysis & Strategic Management). Dr. Chuang obtained her master's degree in engineering from Tunghai University (東海大學) in June 1999 and her PhD in information management from National Chung Cheng University (國立中正大學) in April 2008. Dr. Chuang was appointed as an independent non-executive Director on 2 September 2024.

MANAGEMENT PROFILE

SENIOR MANAGEMENT

Mr. Huang Cheng-Pin (黃正斌), aged 60, is an assistant to Mr. Cheng Li-Yu, an executive Director, the chief executive officer and chairman of the Group. He joined the Group in 2003. Mr. Huang has over 25 years of experience in the banking field and is responsible for the investment planning for the new projects. He also assists the board of Directors in the evaluation of such investment projects as well as the Group's financial planning and funding matters.

Mr. Lee Ming-Kun (李明坤), aged 68, is an assistant to Mr. Cheng Li-Yu, an executive Director, the chief executive officer and chairman of the Group, and joined the Group in 2013. Mr. Lee is responsible for management and supervision on new product development and management in the Group.

Mr. Lu Fu-Hsing (呂福興), aged 60, is an assistant to Mr. Cheng Li-Yu, an executive Director, the chief executive officer and chairman of the Group. He joined the Group in 2003 and is responsible for the human resources planning for the new investment project. He is also responsible for the monitoring and rectification of the matters in relation to the operations and management of the Group.

Mr. Chu San-Tai (朱三泰), aged 51, is a vice president of the Group who joined the Group in 2003 and is currently responsible for the overall operation management of factories in Neijiang and Chongqing regions. He is also responsible the supervision of the quality assurance department of the Group and the establishment of all quality assurance system certifications and quality control. Mr. Chu has rich experience in quality control, understands the manufacturing process and has strict quality control concept. He monitors the Group's quality control system and set-ups a complete quality control system process.

Mr. Lo Ching-Chen (羅竟珍), aged 47, is an assistant Vice President of the Group and joined the Group in 2004, with approximately 26 years of experience in mold-related process planning and precision machining production management. He is responsible for the Group's plastics, metal molds, hot stamping, parts precision processing and new technology research and development, new model integration development (NPI), currently in charge of the production management of Suzhou Dazhi Communication Accessory Co., Ltd., a wholly-owned subsidiary of the Group.

Mr. Lee Ming-Yu (李明育), aged 44, is an associate vice president of the Group and joined the Group in 2009. He has about 26 years of experience in mold-related process planning and production management. He is responsible for the research and development of the Group's plastic molds, metal molds, high-temperature molds, two-color molds, etc. and the new technologies, and new product introduction. Mr. Lee also responsible for the production management of Juteng (Neijiang) Communication Accessory Co., Ltd, a wholly-owned subsidiary of the Group.

Mr. Hsiao Chuan-Cheng (蕭全成), aged 52, is the supervisor of the Group. He joined the Group in 2010 and has over 29 years of experience in plastic parts of notebook computers and electronic products. Mr. Hsiao is currently responsible for the operation and management of Lian-Yi Precision (Zhongshan) Inc., a non-wholly owned subsidiary of the Group.

Mr. Wong Tin-Sang (王天生), aged 47 and joined the Group in 2002, has about 25 years of experience in coating-related process planning and production management. He is responsible for the new technology research and development, new model integration development (NPI), currently in charge of the production management of Tasun (Chongqing) Electronic Technology Co., Ltd./Compal Electronic Technology (Chongqing) Co., Ltd., wholly-owned subsidiaries of the Group.

MANAGEMENT PROFILE

Mr. Wong Sam-Yun (王森源), aged 47, is the supervisor of the Group and joined the Group in 2006, with approximately 26 years of experience in magnesium aluminum alloy injection technology and magnesium aluminum process and production management. He is responsible for the magnesium aluminum process, mold design, 3C computer accessories, automotive parts, and electric bicycle components of the Group, currently in charge of the production management of Compal Precision Module (Jiangsu) Co., Ltd., a wholly owned subsidiary of the Group.

Mr. Wong Siu-Loeng (黃少良), aged 44, is the supervisor of the Group and joined the Group in 2005, with approximately 21 years of experience in process planning and production management related to exterior design and surface treatment. He is responsible for the new technology research and development, new exterior and surface treatment integration development (NPI) of the Group, currently in charge of the production management of Ju Teng Electronic Technology (Vietnam) Limited, a non-wholly owned subsidiary of the Group.

Mr. Sou Gun-Ping (蘇君評), aged 49, has over 30 years of experience in business development and joined the Group in 2002. He is responsible for the customer development of the Group, currently in charge of the production management of Ju Teng Technology (Taizhou) Co., Ltd., a wholly owned subsidiary of the Group.

COMPANY SECRETARY

Ms. Cheung Lai Yin has been appointed as the company secretary of the Company with effect from 31 January 2019. She is a practising solicitor in Hong Kong working at Chiu & Partners, the Company's legal advisers as to Hong Kong laws, in the field of commercial and corporate finance. Ms. Cheung graduated from the University of Hong Kong with a Bachelor of Laws degree.

REPORT OF THE DIRECTORS

The directors (the “Directors”) of Ju Teng International Holdings Limited (the “Company”) present their report and the audited consolidated financial statements of the Company and its subsidiaries (the “Subsidiaries” and together with the Company, the “Group”) for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the Subsidiaries are set out in note 1 to the consolidated financial statements. There were no significant changes in the nature of the Group’s principal activities during the year ended 31 December 2025.

BUSINESS REVIEW

Details of the business review of the Group, its likely future development, principal risks, important events affecting the Group after 31 December 2025, uncertainties facing the Group, the Company’s environmental policies and performance and compliance with the relevant laws and regulations that have a significant impact on the Group for the year ended 31 December 2025, details of relationships with key stakeholders and details of important events affecting the business of the Group subsequent to 31 December 2025 are set out in the section headed “Management Discussion and Analysis” on pages 8 to 16 of this annual report.

RESULTS AND DIVIDEND

The Group’s loss for the year ended 31 December 2025 and the Group’s financial position as at 31 December 2025 are set out in the consolidated financial statements on pages 56 to 143 of this annual report.

The Board does not recommend any payment of a final dividend for the Year (2024: Nil).

DIVIDEND POLICY

The amount of dividends to be declared by the Company will depend on the Group’s results, working capital requirements, cash positions, the provision of relevant laws of the PRC and other factors that the Directors consider relevant from time to time, subject to the availability of the cash and distributable reserves, investment requirement, cashflow and the working capital requirements of the Group. The undistributed profit will be used to finance the continued growth and expansion of the business of the Group.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 144 of this annual report. Such summary does not form part of the audited consolidated financial statements of the Group for the year ended 31 December 2025.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company’s share capital and share options (the “Share Options”) during the year ended 31 December 2025, if any, are set out in notes 27 and 28 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

REPORT OF THE DIRECTORS

TAX RELIEF AND EXEMPTION

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2025.

ISSUE OF SHARES

During the year ended 31 December 2025, the Company did not issue any shares.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, as calculated in accordance with the provisions of the Companies Act of the Cayman Islands, amounted to approximately HK\$4,005,879,000.

CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2025, the Group made charitable contributions of approximately HK\$108,000.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, sales to the Group's five largest customers accounted for approximately 81% of the revenue for the year and sales to the largest customer amounted to approximately 22% of the revenue for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year. None of the Directors nor any of their close associates or any shareholders (which, to the knowledge of the Directors, own more than 5% of the Company's issued share capital (excluding treasury shares)) of the Company had any interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the year ended 31 December 2025 and up to the date of this report are:

Executive Directors:

Mr. Cheng Li-Yu (*Chairman and Chief Executive Officer*)

Mr. Chiu Hui-Chin (*Chief Strategy Officer*)

Mr. Huang Kuo-Kuang

Mr. Lin Feng-Chieh (*Retired on 28 May 2025*)

Mr. Tsui Yung Kwok (*Chief Financial Officer*)

Mr. Wang Ting Jin (*Appointed on 11 June 2025*)

Non-executive Director:

Mr. Cheng Li-Yen

Independent non-executive Directors:

Mr. Cherng Chia-Jiun (*Retired on 28 May 2025*)

Mr. Yip Wai Ming

Mr. Yuen Chi Ho

Dr. Chuang Shu-Hui

REPORT OF THE DIRECTORS

In accordance with Article 108(A) of the Company's articles of association, Mr. Chiu Hui-Chin, Mr. Tsui Yung Kwok, and Mr. Yip Wai Ming will retire as Directors by rotation and, being eligible, will offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company. As Mr. Wang Ting Jin was appointed on 11 June 2025 as an additional Director, in accordance with Article 112 of the Company's articles of association, Mr. Wang Ting Jin will hold office until the forthcoming annual general meeting of the Company and, being eligible, will offer himself for re-election as Director at the forthcoming annual general meeting of the Company.

The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") from all the three independent non-executive Directors namely, Mr. Yip Wai Ming, Mr. Yuen Chi Ho and Dr. Chuang Shu-Hui. As at the date of this report, the Company still considers these independent non-executive Directors to be independent under the guidelines set out in Rule 3.13 of the Listing Rules.

DIRECTORS' AND SENIOR MANAGERMENTS' BIOGRAPHIES

Biographical details of the Directors and senior management of the Group as at the date of this annual report are set out on pages 17 to 21 of this annual report.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in Director's biographical details for the year ended 31 December 2025 and up to the date of this annual report, which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules, are set out below:

- Mr. Lin Feng-Chieh ceased to be an executive Director with effect from the conclusion of the annual general meeting of the Company held on 28 May 2025 (the "AGM"). For further information regarding his retirement, please refer to the circular of the Company dated 17 April 2025 and the announcement of the Company dated 28 May 2025.
- Mr. Cherng Chia-Jiun ceased to be an independent non-executive Director, the chairman of each of the audit committee and remuneration committee, and a member of each of the nomination committee and corporate governance committee of the Board with effect from the conclusion of the AGM. For further information regarding his retirement, please refer to the circular of the Company dated 17 April 2025 and the announcement of the Company dated 28 May 2025.
- Dr. Chuang Shu-Hui was appointed as an independent director of Bai Sha Technology Co., Ltd (stock code: 8401), a company whose shares are listed on the Taipei Exchange, with effect from 29 May 2025.
- The terms of remuneration of each of Mr. Cheng Li-Yu, Mr. Chiu Hui-Chin, Mr. Huang Kuo-Kuang and Mr. Tsui Yung Kwok had been amended such that they shall be entitled to a management bonus in respect of each financial year of the Company in such sum as the Board may in its absolute discretion determine with effect from 11 June 2025.
- Mr. Wang Ting Jin was appointed as an executive Director on 11 June 2025. For further information regarding his appointment, please refer to the announcement of the Company dated 11 June 2025.

Save as disclosed above, there are no other matters required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules or required to be brought to the attention of the shareholders of the Company.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Cheng Li-Yu, Mr. Huang Kuo-Kuang and Mr. Tsui Yung Kwok, all being executive Directors, has entered into a service agreement with the Company for an initial fixed term of three years commencing from 1 June 2005, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service agreement, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Chiu Hui-Chin, being an executive Director, has entered into a service agreement with the Company for an initial fixed term of three years commencing from 1 March 2017, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service agreement, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Wang Ting Jin, being an executive Director, has entered into a service agreement with the Company for an initial fixed term of three years commencing from 11 June 2025, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service agreement, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Cheng Li-Yen, being the non-executive Director, has entered into a service agreement with the Company for an initial fixed term of three years commencing from 16 March 2022, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service agreement, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Yip Wai Ming, being an independent non-executive Director, has entered into an appointment letter with the Company for a term of two years commencing from 25 May 2006, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Yuen Chi Ho, being an independent non-executive Director, has entered into an appointment letter with the Company for a term of two years commencing from 6 December 2022, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

REPORT OF THE DIRECTORS

Dr. Chuang Shu-Hui, being an independent non-executive Director, has entered into an appointment letter with the Company for a term of two years commencing from 2 September 2024, renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of appointment, subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to its articles of association, and until terminated by not less than three months' notice in writing served by either party on the other.

No Director proposed for re-election at the forthcoming annual general meeting of the Company has a service agreement with the Company or any of the Subsidiaries which is not determinable by the Company or the Subsidiary(ies) (as the case may be) within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SENIOR MANAGERMENTS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings of the Company. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

The remuneration of the senior management of the Group by band during the year ended 31 December 2025 is set out below:

Remuneration bands	Number of senior management
HK\$500,001 to HK\$1,000,000	7
HK\$1,000,001 to HK\$1,500,000	2
HK\$1,500,001 to HK\$2,000,000	1
	10

Further details of the Directors' remuneration and the five highest paid employees are set out in notes 8 and 9 to the consolidated financial statements, respectively.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

Save as disclosed in note 34 to the consolidated financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, the holding company of the Company or any of the Subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended 31 December 2025.

REPORT OF THE DIRECTORS

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company which were not contract of service with any Director or any person engaged in full-time employment of the Company were entered into or existed during the year ended 31 December 2025.

CONTRACT OF SIGNIFICANCE

No contract of significance had been entered into between the Company, or any of the Subsidiaries, and a controlling shareholder (as defined in the Listing Rules) of the Company, or any of its subsidiaries during the year ended 31 December 2025.

No contract of significance for the provision of services to the Company or the Subsidiaries by a controlling shareholder of the Company or any of its subsidiaries was entered into during the year ended 31 December 2025.

PERMITTED INDEMNITY PROVISION

During the year ended 31 December 2025 and up to the date of this annual report, there was and is permitted indemnity provision (within the meaning in section 469 of the Hong Kong Companies Ordinance) in the articles of association of the Company being in force.

The Company has taken out and maintained directors' and officers' liability insurance throughout the year ended 31 December 2025, which provides appropriate cover for certain legal actions brought against its directors and officers.

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

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

REPORT OF THE DIRECTORS

Name of Directors		Long positions Number of ordinary shares of the Company of HK\$0.1 each (the "Shares") and underlying Shares held under equity derivatives			Total interests	Approximate percentage of the Company's issued share capital <i>(Note 3)</i>
		Personal interests	Interests of spouse	Other interests		
Mr. Cheng Li-Yen	Shares	–	–	303,240,986 <i>(Note 1)</i>	303,240,986	25.27%
Mr. Cheng Li-Yu	Shares	23,408,000	7,064,046	303,240,986 <i>(Note 1)</i>	333,713,032	27.81%
Mr. Chiu Hui-Chin	Shares	5,900,000	–	–	5,900,000	0.49%
Mr. Huang Kuo-Kuang	Shares	8,285,866	2,300,631	–	10,586,497	0.88%
Mr. Tsui Yung Kwok	Shares	6,156,000	–	–	6,156,000	0.51%

Notes:

1. The Shares and the underlying Shares were registered in the name of Southern Asia Management Limited ("Southern Asia"), which was wholly owned by Shine Century Assets Corp., the entire issued share capital of which was held in the name of East Asia International Trustees Limited as trustee for the Cheng Family Trust which was founded by Mr. Cheng Li-Yu. The beneficiaries of the Cheng Family Trust include Mr. Cheng Li-Yu and Mr. Cheng Li-Yen. Mr. Cheng Li-Yu is also a director of Southern Asia. Mr. Cheng Li-Yu and Mr. Cheng Li-Yen were deemed to be interested in all the Shares in which Southern Asia was interested by virtue of the SFO.
2. These percentages are calculated on the basis of 1,200,008,445 Shares of the Company in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed “Share Option Scheme” and “Share Award Plan”, there was no equity-linked agreement entered into by the Company, or that subsisted during the year ended 31 December 2025.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed “Share Option Scheme” and “Share Award Scheme” and in note 28 to the consolidated financial statements, at no time during or at the end of the year ended 31 December 2025 were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any Director or their respective spouse or minor child (natural or adopted), or were such rights exercised by them; nor was the Company or any of the Subsidiaries, its holding company or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in the Company or any other body corporate.

SHARE OPTION SCHEME

(A) 2015 Share Option Scheme

The Company had adopted a share option scheme on 11 May 2015 (the “2015 Share Option Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations, and such share option scheme had expired on 10 May 2025.

During the year ended 31 December 2025, no options to subscribe for Shares (“Options”) were granted, exercised, cancelled or lapsed under the 2015 Share Option Scheme. As at 1 January 2025 and 31 December 2025, there were no outstanding Options under the 2015 Share Option Scheme.

The number of Options available for grant under the scheme mandate of the 2015 Share Option Scheme as at 1 January 2025 was 116,634,244. As the 2015 Share Option Scheme had expired on 10 May 2025, no Options were available for grant under the 2015 Share Option Scheme as at 31 December 2025. Further, as the 2015 Share Option Scheme had expired on 10 May 2025 and there was no outstanding share option under the 2015 Share Option Scheme, no Shares were available for issue under the 2015 Share Option Scheme as at the date of this annual report.

For further details regarding the 2015 Share Option Scheme, please refer to note 28 to the consolidated financial statements.

(B) 2025 Share Option Scheme

The Company has adopted a new share option scheme (the “2025 Share Option Scheme”) on 28 May 2025, which shall be valid and effective for a period of 10 years from the date of adoption with remaining life of approximately 9 years, subject to early termination by the Company in a general meeting.

The purposes of the 2025 Share Option Scheme are to (i) enable the Company to grant options to the Eligible Participants (as defined below) as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interest of the grantees with those of the shareholders of the Company to promote the long-term financial and business performance of the Group.

REPORT OF THE DIRECTORS

Under the 2025 Share Option Scheme, the Directors may, at their absolute discretion, invite any person belonging to any of the following classes (“Eligible Participants”), to take up Options: (a) any employees (whether full time or part time, including any executive director, but excluding any non-executive directors) of the Company or any of its subsidiaries (and including persons who are granted options or awards under the 2025 Share Option Scheme as an inducement to enter into employment contracts with these companies); (b) any non-executive directors (including independent non-executive directors) of the Company or any of its subsidiaries; and (c) any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company.

The maximum number of Shares which may be allotted and issued (including any treasury shares which may be transferred, as applicable) in respect of all Options to be granted under the 2025 Share Option Scheme and awards of Shares (“Awards”) to be granted under any other share schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time (“Share Scheme”) shall not exceed 10% of the number of Shares in issue (excluding treasury shares, if any) as at the date of approval of the 2025 Share Option Scheme, being 120,000,844 Shares. Unless expressly approved by the shareholders of the Company in general meeting and expressly allowed by the Stock Exchange, no Option or Award may be granted under the 2025 Share Option Scheme or any other Share Scheme if the grant of such Option or Award will result in the aforementioned limit being exceeded.

The number of Shares issued and to be issued upon exercise of all Options and Awards granted and proposed to be granted to a selected participant person (excluding any Options and Awards lapsed) under the 2025 Share Option Scheme and any other Share Scheme in any 12-month period up shall not exceed 1% of the issued Shares (“1% Individual Limit”). Any further grant of Options in excess of the 1% Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to Shareholders’ approval in general meeting of the Company with such participant and his close associates (or his associates if the grantee is a connected person of the Company) abstaining from voting. Where the number of Shares issued and to be issued upon exercise of all Options and Awards granted and proposed to be granted to an independent non-executive Director or substantial shareholder of the Company or any of their respective associates under the 2025 Share Option Scheme and any other Share Scheme in any 12-month period would result in the Shares issued and to be issued upon exercise of all Options and Awards granted (excluding any Options and Awards lapsed in accordance with the terms of this Scheme or the relevant Share Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1 per cent. of the Shares in issue, such grant of Options or Awards must be approved by the shareholders of the Company in general meeting (with such grantee, his associates and all core connected persons of the Company abstaining from voting in favour).

The subscription price in respect of any Option will be a price determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the offer, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of the offer; and (iii) (where applicable) the nominal value of a Share.

The offer of a grant of Options may be accepted within 21 days from the date of offer. A nominal consideration of HK\$1 in total is payable by the grantee on acceptance of the grant of an Option. The exercise period of the Options granted is determinable by the Directors, which period may commence from the date of the offer, and ends on a date which is not later than 10 years from the date of offer.

REPORT OF THE DIRECTORS

The vesting period in respect of any Option granted to any Eligible Participant shall not be shorter than 12 months from the date of acceptance of the offer, provided that where the Eligible Participant is: (i) an employee participant who is a Director or a senior manager specifically identified by the Company, the Remuneration Committee shall, or (ii) an employee participant who is not a Director nor a senior manager specifically identified by the Company, the Directors shall have the authority to determine a shorter vesting period under the following specific circumstances: (a) grants of “make-whole” Options to a new employee participant to replace awards or options such employee participant forfeited when leaving his previous employer; (b) grants to an employee participant whose employment is terminated due to death or disability or occurrence of any out of control event; (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria; (d) grants that are made in batches during a year for administrative and compliance reasons; and (e) grants of Options with a mixed or accelerated vesting period schedule such that the Options vest evenly over a period of 12 months.

The exercise price of the Options is determinable by the Directors, but shall not be less than the higher of (a) the closing price of a Share as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the relevant option, which must be a business day; (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant of the relevant Option; and (c) (where applicable) the nominal value of a Share.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for share options. The Group accounts for the 2025 Share Option Scheme as an equity-settled plan. The Options do not confer rights on the grantees to dividends or to vote at shareholders’ meetings.

As at 1 January 2025 and 31 December 2025, there were no Options outstanding under the 2025 Share Option Scheme. During the year ended 31 December 2025, no Options were granted, exercised, cancelled or lapsed under the 2025 Share Option Scheme. As the 2025 Share Option Scheme was only adopted on 28 May 2025, no Options had been available for grant under the scheme mandate of the 2025 Share Option Scheme as at the beginning of the year, i.e. 1 January 2025. Since no Options had been granted under the 2025 Share Option Scheme since its adoption, 120,000,844 Options were available for grant under the scheme mandate of the 2025 Share Option Scheme as at the end of the Year, i.e. 31 December 2025.

As at the date of this annual report, the total number of Shares available for issue under the 2025 Share Option Scheme was 120,000,844 Shares, representing approximately 10% of the issued share capital of the Company.

For further details regarding the Share Option Scheme, please refer to note 28 to the consolidated financial statements.

REPORT OF THE DIRECTORS

SHARE AWARD PLAN

On 19 May 2017, a trust deed (the “Trust Deed”) was entered into between the Company as settlor and Bank of Communications Trustee Limited as trustee (the “Trustee”) in relation to the establishment of a trust (the “Trust”) and adoption of a share award plan (the “Plan”).

The purpose of the Plan is to recognize the contribution by eligible participants under the Plan and to attract suitable personnel for further development of the Group. The Company may make contribution to the Trust for the purpose of vesting awarded Shares to the selected participants. Pursuant to the Plan, the Board may from time to time at its sole discretion subject to requirements under the Plan, cause to be paid any sums of money to the Trustee and instruct the Trustee to purchase Shares in the market at prevailing market price. The Trustee will hold the awarded shares on trust for all or one or more of the selected participants until such awarded shares are vested with the relevant selected participants in accordance with the rules of the Plan.

The Plan is a discretionary scheme of the Company and shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Plan and the Trust Deed. The Plan constitutes a share scheme funded by existing shares within the meaning of Chapter 17 of the Listing Rules.

On 5 December 2022, the Board resolved to make certain amendments (the “Amendments”) to the Plan effective on the same date, to the effect that: (1) the Trustee will not be instructed to subscribe for any new Shares for the purpose of satisfying awards to be granted following the effective date of the Amendments such that all awards to be granted shall be satisfied by existing Shares only; (2) the Trustee shall abstain from voting on matters that require Shareholders’ approval under the Listing Rules in respect of any Shares held under the Trust unless required by law to vote in accordance with the beneficial owner’s direction and such a direction is given; and (3) other house-keeping amendments are made for the purpose of making consequential amendments in line with the above amendments and to clarify the existing practice. Save for the Amendments disclosed in the announcement of the Company dated 5 December 2022 and other cosmetic changes, no other changes have been made to the Plan and all other terms of the Plan remain effective.

Eligible participants and maximum entitlement

Any employee (whether full time or part time, including any executive Director but excluding any non-executive director) and any non-executive director (including independent non-executive director) of the Company, any Subsidiary or any Invested Entity. There is no maximum entitlement applicable to an individual participant of the Plan.

REPORT OF THE DIRECTORS

Vesting period

The vesting period of an award of Shares commences on the date on which such Shares have been provisionally set aside by the Trustee to such the grantee and ends on the date on which the legal and beneficial title to the Shares awarded are transferred to the grantee, which shall be within ten business days after the latest of (a) such date as determined by the Board; and (b) where applicable, the date on which the condition(s) or performance target(s) (if any) to be attained by such grantee have been attained.

Determination of purchase price

Where the Trustee effects a purchase of Shares by off-market transactions for satisfying an award under the Plan, the purchase price shall not be higher than the lower of (a) the closing market price per Share on the trading day immediately prior to such purchase on which the Shares were traded on the Hong Kong Stock Exchange, and (b) the average closing market price per Share for the five preceding trading days on which the Shares were traded on the Hong Kong Stock Exchange.

Term

The Plan will remain in force for a period of 30 years since the date of adoption of the Plan, i.e. 19 May 2017, with a remaining life of approximately 21 years. Early termination may be done by the Board.

During the year ended 31 December 2025, (i) there were no unvested awards under the Plan; (ii) no share award was granted by the Board to any eligible participants; and (iii) no awards were vested, cancelled nor lapsed.

The Plan is a share scheme funded by existing shares of the Company within the meaning of Chapter 17 of the Listing Rules. Accordingly, the scheme mandate limit does not apply. However, in any given financial year, the Trustee shall not purchase more than 10% of the total number of issued Shares as at the beginning of such financial year for the purpose of the Plan. During the year ended 31 December 2025, no Shares had been purchased by the Trustee.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2025, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of shareholders	Capacity and nature of interest	Long positions	
		Number of Shares	Approximate percentage of the Company's issued share capital (Note 3)
Southern Asia	Beneficial owner	303,240,986	25.27%
Shine Century Assets Corp. (Note 1)	Interest of controlled corporations	303,240,986	25.27%
East Asia International Trustee Limited (Note 1)	Trustee	303,240,986	25.27%
Ms. Lin Mei-Li (Note 2)	Beneficial owner	7,064,046	0.59%
	Interest of spouse	326,648,986	27.22%
		<u>333,713,032</u>	<u>27.81%</u>
Bank of Communications Trustee Limited	Trustee	354,345,774	29.53%

Notes:

- The Shares and underlying Shares were held by Southern Asia, which was wholly owned by Shine Century Assets Corp. The entire issued share capital of Shine Century Assets Corp. was held in the name of East Asia International Trustees Limited as trustee for the Cheng Family Trust. Shine Century Assets Corp. was deemed to be interested in all the Shares in which Southern Asia is interested by virtue of the SFO. East Asia International Trustees Limited was deemed to be interested in all the Shares in which Shine Century Assets Corp. was interested by virtue of the SFO. Mr. Cheng Li-Yu is also a director of Southern Asia. The Shares registered in the name of Southern Asia was also disclosed as the interest of Mr. Cheng Li-Yu and Mr. Cheng Li-Yen in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company" above.
- Ms. Lin Mei-Li is the wife of Mr. Cheng Li-Yu and she was deemed to be interested in all the Shares in which Mr. Cheng Li-Yu was interested by virtue of the SFO.
- These percentages are calculated on the basis of 1,200,008,445 Shares of the Company in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, no person (other than a Director or chief executive of the Company) had registered an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2025, the Group had conducted the following continuing connected transactions which were required to be disclosed pursuant to Rule 14A.49 of the Listing Rules:

- (a) Pursuant to a master sales agreement dated as of 31 December 2008 entered into between Giant Glory International Limited (“Giant Glory”), an indirect wholly-owned subsidiary of the Company (for itself and on behalf of other members of the Group) and Wistron Corporation (“Wistron”) (for itself and on behalf of other members of Wistron and its subsidiaries (the “Wistron Group”)), on 23 January 2009, the Group agreed to sell casings for electronic products and related materials manufactured and/or supplied by the Group (the “Products”) to the Wistron Group in its ordinary course of business, at prices to be determined from time to time by the Group and Wistron (for itself and on behalf of other members of the Wistron Group) with reference to the market prices and on such terms that are no more favourable than those applicable to the sales of the Products by the Group to independent third parties. The master sales agreement had subsequently been renewed on 31 October 2011, 10 December 2014, 27 December 2017 and 17 December 2020, each for a term of three years commencing from the expiry of the then current term. On 27 December 2023, Giant Glory (for itself and on behalf of other members of the Group) and Wistron (for itself and on behalf of other members of Wistron Group) further entered into a renewal agreement for the existing master sales agreement for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 unless terminated earlier according to the terms and conditions of the agreement. The total sales of the Products by the Group to the Wistron Group amounted to approximately HK\$660,841,000 for the year ended 31 December 2025 (2024: approximately HK\$668,830,000).

Wistron is a substantial shareholder of Mindforce Holdings Limited, a non-wholly owned subsidiary of the Company, and therefore is a connected person of the Company.

- (b) On 1 January 2009, Giant Glory (for itself and on behalf of other members of the Group) and Compal Electronics, Inc. (“Compal”) and three of its subsidiaries (for themselves and on behalf of other members of Compal and its subsidiaries (the “Compal Group”)) entered into a master sales agreement in relation to the sales of the Products by the Group to the Compal Group in its ordinary course of business, at prices to be determined from time to time by the Group and Compal (for itself and on behalf of the other members of the Compal Group) with reference to the market prices and on such terms that are no more favourable than those applicable to the sales of the Products by the Group to independent third parties. The price of the Products shall be payable by the Compal Group to the Group in arrears ranging from 45 to 120 days’ credit period by transferring to the Group’s bank account. The master sales agreement had subsequently been renewed on 15 November 2011, 30 December 2014, 27 December 2017 and 17 December 2020, each for a term of three years commencing from the expiry of the then current term. On 27 December 2023, Giant Glory (for itself and on behalf of other members of the Group) and Compal (for itself and on behalf of other members of Compal Group) further entered into a renewal agreement for the existing master sales agreement for a term of three years commencing from 1 January 2024 and ending on 31 December 2026 unless terminated earlier according to the terms and conditions of the agreement. The total sales of the Products by the Group to the Compal Group amounted to approximately HK\$1,100,391,000 for the year ended 31 December 2025 (2024: approximately HK\$1,314,717,000).

Compal is a substantial shareholder of Wah Yuen Technology Holding Limited, a non-wholly owned subsidiary of the Company, and therefore is a connected person of the Company.

During the year ended 31 December 2025, the Group has followed the pricing policies agreed upon in the respective master sales agreements in determining the price and terms of the above continuing connected transactions.

REPORT OF THE DIRECTORS

The independent non-executive Directors have reviewed and confirmed that the continuing connected transactions disclosed in (a) and (b) above undertaken by the Group were entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 (Revised) *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* as issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unmodified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed in (a) and (b) above by the Group in accordance with the Listing Rules and confirming the matters as stated in Rule 14A.56 of the Listing Rules.

The related party transactions set out in note 34 to the consolidated financial statements also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and such transactions are fully exempt from the requirements under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the connected transactions or continuing connected transactions.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares were held by the public as at the latest practicable date prior to the issue of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group.

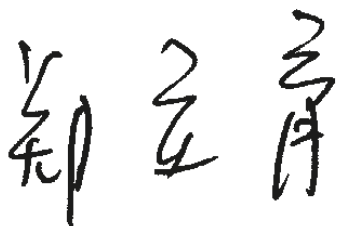
AUDIT COMMITTEE

The Audit Committee has reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial statements and results of the Group for the year ended 31 December 2025.

AUDITORS

Ernst & Young will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD



Cheng Li-Yu

Chairman and Chief Executive Officer

Hong Kong

26 March 2026

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Ju Teng International Holdings Limited (the “Company”) continues to devote much effort on formulating and implementing sufficient corporate governance practices which it believes is crucial to its healthy growth and its business needs.

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Part 2 of Appendix C1 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) that were in effect during the year ended 31 December 2025. The Company and its corporate governance committee (the “CG Committee”) of the Company periodically review its corporate governance practices to ensure its continuous compliance with the CG Code. The Company had complied with the code provisions of the CG Code for the year ended 31 December 2025, save for the deviation from certain code provisions as described below.

Code Provision C.2.1

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. With effect from 16 March 2022, Mr. Cheng Li-Yu assumed both roles as the chairman of the Board and the chief executive officer of the Company. The Board believes that having the same individual serving both roles as chairman of the Board and the chief executive officer of the Company allows the Group to be managed under a consistent leadership and the overall strategy of the Group could be more effectively formulated and executed.

The Board will continue to review the management structure from time to time and shall make necessary changes as appropriate and inform the shareholder of the Company accordingly.

Code Provisions C.1.6 and F.2.2 (now renumbered as Code Provision C.1.5 and F.1.3, respectively)

Pursuant to code provision F.2.2 of the CG Code, among others, the chairman of the Board should invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, the chairman should invite another member of the committee or failing this their duly appointed delegates to attend. Pursuant to code provision C.1.6 of the CG Code, among others, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders.

During the year ended 31 December 2025, Mr. Cherng Chia-Jiun, an independent non-executive Director and the chairman of the audit committee and remuneration committee of the Board who retired on 28 May 2025, was unable to attend the annual general meeting of the Company held on 28 May 2025 (the “AGM”) due to prior business commitments, and members of the audit committee and remuneration committee of the Board were present at the AGM to answer questions.

Note: The amendments to the CG Code effective on 1 July 2025 will apply to corporate governance reports and annual reports of the Company for financial years commencing on or after 1 July 2025. For this annual report, the Company shall refer to the then effective CG Code.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Group is led by and controlled through the Board, which was constituted by a combination of five executive Directors, one non-executive Director and three independent non-executive Directors during the year ended 31 December 2025.

The Board oversees the overall management and operations of the Company. Major responsibilities of the Board include approving the Company's overall business, formulating financial and technical strategies, setting key performance targets, approving financial budgets and major expenditures, supervising and scrutinizing the performance of management while the senior management are responsible for the supervision and day-to-day management of operation of the Group and the execution of the plans of the Group as approved by the Board.

In compliance with Rule 3.09D of the Listing Rules, Mr. Wang Ting Jin, who was appointed as an executive Director on 11 June 2025, obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 30 May 2025, and Mr. Wang Ting Jin has confirmed that he has understood his obligations as a director of the Company.

Independent non-executive Directors have been instrumental in ensuring independent views and input are available to the Board. The independent non-executive Directors have been appointed by the Company for a term of two years commencing from the date of their respective appointment renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment, and until terminated by not less than three months' notice in writing served by either the Company or the respective Director on the other. All the independent non-executive Directors have confirmed in writing to the Company that they have met all the guidelines for assessing their independence as set out in Rule 3.13 of the Listing Rules.

Mr. Cheng Li-Yen, the non-executive Director, has been appointed for an initial term of three years commencing from 16 March 2022 renewable automatically for successive terms of one year each commencing from the day after the expiry of the then current term of the service agreement until terminated by not less than three months' notice in writing served by either party on the other.

All Directors are subject to rotation at annual general meetings pursuant to the articles of association of the Company.

The Company has adopted and applied a code of conduct regarding directors' securities transaction on terms no less exacting than the required standard set out in the Model Code as set out in Appendix C3 to the Listing Rules throughout the year ended 31 December 2025. Having made specific enquiry of all Directors, the Company is satisfied that all the Directors have fully complied with the required standards set out in the Model Code and the Company's code of conduct regarding directors' securities transactions for the year ended 31 December 2025.

The Directors' fees are subject to shareholders' approval at general meetings of the Company. Other emoluments are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group.

Save for the sibling relationship between Mr. Cheng Li-Yu, the chairman and the chief executive officer of the Group, and Mr. Cheng Li-Yen, the non-executive Director, there is no family relationship between any of the Directors, nor were there any financial, business or other material or relevant relationships among the members of the Board.

CORPORATE GOVERNANCE REPORT

Mechanisms for ensuring independent views and input to the Board

To ensure independent views and input are available to the Board, the following mechanisms are implemented and are reviewed on an annual basis by the Board.

1. The Board requires each independent non-executive Director to provide written confirmation as to the factors affecting their independence as provided under the Listing Rules.
2. In recruiting independent non-executive Directors, the nomination committee of the Board (“Nomination Committee”) shall assess if the candidate(s) would be independent with reference to the relevant guidelines set out in the Listing Rules and also consider other factors, including but not limited to his/her character, integrity, cross-directorships and significant links with other Directors, time commitment, professional qualifications and relevant work experience.
3. The Nomination Committee shall review the structure, size and composition of the Board by taking into account of various aspects, including the diversity policy for the Board (“Board Diversity Policy”) and measurable objectives to achieve Board diversity, on an annual basis.
4. The Board shall also take into account the lack of involvement in the daily management of the Company on the part of the independent non-executive Directors and any relationship or circumstances which would affect the exercise of their independent judgement.
5. The chairman of the Board meets with the independent non-executive Directors regularly without the presence of the other Directors.
6. The Directors may seek advice from external independent professional advisors at the Company’s expense to perform their duties.
7. The Board shall also ensure that further re-appointment of any long-serving independent non-executive Director is subject to a separate resolution to be approved by the Shareholders at the annual general meetings of the Company.

CORPORATE GOVERNANCE REPORT

DIRECTORS' ATTENDANCE RECORD AT MEETINGS

Pursuant to code provision C.5.1 of the CG Code, the Board should meet regularly for at least four times a year. Special meetings of the Board will be convened if the situation requires so. During the year ended 31 December 2025, the Board convened a total of eight Board meetings (exclusive of meetings of Board committees held during the year) and one general meetings, i.e. the AGM on 28 May 2025. The individual attendance record of the Directors at board meetings and general meetings of the Company is tabulated as follows:

Name of Directors	Board meeting		General meeting	
	Number of meetings held (Note)	Number of Meetings attended	Number of Meetings held	Number of meetings attended
Executive Directors				
Mr. Cheng Li-Yu (<i>Chairman</i>)	7	7	1	1
Mr. Chiu Hui-Chin	7	7	1	1
Mr. Huang Kuo-Kuang	7	7	1	0
Mr. Lin Feng-Chieh (<i>Retired on 28 May 2025</i>)	4	4	1	0
Mr. Tsui Yung Kwok	7	7	1	1
Mr. Wang Ting Jin (<i>Appointed on 11 June 2025</i>)	2	2	0	0
Non-executive Director				
Mr. Cheng Li-Yen	7	7	1	0
Independent non-executive Directors				
Mr. Cherng Chia-Jiun (<i>Retired on 28 May 2025</i>)	4	4	1	0
Mr. Yip Wai Ming	7	6	1	1
Mr. Yuen Chi Ho	7	7	1	1
Dr. Chuang Shu-Hui	7	7	1	1

Note: For Directors appointed, resigned or retired during the year, number of Board meetings shown is that held during that Director's tenure during the year.

Board committee meetings will be convened as and when necessary.

For the individual attendance record of the Directors at meetings of the CG Committee, nomination committee (the "Nomination Committee"), audit committee (the "Audit Committee") and remuneration committee (the "Remuneration Committee") of the Board, please refer to the paragraphs headed "Corporate Governance Committee", "Nomination Committee", "Audit Committee" and "Remuneration Committee", respectively, of this corporate governance report.

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

To ensure the Directors' contribution to the Board remains informed and relevant, and in compliance with the CG Code, the Company would arrange and fund suitable continuous professional development opportunities for Directors to develop and refresh their knowledge and skills. During the year ended 31 December 2025, the Company has arranged, and each of the Directors (except Mr. Wang Ting Jin, was unable to attend the AGM due to health reason) has participated in environmental, social and governance ("ESG") sustainable growth and impact, as well as how to conduct board performance reviews training courses provided by the training institution engaged by the Company.

COMMITTEES OF THE BOARD

As at 31 December 2025, the Board had four Board committees, namely, the CG Committee, the nomination committee (the "Nomination Committee"), the audit committee (the "Audit Committee") and the remuneration committee (the "Remuneration Committee"), for overseeing various aspects of the Company's affairs.

Each of the Board committees has been established with written terms of reference that state its authority and duties, which are available on the website of the Company and the Hong Kong Stock Exchange. Accordingly, the Board committees should report to the Board for their decisions or recommendations made and they shall be provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses. Please refer to the respective terms of reference for each of the Board committees for their practices, procedures and arrangements in conducting meetings.

CORPORATE GOVERNANCE COMMITTEE

The Company has established the CG Committee on 1 April 2012 with written terms of reference adopted in compliance with the CG Code. The CG Committee currently consists of five members, namely Mr. Yip Wai Ming, Mr. Yuen Chi Ho and Dr. Chuang Shu-Hui who are all independent non-executive Directors; and Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang who are both executive Directors. Mr. Yip Wai Ming is the chairman of the CG Committee.

The CG Committee is mainly responsible for ensuring the effectiveness of the corporate governance and system of internal non-financial controls of the Group. The CG Committee shall introduce and propose relevant principles concerning corporate governance as appropriate and review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practice in the Group. The CG Committee shall review and monitor the training and continuous professional development of Directors and senior management and shall review and monitor the Company's policies and practices on compliance with legal and regulatory requirements. During the year ended 31 December 2025, the CG Committee reviewed issuer's policies and practices on corporate governance of the Group, arranged for training and continuous professional development of Directors and senior management pursuant to its review and reviewed the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

The CG Committee convened one meeting during the year ended 31 December 2025 to review the policies and practices on corporate governance of the Group. The individual attendance record of each member of the CG Committee is tabulated as follows:

Name of Director	Number of meeting held	Number of meeting attended
Mr. Yip Wai Ming (<i>Chairman</i>)	1	1
Mr. Cherng Chia-Jiun (<i>Retired on 28 May 2025</i>)	1	1
Mr. Cheng Li-Yu	1	1
Mr. Huang Kuo-Kuang	1	1
Mr. Yuen Chi Ho	1	1
Dr. Chuang Shu-Hui	1	1

NOMINATION COMMITTEE

The Company has established the Nomination Committee on 1 April 2012 with written terms of reference adopted in compliance with the CG Code. The Nomination Committee currently consists of five members, namely Mr. Yip Wai Ming, Mr. Yuen Chi Ho and Dr. Chuang Shu-Hui who are all independent non-executive Directors; and Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang who are both executive Directors. Mr. Cheng Li-Yu is the chairman of the Nomination Committee.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and diversity of perspectives experience) of the Board at least annually and making recommendation to the Board for any proposed changes to the Board; assisting the Board in maintaining a board skills matrix; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive Directors; making recommendations to the Board on various matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive officer of the Company; supporting the Company's regular evaluation of the Board's performance; and making recommendations to the Board on the Board Diversity Policy, and the measurable objectives for implementing such policy.

The Board has adopted a written policy for the nomination of new director. In evaluating and selecting any candidate for directorship, the criteria to be taken into account when considering the suitability of a candidate shall be, among others, his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of its responsibilities.

The Board has adopted procedures for nomination of new director, pursuant to which (i) an interview will be conducted with the prospective candidates; and (ii) the Nomination Committee will consider and, if thought fit, recommend to the Board for appointment; (iii) the Board would, after taking into consideration the recommendation of the Nomination Committee and other relevant factors, approve the appointment of the new director by way of board meeting or written resolution. To ensure a proper understanding of the operations and business of the Company and that he is fully aware of his responsibilities under the applicable laws and regulations (including the Listing Rules), the newly appointed director will be provided with a comprehensive, tailored and formal induction on the first occasion of his appointment.

CORPORATE GOVERNANCE REPORT

The Nomination Committee convened two meetings during the year ended 31 December 2025 to review the structure and composition of the Board, review the Board Diversity Policy, monitor the progress on achieving the measurable objectives (the "Measurable Objectives") set out in the Board Diversity Policy and consider the nomination of Mr. Wang Ting Jin as Executive Director. The individual attendance record of each member of the Nomination Committee is tabulated as follows:

Name of Director	Number of meeting held	Number of meeting attended
Mr. Cheng Li-Yu (<i>Chairman</i>)	2	2
Mr. Cherng Chia-Jiun (<i>Retired on 28 May 2025</i>)	1	1
Mr. Yip Wai Ming	2	2
Mr. Huang Kuo-Kuang	2	2
Mr. Yuen Chi Ho	2	2
Dr. Chuang Shu-Hui	2	2

The Board and the Nomination Committee would review the implementation and effectiveness of the Board Diversity Policy on an annual basis, and monitor the progress on achieving the Measurable Objectives which are set for implementing diversity on the Board. The Board Diversity Policy endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. For the year ended 31 December 2025, the Company has achieved the following Measurable Objectives that the Board has set for implementing the Board Diversity Policy:

- (a) To ensure the appropriate proportion of the independent non-executive Directors and the executive Directors in order to maintain the independence of the Board. In particular, at least one-third of the number of members of the Board shall be independent non-executive Directors;
- (b) To ensure there is at least one Director of a different gender on the Board;
- (c) To ensure at least two members of the Board shall have obtained accounting or other professional qualification;
- (d) To ensure at least one-third of the members of the Board shall have attained bachelor's degree or higher level of education;
- (e) To ensure at least one-third of the members of the Board were or currently are director(s) of listed companies (including Hong Kong and other regions) other than the Company;
- (f) To ensure Board has members coming from different cultural backgrounds (including Hong Kong and Taiwan); and
- (g) To ensure the age distribution of the members of the Board comprised of people from at least two decades.

CORPORATE GOVERNANCE REPORT

The Company recognises the importance of gender diversity and recruits employees at all levels based on merits and regardless of gender in order to ensure there is a pipeline of male and female potential successors to the Board and the senior management. The Board shall continue to look for appropriate opportunity and candidates to increase its proportion of female members over time when selecting and making recommendation on suitable candidates for future Board appointments, with a goal to achieve at least 30% female members on the Board by 31 December 2030.

Set forth below are is the gender ratio in the Group's workforce as at 31 December 2025:

	Male	Female
Directors	90%	10%
Workforce (including senior management)	56%	44%

To maintain a balance of gender composition of human resources at all levels, gender diversity targets are set across the workforce. The Board will identify specific target groups based on a set of criteria, including current and expected size of each department in the future, changes in the number of female staff members in each department, and the needs of each department with reference to the Group's business development plans. Based on the existing composition of the workforce, the Group shall endeavor to maintain a near 50% of each gender for the workforce. The targets will be revisited periodically based on the abovementioned considerations and other relevant factors. The management will review the employee turnover and recruitment data for women and men in the target group identified on a periodic basis for adjustment to the recruitment policies and strategies if necessary.

AUDIT COMMITTEE

The Board is responsible for preparing the consolidated financial statements of the Group, which give a true and fair view of the financial performance and financial position of the Group on a going concern basis. It is also responsible for presenting a balanced, clear and understandable assessment of the Group's annual and interim reports, announcements regarding the inside information and other financial disclosures as required under the Listing Rules. The management provides all relevant information and records to the Board which enable it to prepare the above financial information and to make the above assessments.

The Company has established the Audit Committee on 17 June 2005 with written terms of reference adopted in compliance with the CG Code. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Yip Wai Ming, Mr. Yuen Chi Ho and Dr. Chuang Shu-Hui. Mr. Yuen Chi Ho is the chairman of the Audit Committee.

The Audit Committee oversees the overall financial reporting process as well as the adequacy and effectiveness of the Company's risk management and internal control systems including the adequacy of resources, staff qualifications and experience training programmes and budget of the Company's accounting, financial reporting function and ESG performance and reporting.

This committee is responsible for, among others, (i) making recommendations to the Board for, the appointment, reappointment or removal of the external auditors, (ii) reviewing and monitoring the external auditors' independence and objectivity as well as the effectiveness of the audit process to make sure that it is in full compliance with the Listing Rules and other applicable standards and (iii) reviewing the financial information of the Group. During the year ended 31 December 2025, the Audit Committee met with the external auditors to review and approve the audit plans. It also reviewed the Group's annual results of 2024 and interim results of 2025 and the audit findings with the attendance of the external auditors and executive Directors.

CORPORATE GOVERNANCE REPORT

The Audit Committee convened a total of five meetings during the year ended 31 December 2025. The individual attendance record of each member of the Audit Committee is tabulated as follows:

Name of Director	Number of meeting held	Number of meeting attended
Mr. Yuen Chi Ho (<i>Chairman</i>)	5	5
Mr. Cherng Chia-Jiun (<i>Retired on 28 May 2025</i>)	2	2
Mr. Yip Wai Ming	5	5
Dr. Chuang Shu-Hui	5	5

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee on 17 June 2005 with written terms of reference adopted in compliance with the CG Code. The Remuneration Committee currently consists of five members, namely, Mr. Yuen Chi Ho, Mr. Yip Wai Ming and Dr. Chuang Shu-Hui who are all independent non-executive Directors; and Mr. Cheng Li-Yu and Mr. Huang Kuo-Kuang who are both executive Directors. Mr. Yuen Chi Ho is the chairman of the Remuneration Committee.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's remuneration policy and the remuneration, bonuses and welfare benefits for the executive Directors and senior management, reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives. During the year ended 31 December 2025, the Remuneration Committee reviewed the remuneration policy and packages of the Directors and senior management, made recommendations to the Board on the remuneration packages of individual executive Directors and senior management, made recommendations to the Board on the remuneration of Mr. Wang Ting Jin, the executive Director appointed on 11 June 2025, and reviewed the 2025 Share Option Scheme and matters related thereto.

The Remuneration Committee convened two meetings during the year ended 31 December 2025. The individual attendance record of each member of the Remuneration Committee is tabulated as follows:

Name of Director	Number of meetings held	Number of meetings attended
Mr. Yuen Chi Ho (<i>Chairman</i>)	2	2
Mr. Cherng Chia-Jiun (<i>Retired on 28 May 2025</i>)	1	1
Mr. Yip Wai Ming	2	2
Mr. Cheng Li-Yu	2	2
Mr. Huang Kuo-Kuang	2	2
Dr. Chuang Shu-Hui	2	2

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

During the year, the audit and non-audit fees payable/paid to Ernst & Young, the auditors of the Group, was made up of an audit fee of HK\$4,350,000 and non-audit service fees of approximately HK\$1,396,000, respectively. The non-audit service fees mainly comprised tax compliance service of HK\$387,000, agreed-upon procedures on interim results of HK\$580,000, environmental, social and governance reporting service of HK\$308,000 and certain other non-audit service of approximately HK\$121,000.

DIRECTORS' AND AUDITORS' ACKNOWLEDGEMENT

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2025.

The external auditors of the Company acknowledge their reporting responsibilities in the independent auditor's report on the consolidated financial statements for the year ended 31 December 2025.

COMPANY SECRETARY

All Directors are entitled to the company secretary services. The company secretary reports and notifies the Board the latest information on corporate governance and oversight on a regular basis, assists the Chairman in preparation of the agenda, prepares and dispatches meeting documents in a timely and comprehensive manner so as to ensure the efficiency and validity of the Board Meeting.

The company secretary is also in charge of preparing and keeping written resolutions and/or minutes of the meetings of the Board and the Board committees together with relevant documents. All matters under consideration including any enquiry and objection by Director will be minuted in details. Within a reasonable time frame upon closing a meeting, draft minutes will be despatched to all Directors for their comments and final written resolution and minutes will be sent to Directors for their records.

With effect from 31 January 2019, Ms. Cheung Lai Yin of Chiu & Partners, an external service provider, has been appointed by the Company as the company secretary. Her primary contact person at the Company is Mr. Tsui Yung Kwok (an executive Director of the Company). According to Rule 3.29 of the Listing Rules, the company secretary had taken no less than 15 hours of relevant professional training during the year.

INTERNAL CONTROL

The Board is responsible for ensuring that sound and effective risk management and internal control systems are maintained within the Group. The Company has procedures and internal controls for the handling and dissemination of inside information. In practice, when employees of the Group become aware of any information which they consider as potential inside information, they would keep such matters confidential and report to the designated personnel of the Company, who would then consider whether it is necessary to pass such information to the Board for the purpose of considering and deciding whether such information constitutes inside information and whether disclosure by way of an announcement is required.

CORPORATE GOVERNANCE REPORT

The Board acknowledges its overall responsibility for the risk management functions and internal control systems of the Group and reviewing their effectiveness. Management is responsible for the design, implementation and monitoring such systems, while the Board oversees management in performing its duties on an ongoing basis. During the year ended 31 December 2025, the Board has complied with the risk management and internal control code provisions of the CG Code by establishing and maintaining appropriate and effective risk management and internal control systems and reviewing the effectiveness of the Group's risk management and internal control system (including the Group's processes for financial reporting and Listing Rules compliance). The review covered all material controls, including financial, operational and compliance controls. An integrated bottom-up and top-down risk review process has been adopted to enable comprehensive identification and prioritization of all material risks (including ESG risks) across the Group, escalation of material risks at the appropriate managerial level, effective risk dialogue among the management, and proper oversight of risk mitigation efforts.

The risk management framework adopted by the Group is embedded in our strategy development, business planning and day-to-day operations. The Group adopts a control and risk self-assessment methodology and continuously assesses and manages its risk profile on a regular basis. Risks that are relevant to the Group's business are identified, assessed and ranked according to their likelihood and impact on the Group. In case any material internal control defects are identified, the Audit Committee would review the actions performed by the management in addressing the issues and defects regarding the internal control and risk management systems. The proposed remedial plans in response to such defects will then be submitted to the Board for consideration.

Due to the Group's size, nature and complexity of the business, it is more cost effective to appoint external independent professionals to perform internal audit function to meet the Group's needs. The Group had hired independent professionals to perform an annual review on the system of risk management and internal control of the Group to ensure that the financial and operational functions, compliance control, asset management and risk management functions are in place and functioning effectively for the year ended 31 December 2025. The independent professionals has assessed the risk and internal control systems by conducting interviews, walkthroughs and tests on the effectiveness of operations. In accordance with the review plan approved by the Board, risk management and internal control systems are reviewed annually and the results are subsequently reported to the Board through the Audit Committee.

With reference to the assessment of the independent professionals, the Directors and the Audit Committee conducted its annual review of the risk management and internal control system maintained by the Group including the financial, operational and compliance controls and risk management functions during the year ended 31 December 2025 and were satisfied that it is effective and adequate. The Board accepts that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and has determined that such systems are sufficient to provide reasonable, but not absolute, assurance that the Group's assets are safeguarded against material misstatement, loss from unauthorized use or disposition, transactions are properly authorized and proper accounting records are maintained. The Directors will continue to engage external independent professionals to review the adequacy and effectiveness of the Group's internal control systems and will continue to review the need for setting up an internal audit function.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATIONS POLICY

The Company enhances investor relations and communications through various channels. Information of the Company shall be communicated to the shareholders of the Company and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meetings of the Company and other meetings that may be convened, during which the Directors and designated senior management will attend the meeting and respond to requests for information and queries from the shareholders of the Company and the investment community. The Chairman of the Board and Directors will answer questions on the Company's business at the meeting. External auditors will also attend the annual general meetings of the Company and to answer any questions if necessary. Taking into account the enquiries from Shareholders received by the Company during the year ended 31 December 2025 and raised at the AGM held on 28 May 2025, the Board has reviewed the implementation of the shareholders' communications policy and is satisfied that it has been effective for the Board to understand the views and opinion of the shareholders through the available channels.

Shareholders are encouraged to attend the annual and extraordinary general meetings of the Company. Notice of the general meetings and related papers shall be sent to shareholders in accordance with the requirements of the articles of association of the Company and the Listing Rules and such documents shall be also made available on the Company's website (<http://www.irasia.com/listco/hk/juteng>) and the Hong Kong Stock Exchange's website (<http://www.hkexnews.hk>).

Shareholders of the Company and the investor community may also provide their views on matters affecting the Company via email at the email address of the Company at ir@juteng-intl.com.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting

The following procedures for shareholders of the Company (the "Shareholders", each a "Shareholder") to convene an extraordinary general meeting (the "EGM") of the Company are prepared in accordance with Article 64 of the articles of association of the Company:

- (a) One or more Shareholders (the "Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice (the "Requisition"), to require an EGM to be called by the Directors for the transaction of any business specified therein.
- (b) Such Requisition shall be made in writing to the Board or the company secretary of the Company via email at the email address of the Company at ir@juteng-intl.com.
- (c) The EGM shall be held within two months after the deposit of such Requisition.
- (d) If the Directors fail to proceed to convene such meeting within twenty-one (21) days of the deposit of such Requisition, the Requisitionist(s) himself (or themselves) may convene a physical meeting at one location, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

CORPORATE GOVERNANCE REPORT

Procedures for raising enquiries

- (a) Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong branch share registrar, details of which are set out in the section headed "Corporate Information" of this annual report.
- (b) Shareholders may at any time raise any enquiry in respect of the Company via email at the email address of the Company at ir@juteng-intl.com.
- (c) Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Procedures and contact details for putting forward proposals at shareholders' meetings

- (a) To put forward resolutions to be considered at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposed resolution(s) (the "Proposal") with his/her/its detailed contact information via email at the email address of the Company at ir@juteng-intl.com.
- (b) The identity of the Shareholder and his/her/its request will be verified with the Company's Hong Kong branch share registrar and upon confirmation by the Hong Kong branch share registrar that such Shareholder is entitled to make such request, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.
- (c) The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:
 - (i) Notice of not less than 21 days in writing if the Proposal requires approval by way of an ordinary resolution or a special resolution in an annual general meeting of the Company;
 - (ii) Notice of not less than 14 days in writing if the Proposal requires approval in meeting other than an annual general meeting.

AMENDMENT OF CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, the Articles of Association of the Company (the "Articles of Association") were amended and a new set of Articles of Association was adopted at the annual general meeting held on 28 May 2025 for the purposes of among others, (a) updating and bringing the Articles of Association in line with Listing Rules requirements pursuant to rule amendments relating to (i) treasury shares (as defined under the Listing Rules), (ii) the electronic dissemination of corporate communications by listed issuers to their securities holders, and (iii) enabling online participation at general meetings and voting by securities holders by electronic means; and (b) incorporating certain housekeeping amendments.

INDEPENDENT AUDITOR'S REPORT



To the shareholders of Ju Teng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Ju Teng International Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 56 to 143, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for opinion

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

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT (continued)

To the shareholders of Ju Teng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Key audit matters (continued)

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

Key audit matter

Assessment of inventory provision

As at 31 December 2025, the net carrying value of the Group's inventories amounted to HK\$1,317,837,000. The assessment of inventory provision is based on the estimated net realisable value of inventories, which requires significant management judgements and estimates. Management considers various factors, including the conditions and ageing of inventories, sales patterns and selling prices of inventories, market demand and the Group's future plan for the usage and sale of inventories. Management's provision assessment involves a high level of judgements and estimates, and is subject to uncertainty due to rapid changes in the notebook and tablet computer market.

Related disclosures about inventories are included in notes 3, 7 and 16 to the consolidated financial statements.

How our audit addressed the key audit matter

Our audit procedures included, among others, evaluating management's assessment methodology based on the Group's circumstances, and evaluating the inputs and assumptions applied by management in performing the provision assessment by reviewing the ageing, the historical usage and sales patterns, the post year-end usage, sales and selling prices, of selected samples of inventories.

INDEPENDENT AUDITOR'S REPORT (continued)

To the shareholders of Ju Teng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Key audit matters (continued)

Key audit matter

Impairment assessment of property, plant and equipment

As at 31 December 2025, the net carrying amount of the Group's property, plant and equipment was HK\$4,255,229,000. These property, plant and equipment mainly relate to the manufacture and sale of casings for notebook computer and handheld devices cash-generating unit and leasing. Management assesses whether there are any indicators of impairment for property, plant and equipment at the end of each reporting year, and performs impairment assessment when an impairment indicator is identified. The impairment assessment is based on the recoverable amount of the cash-generating unit. Management's assessment process involves a high level of judgements and estimates, including the estimation of expected future cash flows and the use of other assumptions, e.g. revenue growth rate, market rent, discount rate applied, etc., which are sensitive to expected future market or economic conditions and the cash-generating unit's actual performance.

Related disclosures about property, plant and equipment are included in notes 3, 7 and 13 to the consolidated financial statements.

How our audit addressed the key audit matter

Our audit procedures included, among others, involving our valuation specialists to assist us in evaluating the methodologies and key assumptions used by management in the discounted cash flow forecasts, including discount rate, market rent and revenue growth rate. We also compared the forecasts prepared by management with the historical performance of the cash-generating unit and the business development plan.

INDEPENDENT AUDITOR'S REPORT (continued)

To the shareholders of Ju Teng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, 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 (continued)

To the shareholders of Ju Teng International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements *(continued)*

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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 (continued)

To the shareholders of Ju Teng International Holdings Limited

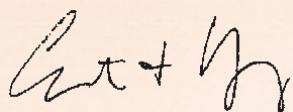
(Incorporated in the Cayman Islands with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements

(continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Chung Yuk Man (practising certificate number: P05516).



Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

26 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	5	5,731,158	6,026,320
Cost of sales		(5,463,102)	(5,853,135)
Gross profit		268,056	173,185
Other income and gains	5	356,344	301,497
Selling and distribution expenses		(160,400)	(149,325)
Administrative expenses		(438,673)	(556,402)
Other expenses		(511,132)	(313,788)
Finance costs	6	(147,690)	(182,728)
LOSS BEFORE TAX	7	(633,495)	(727,561)
Income tax expense	10	(31,574)	(2,321)
LOSS FOR THE YEAR		(665,069)	(729,882)
Attributable to:			
Equity holders of the Company		(493,427)	(529,890)
Non-controlling interests		(171,642)	(199,992)
		(665,069)	(729,882)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	12		
– Basic (HK cents)		(58.3)	(62.7)
– Diluted (HK cents)		(58.3)	(62.7)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
LOSS FOR THE YEAR		(665,069)	(729,882)
OTHER COMPREHENSIVE INCOME/(EXPENSES)			
Other comprehensive income/(expenses) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		378,566	(305,658)
Release of exchange fluctuation reserve upon deregistration of subsidiaries		(15,214)	–
		363,352	(305,658)
Other comprehensive expenses that will not be reclassified to profit or loss in subsequent periods:			
Equity investment designated at fair value through other comprehensive income:			
Change in fair value	19	(2,244)	(8,360)
Income tax effect	15	–	1,432
		(2,244)	(6,928)
OTHER COMPREHENSIVE INCOME/(EXPENSES) FOR THE YEAR, NET OF TAX		361,108	(312,586)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR		(303,961)	(1,042,468)
Attributable to:			
Equity holders of the Company		(161,138)	(828,248)
Non-controlling interests		(142,823)	(214,220)
		(303,961)	(1,042,468)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

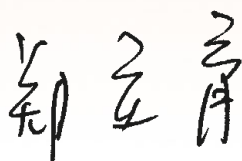
31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	4,255,229	4,819,400
Right-of-use assets	14(a)	696,820	721,844
Deferred tax assets	15	24,792	6,775
Prepayments for acquisition of property, plant and equipment		369,291	164,840
Equity investment designated at fair value through other comprehensive income	19	14,571	16,767
Total non-current assets		5,360,703	5,729,626
CURRENT ASSETS			
Inventories	16	1,317,837	1,048,338
Trade receivables	17	2,407,698	2,117,978
Prepayments, deposits and other receivables	18	231,970	210,128
Restricted bank balances	20	100,523	107,029
Cash and cash equivalents	20	892,428	1,028,404
Non-current assets classified as held for sale	21	4,950,456 35,326	4,511,877 100,956
Total current assets		4,985,782	4,612,833
CURRENT LIABILITIES			
Trade and bills payables	22	952,609	824,411
Other payables and accruals	23	1,091,969	1,048,459
Lease liabilities	14(b)	1,354	1,064
Tax payable		12,898	4,615
Derivative financial instruments	24	–	2,442
Interest-bearing bank and other borrowings	25	2,765,398	2,632,900
Total current liabilities		4,824,228	4,513,891
NET CURRENT ASSETS		161,554	98,942
TOTAL ASSETS LESS CURRENT LIABILITIES		5,522,257	5,828,568

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	25	23,969	7,488
Deferred income	26	36,452	39,028
Lease liabilities	14(b)	9,613	7,572
Deferred tax liabilities	15	51,752	60,156
Total non-current liabilities		121,786	114,244
Net assets		5,400,471	5,714,324
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	27	120,001	120,001
Reserves	29	4,355,769	4,517,195
		4,475,770	4,637,196
Non-controlling interests		924,701	1,077,128
Total equity		5,400,471	5,714,324



Cheng Li-Yu
Director



Huang Kuo-Kuang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to equity holders of the Company											
	Note	Issued	Share	Shares	Employee	Statutory	Exchange	Retained	Fair value	Other	Non-	Total
		capital	premium	held under	share-based	reserve	fluctuation	profits	reserve	reserves	controlling	equity
		HK\$'000	HK\$'000	share award	compensation	fund	reserve	profits	reserve	reserves	interests	HK\$'000
	(Note 27)	Note (c)	Note (c)	Note (c)	Notes (a), (c)	Note (c)	Note (c)	Note (c)	Notes (b), (c)			
At 1 January 2024	120,001	187,919	(699,766)	54,138	593,916	(713,652)	5,589,732	9,193	323,963	5,465,444	1,291,348	6,756,792
Loss for the year	-	-	-	-	-	-	(529,890)	-	-	(529,890)	(199,992)	(729,882)
Other comprehensive expenses for the year:												
Change in fair value of an equity investment designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	(6,928)	-	(6,928)	-	(6,928)
Exchange differences on translation of foreign operations	-	-	-	-	-	(291,430)	-	-	-	(291,430)	(14,228)	(305,658)
Total comprehensive expenses for the year	-	-	-	-	-	(291,430)	(529,890)	(6,928)	-	(828,248)	(214,220)	(1,042,468)
Transfer of employee share-based compensation reserve upon the forfeiture/lapse of share options	28	-	-	(48,813)	-	-	48,813	-	-	-	-	-
Transfer from retained profits	-	-	-	-	21,975	-	(21,975)	-	-	-	-	-
At 31 December 2024	120,001	187,919	(699,766)	5,325	615,891	(1,005,082)	5,086,680	2,265	323,963	4,637,196	1,077,128	5,714,324

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2025

	Attributable to equity holders of the Company											
	Issued capital	Share premium account	Shares held under share award plan	Employee share-based compensation reserve	Statutory reserve fund	Exchange fluctuation reserve	Retained profits	Fair value reserve	Other reserves	Non-controlling interests	Total equity	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(Note 27)	Note (c)	Note (c)	Note (c)	(a), (c)	Note (c)	Note (c)	Note (c)	Notes (b), (c)			
At 1 January 2025	120,001	187,919	(699,766)	5,325	615,891	(1,005,082)	5,086,680	2,265	323,963	4,637,196	1,077,128	5,714,324
Loss for the year	-	-	-	-	-	-	(493,427)	-	-	(493,427)	(171,642)	(665,069)
Other comprehensive income/(expenses) for the year:												
Change in fair value of an equity investment designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	(2,244)	-	(2,244)	-	(2,244)
Exchange differences on translation of foreign operations	-	-	-	-	-	349,747	-	-	-	349,747	28,819	378,566
Release of exchange fluctuation reserve upon deregistration of subsidiaries	-	-	-	-	-	(15,214)	-	-	-	(15,214)	-	(15,214)
Total comprehensive income/(expenses) for the year	-	-	-	-	-	334,533	(493,427)	(2,244)	-	(161,138)	(142,823)	(303,961)
Transfer (to)/from retained profits	-	-	-	(5,325)	16,412	-	(11,087)	-	-	-	-	-
Deregistration of subsidiaries	-	-	-	-	(288)	-	-	-	-	(288)	-	(288)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(9,604)	(9,604)
At 31 December 2025	120,001	187,919	(699,766)	-	632,015	(670,549)	4,582,166	21	323,963	4,475,770	924,701	5,400,471

Notes:

- In accordance with the relevant regulations in the People's Republic of China (the "PRC"), the Company's subsidiaries established in the PRC are required to transfer a certain percentage of their net profit to the statutory reserve fund. Subject to certain restrictions set out in the relevant PRC regulations and in the subsidiaries' articles of association, the statutory reserve fund may be used either to offset losses, or for capitalisation issue by way of paid-up capital.
- The other reserves comprise capital reserve which represents profits of the Company's subsidiaries capitalised in the prior years and other capital reserve.
- These reserve accounts comprise the consolidated reserves of HK\$4,355,769,000 (2024: HK\$4,517,195,000) 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			
Loss before tax		(633,495)	(727,561)
Adjustments for:			
Finance costs	6	147,690	182,728
Interest income	5	(24,627)	(33,794)
Write-off of long outstanding trade payables	5	–	(84)
Write-off of long outstanding other payables and accruals	5	(22,498)	(958)
Depreciation of property, plant and equipment	7	573,397	654,830
Depreciation of right-of-use assets	7	17,948	19,992
Gain on disposal of items of property, plant and equipment and right-of-use assets, net	5	(85,343)	(15,951)
Gain on disposal of non-current assets classified as held for sale	5	(142,692)	(39,203)
Gain on deregistration of subsidiaries	5	(16,060)	–
Gain on early termination of a lease		–	(19)
Impairment of property, plant and equipment	7	400,000	303,596
Impairment/(reversal of impairment) of trade receivables	7	1,006	(1,009)
Write-off of trade receivables	7	849	957
Provision for inventories, net	7	89,337	104,829
Fair value losses/(gains) on derivative financial instruments, net	7	(741)	2,450
		304,771	450,803
Decrease/(increase) in inventories		(300,219)	344,111
Decrease/(increase) in trade receivables		(186,925)	294,913
Increase in prepayments, deposits and other receivables		(15,189)	(36,994)
Movement in derivative financial instruments		(1,701)	(8)
Increase/(decrease) in trade and bills payables		92,523	(42,162)
Increase/(decrease) in other payables and accruals		146,059	(60,855)
Cash generated from operations		39,319	949,808

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		39,319	949,808
Chinese mainland income tax refunded		1,047	–
Chinese mainland income tax paid		(14,866)	(34,622)
Overseas income tax refunded		258	–
Overseas income tax paid		(10,541)	(11,555)
Withholding tax paid		(13,104)	–
Interest received		24,627	33,794
Interest paid		(161,936)	(196,089)
Net cash flows from/(used in) operating activities		(135,196)	741,336
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(313,188)	(371,111)
Proceeds from disposal of items of property, plant and equipment and right-of-use assets		252,157	118,283
Proceeds from disposal of non-current assets classified as held for sale	21	163,424	81,080
Decrease in restricted bank balances		6,506	4,847
Increase in prepayments for acquisition of property, plant and equipment		(236,168)	(164,840)
Net cash flows used in investing activities		(127,269)	(331,741)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans and other borrowings		1,543,613	1,890,472
Repayment of bank loans and other borrowings		(1,438,989)	(2,345,326)
Dividend paid to non-controlling shareholders of subsidiaries		(9,604)	–
Principal portion of lease payments		(1,470)	(129,677)
Net cash flows from/(used in) financing activities		93,550	(584,531)

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NET DECREASE IN CASH AND CASH EQUIVALENTS		(168,915)	(174,936)
Cash and cash equivalents at beginning of year		1,028,404	1,221,852
Effect of foreign exchange rate changes, net		32,939	(18,512)
CASH AND CASH EQUIVALENTS AT END OF YEAR		892,428	1,028,404
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows	20	892,428	1,028,404

NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

Ju Teng International Holdings Limited is a limited liability company incorporated in the Cayman Islands. During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the manufacture and sale of casings for notebook computer and handheld devices. The registered address of the Company is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Information about subsidiaries

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

Company name	Place of incorporation/ registration and business	Issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
Best Alliance Holding Inc. ^	British Virgin Islands (“BVI”)/ The Republic of China (The “ROC”)	United States dollar (“US\$”) 52,600,000 Ordinary	100%	Investment holding
Giant Glory International Limited	Samoa/ROC	US\$49,777,419 Ordinary	100%	Investment holding
Everyday Computer Components (Suzhou) Co., Ltd. *	PRC/Chinese mainland	US\$52,500,000	100%	Manufacture and sale of casings
Suzhou Dazhi Communication Accessory Co., Ltd. *	PRC/Chinese mainland	US\$148,500,000	100%	Manufacture and sale of casings
Ju Teng (Neijiang) Communication Accessory Co., Ltd. (“Juteng Neijiang”) *	PRC/Chinese mainland	US\$101,000,000	100%	Manufacture and sale of casings
Tri-Great International Limited	Samoa/ROC	US\$1,000,000 Ordinary	100%	Sale of casings and related materials
Gi Li Co., Ltd.	ROC	New Taiwan dollar (“NT\$”)105,000,000 Ordinary	100%	Sale of casings and related materials
Grand Develop Investments Limited	Hong Kong	HK\$1 Ordinary	100%	Provision of general administrative and support services
Mindforce Holdings Limited (“Mindforce”)	BVI/ROC	US\$75,101,000 Ordinary	71%	Investment holding
WIS Precision (Kunshan) Co., Ltd. *	PRC/Chinese mainland	US\$25,000,000	71%	Manufacture and sale of casings

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name	Place of incorporation/ registration and business	Issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
WIS Precision (Taizhou) Co., Ltd. *	PRC/Chinese mainland	US\$69,800,000	71%	Manufacture and sale of casings
Dynamic Apex Limited	Macau	Macanese pataca ("MOP")100,000	100%	Sale of casings and related materials
Fullerton Ltd.	Samoa/ROC	US\$31,749,800 Ordinary	71%	Investment holding and sale of computer equipment and peripherals
Lian-Yi Precision (Zhongshan) Inc. *	PRC/Chinese mainland	US\$33,400,000	71%	Manufacture and sale of computer equipment and peripherals
Wah Yuen Technology Holding Limited ("Wah Yuen")	Mauritius/ROC	US\$261,758,240 Ordinary	59.28%	Investment holding
Hong Ya Technology Corp.	ROC	NT\$475,577,800 Ordinary	59.28%	Manufacture and sale of casings
Compal Precision Module China Holdings Ltd.	Mauritius/ROC	US\$236,267,926 Ordinary	59.28%	Investment holding and sale of casings and related materials
Compal Precision Module (Jiangsu) Company Limited *	PRC/Chinese mainland	US\$420,000,000	59.28%	Manufacture and sale of casings
Compal Electronic Technology (Chongqing) Co., Ltd. ("Compal Chongqing") *	PRC/Chinese mainland	US\$60,000,000	59.28%	Manufacture and sale of casings

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name	Place of incorporation/ registration and business	Issued and paid-up share/ registered capital	Equity interest attributable to the Company	Principal activities
Tasun (Chongqing) Electronic Technology Co., Ltd. ("Tasun Chongqing") *	PRC/Chinese mainland	US\$90,000,000	100%	Manufacture and sale of casings
Dongxu Juteng Electronic Material (Jurong) Co., Ltd. *	PRC/Chinese mainland	US\$1,000,000	51%	Manufacture and sale of materials
Juteng Electronic Technology (Taizhou) Co., Ltd. *	PRC/Chinese mainland	US\$180,000,000	100%	Manufacture and sale of casings
Ju Teng Electronic Technology (Vietnam) Limited	Vietnam	US\$40,000,000	71.5%	Manufacture and sale of casings

* Registered as wholly-foreign-owned enterprises under the PRC law

^ Directly 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.

During the year, Jiang Su Inoac Ju Teng Polymer Co., Ltd. and He Li Cheng Electronic Material (Chong Qing) Co., Ltd., non-wholly owned subsidiaries of the Company, were deregistered on 15 January 2025 and 11 December 2025, respectively. City Faith Limited, a wholly owned subsidiary of the Company, was deregistered on 28 August 2025.

NOTES TO FINANCIAL STATEMENTS (continued)

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 derivative financial instruments and an equity investment designated at fair value through other comprehensive income which have been measured at fair value. Non-current assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. This financial information is presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 December 2025, the Group has interest-bearing bank and other borrowings of HK\$2,789,367,000, which includes a non-current portion of the syndicated bank loan of HK\$1,003,444,000 classified as current liability due to the non-compliance with three loan covenants at the end of the reporting period. Subsequent to the end of the reporting period, the Group entered into an amendment to the syndicated bank loan (the “First Amendment To Loan Agreement”) with the relevant banks. According to the First Amendment To Loan Agreement, the Group (i) obtained waiver of interest coverage ratio for the year ended 31 December 2025 and period from 1 January 2026 to 30 June 2026; and (ii) agreed amendments for the tangible net worth and gearing ratio of the Group with retroactively effective from 31 December 2025. Accordingly, except for interest coverage ratio, the Group complied with the loan covenants of the syndicated loan at 31 December 2025. According to the facility agreement of the syndicated bank loan, the Group is required to report to the syndicate of banks its compliance with loan covenants as at 30 June and 31 December during the loan period until 2029. In order to improve the Group’s financial position and liquidity, the directors of the Company have formulated a number of measures, including but not limited to the followings:

- the Group has a history of successful rollover of revolving loans. The Group will continue to negotiate with banks to refinance and extend existing bank and other borrowing facilities, and to obtain new sources of financing by pledging certain of the Group’s land and properties, if needed;
- the Group has approximately HK\$1,141,609,000 of unutilised revolving loan facilities available to finance the Group’s existing financial obligations and operations; and
- as at 31 December 2025, according to the sale and purchase agreement entered into by the Group and the purchaser in relation to the Group’s disposal of certain leasehold land and owned buildings classified as non-current assets held for disposal, the Group has outstanding proceeds of HK\$357,365,000 from such disposal. The Group will continue to pursue this outstanding amount, of which approximately HK\$39,707,000 has been received after the end of the reporting period.

2. ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

Taking into account the above measures, the directors of the Company consider the Group would have adequate resources to meet its liabilities, commitments and funding requirements as and when they fall due in the coming twelve months from 31 December 2025 and hence the Group adopted the going concern basis in preparing the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries 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.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.1 Basis of Preparation (continued)

Basis of consolidation (continued)

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

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

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

2.2 Changes in Accounting Policies and Disclosures

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

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

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

2. ACCOUNTING POLICIES (continued)

2.3 Issued But Not Yet Effective HKFRS Accounting Standards

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statement²</i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
Annual Improvements to <i>HKFRS Accounting Standards-Volume 11</i>	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS10 and HKAS 7¹</i>

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

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

³ No mandatory effective date yet determined but available for adoption

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

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, 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.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 Issued But Not Yet Effective HKFRS Accounting Standards (continued)

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

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

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

2. ACCOUNTING POLICIES (continued)

2.3 Issued But Not Yet Effective HKFRS Accounting Standards (continued)

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

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.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 Issued But Not Yet Effective HKFRS Accounting Standards (continued)

- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 Material Accounting Policies

Business combinations and goodwill

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Business combinations and goodwill (continued)

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Fair value measurement

The Group measures its derivative financial instruments and equity investment 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.

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Impairment of non-financial assets

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

2. ACCOUNTING POLICIES (continued)

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 estimated useful lives of the items of property, plant and equipment are as follows:

Freehold land	Not depreciated
Buildings	20 years
Leasehold improvements	Over the lease terms or 5 to 10 years
Machinery	5 to 10 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

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

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

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

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable.

Non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment classified as held for sale are not depreciated.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	50 years
Properties	1 to 5 years
Motor vehicles	3 years

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of office properties and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment 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.

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. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature.

Inventories

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

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.

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Provisions (continued)

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Income tax

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

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

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

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

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

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Income tax (continued)

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Employee benefits

Pension schemes

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

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

The Group also operates a defined contribution retirement benefit scheme under the Labor Pension Act (the "Act") for its employees employed by the Group's subsidiaries in the ROC. Based on the Act, the Group's monthly contribution to individual pension accounts of employees covered by the defined contribution plan is at 6% of monthly salaries and wages. The funds are deposited in individual labour pension accounts at the Bureau of Labor Insurance.

Share-based payments

The Company operates share option schemes and a share award plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 28 to the financial statements.

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

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Employee benefits (continued)

Share-based payments (continued)

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

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

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

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

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).

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Foreign currencies (continued)

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, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

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

For the purpose of the consolidated statement of cash flows, the cash flows of 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 (continued)

31 December 2025

2. ACCOUNTING POLICIES (continued)

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

(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.

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

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

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

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

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

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.

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Derecognition of financial assets (continued)

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

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

Impairment of financial assets

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

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 90 days past due. The Group has rebutted the 30 days past due presumption of significant increase in credit risk based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of contractual payments over 30 days past due. However, the Group may also consider a significant increase in credit risk when internal or external information indicates that the Group is less likely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Impairment of financial assets (continued)

General approach (continued)

The Group considers a financial asset in default when contractual payments are 120 days past due. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

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

Financial liabilities at fair value through profit or loss (continued)

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

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.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Treasury shares

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

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Cash and cash equivalents

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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.

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

Other income

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

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

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material Accounting Policies (continued)

Contract liabilities

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

Borrowing costs

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

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for all non-financial 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. Further details are given in note 13 to the financial statements.

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.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast market conditions (such as global shipments of personal computers and gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast market 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.

Write-down of inventories

Management reviews the condition of inventories of the Group and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each reporting period and makes provision against obsolete and slow-moving items. Management considers various factors, including the conditions and ageing of inventories, sales pattern and selling prices of inventories, market demand and the Group's future plan of usage and sale of inventories. Management reassesses the estimation at the end of each reporting period.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Write-down of inventories (continued)

The identification of obsolete and slow-moving inventory items requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying values of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed. The carrying amount of inventories carried as assets in the consolidated statement of financial position as at 31 December 2025 was HK\$1,317,837,000 (2024: HK\$1,048,338,000), details of which are set out in note 16 to the financial statements.

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.

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.

Withholding taxes

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises in the Chinese mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the Chinese mainland in respect of earnings generated from 1 January 2008.

In estimating the withholding taxes on dividends to be distributed by those subsidiaries established in the Chinese mainland in respect of earnings generated from 1 January 2008, the directors have made assessment based on factors which include the dividend policy and the level of capital and working capital required for the Group's operations in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the business of manufacture and sale of casings for notebook computer and handheld devices. For management purposes, the Group operates in one business unit based on its casing products, and has one reportable operating segment.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(i) Revenue from external customers:

	2025 HK\$'000	2024 HK\$'000
The PRC, excluding Hong Kong	4,952,190	5,417,093
Others	778,968	609,227
Total revenue	5,731,158	6,026,320

The revenue information above is based on the locations where the products are delivered to the customers.

During the years ended 31 December 2025 and 2024, except for the revenue from external customers in the PRC, the Group's revenue derived from each of other locations was less than 10% of the Group's revenue.

(ii) Non-current assets:

	2025 HK\$'000	2024 HK\$'000
The PRC, excluding Hong Kong	4,223,940	4,952,120
The Socialist Republic of Vietnam	935,679	610,284
The ROC	152,833	142,685
Others	8,888	995
Total non-current assets	5,321,340	5,706,084

The non-current assets information above, excluding an equity investment designated at fair value through other comprehensive income and deferred tax assets, is based on the locations of the assets.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

4. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

Revenues of approximately HK\$1,268,792,000, HK\$1,223,593,000, HK\$1,100,391,000 and HK\$660,841,000 for the year ended 31 December 2025 were derived from sales to four major groups of customers, the revenue from each of which accounted for 10% or more of the Group's revenue.

Revenues of approximately HK\$1,325,689,000, HK\$1,314,717,000, HK\$954,772,000 and HK\$668,830,000 for the year ended 31 December 2024 were derived from sales to four major groups of customers, the revenue from each of which accounted for 10% or more of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers		
Sale of casings for notebook computer and handheld devices	5,731,158	6,026,320

Revenue from contracts with customers

(i) Disaggregated revenue information

	2025 HK\$'000	2024 HK\$'000
Geographical markets		
The PRC, excluding Hong Kong	4,952,190	5,417,093
Others	778,968	609,227
	5,731,158	6,026,320
Timing of revenue recognition		
Goods transferred at a point in time	5,731,158	6,026,320

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

The following table shows the amount of revenue recognised in the current reporting period that was 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 casings for notebook computer and handheld devices	16,020	31,646

(ii) Performance obligation

Sale of casings for notebook computer and handheld devices

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 60 to 120 days from delivery.

Other income and gains

	2025 HK\$'000	2024 HK\$'000
Interest income	24,627	33,794
Subsidy income [#]	16,983	19,346
Compensation income	23,210	22,431
Gross rental income	20,792	21,185
Reversal of impairment of trade receivables	–	1,009
Write-off of long outstanding trade payables	–	84
Write-off of long outstanding other payables and accruals	22,498	958
Gain on disposal of items of property, plant and equipment and right-of-use assets, net	85,343	15,951
Gain on disposal of non-current assets classified as held for sale (note 21)	142,692	39,203
Gain on deregistration of subsidiaries	16,060	–
Foreign exchange gains, net	–	145,114
Fair value gains on derivative financial instruments, net		
Realised gains	741	–
Others	3,398	2,422
Total other income and gains	356,344	301,497

[#] Various government subsidies have been received for enterprises engaged in businesses in the Chinese mainland for promoting the manufacturing industry. There are no unfulfilled conditions or contingencies relating to these subsidies.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2025 HK\$'000	2024 HK\$'000
Interest on bank loans and other borrowings	161,639	195,818
Interest on lease liabilities	297	271
Total interest expense on financial liabilities not at fair value through profit or loss	161,936	196,089
Less: Interest capitalised	(14,246)	(13,361)
	147,690	182,728

7. LOSS BEFORE TAX

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

	Notes	2025 HK\$'000	2024 HK\$'000
Cost of inventories sold*		5,463,102	5,853,135
Auditor's remuneration		4,794	4,761
Depreciation of property, plant and equipment	13	573,397	654,830
Depreciation of right-of-use assets	14(a)	17,948	19,992
Lease payments not included in the measurement of lease liabilities	14(c)	1,070	1,059
Provision for inventories, net**		89,337	104,829
Impairment of property, plant and equipment***	13	400,000	303,596
Impairment/(reversal of impairment) of trade receivables*****	17	1,006	(1,009)
Write-off of trade receivables*****		849	957
Employee benefit expense (excluding directors' and chief executive's remuneration – note 8):			
Wages and salaries, bonuses, allowances and welfare		1,887,093	1,735,584
Pension scheme contributions (defined contribution scheme) *****		127,241	108,538
		2,014,334	1,844,122

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

7. LOSS BEFORE TAX (continued)

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

	2025 HK\$'000	2024 HK\$'000
Gross rental income on owner-occupied properties	(20,792)	(21,185)
Less: Direct operating expenses arising from rental-earning owner-occupied properties and machinery	4,373	4,362
Net rental income	(16,419)	(16,823)
Fair value losses/(gains) on derivative financial instruments, net****		
Realised gains	(741)	–
Unrealised losses	–	2,450
Foreign exchange losses/(gains), net#	105,037	(145,114)

* Cost of inventories sold includes HK\$2,431,492,000 (2024: HK\$2,308,422,000) relating to depreciation, employee benefit expense, and provision for inventories, net, which are also included in the total amounts disclosed above for each of these types of expenses.

** Balance is included in "Cost of sales" on the face of the consolidated statement of profit or loss.

*** Balance is included in "Other expenses" on the face of the consolidated statement of profit or loss.

**** Fair value gains are included in "Other income and gains" on the face of the consolidated statement of profit or loss. Fair value losses are included in "Other expenses" on the face of the consolidated statement of profit or loss.

***** Impairment of trade receivables and write-off of trade receivables are included in "Other expenses" on the face of the consolidated statement of profit or loss. Reversal of impairment of trade receivables is included in "Other income and gains" on the face of the consolidated statement of profit or loss.

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

Foreign exchange losses are included in "Other expenses" on the face of the consolidated statement of profit or loss. Foreign exchange gains are included in "Other income and gains" on the face of the consolidated statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS (continued)

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), 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	1,336	1,130
Other emoluments:		
Salaries, allowances and benefits in kind	4,327	5,513
Performance related bonuses	99	398
Pension scheme contributions	34	34
	4,460	5,945
	5,796	7,075

(a) Independent non-executive directors

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

Name of director	2025 HK\$'000	2024 HK\$'000
Mr. Cherng Chia-Jiun [#]	83	198
Mr. Tsai Wen-Yu ^{##}	–	75
Mr. Yip Wai Ming	198	198
Mr. Yuen Chi Ho	198	198
Dr. Chuang Shu-Hui	198	65
	677	734

[#] On 28 May 2025, Mr. Cherng Chia-Jiun retired as an independent non-executive director of the Company.

^{##} On 16 May 2024, Mr. Tsai Wen-Yu retired as an independent non-executive director of the Company.

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

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

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

(b) Executive directors, a non-executive director and the chief executive

Name of director	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2025					
Executive directors:					
Mr. Cheng Li-Yu***	–	789	99	–	888
Mr. Huang Kuo-Kuang	–	982	–	16	998
Mr. Chiu Hui-Chin	198	–	–	–	198
Mr. Lin Feng-Chieh*	–	780	–	–	780
Mr. Tsui Yung Kwok	–	1,776	–	18	1,794
Mr. Wang Ting Jin**	263	–	–	–	263
Non-executive director:					
Mr. Cheng Li-Yen	198	–	–	–	198
	659	4,327	99	34	5,119

Name of director	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Performance related bonuses HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2024					
Executive directors:					
Mr. Cheng Li-Yu***	–	777	117	–	894
Mr. Huang Kuo-Kuang	–	1,048	–	16	1,064
Mr. Chiu Hui-Chin	198	–	–	–	198
Mr. Lin Feng-Chieh	–	1,873	281	–	2,154
Mr. Tsui Yung Kwok	–	1,815	–	18	1,833
Non-executive director:					
Mr. Cheng Li-Yen	198	–	–	–	198
	396	5,513	398	34	6,341

* On 28 May 2025, Mr. Lin Feng-Chieh retired as an executive director of the Company.

** On 11 June 2025, Mr. Wang Ting-Jin was appointed as an executive director of the Company.

*** Mr Cheng Li-Yu is also the chief executive officer of the Group.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two (2024: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2024: two) highest paid employees who are neither directors nor chief executive of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and benefits in kind	2,707	1,233
Performance related bonuses	1,425	1,443
Pension scheme contributions	38	38
	4,170	2,714

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

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

10. INCOME TAX

Hong Kong profits tax has not been provided as the Group did not have any assessable profits arising in Hong Kong during the year (2024: Nil). Taxes on assessable profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2025 HK\$'000	2024 HK\$'000
Provision for the year:		
Current – The PRC, excluding Hong Kong		
Charge for the year	53,541	26,480
Underprovision in prior years	336	786
Current – Overseas		
Charge for the year	17,864	16,980
Overprovision in prior years	(22,455)	(32,063)
Deferred tax (note 15)	(17,712)	(9,862)
Total tax charge for the year	31,574	2,321

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

10. INCOME TAX (continued)

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory tax rates, ranging from 12% to 25% (2024: 12% to 25%), for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense/(credit) at the effective tax rates is as follows:

2025

	Hong Kong HK\$'000	Macau HK\$'000	The PRC, excluding Hong Kong and Macau HK\$'000	Overseas HK\$'000	Total HK\$'000
Profit/(loss) before tax	(20,641)	49,284	(495,832)	(166,306)	(633,495)
Tax charge/(credit) at the statutory tax rate	(3,406)	5,914	(123,958)	(27,824)	(149,274)
Effect of preferential tax rates	–	–	(13,673)	–	(13,673)
Effect of withholding tax at 10% on the undistributed profit of PRC subsidiaries	–	–	4,592	–	4,592
Adjustments in respect of current tax of previous periods	–	–	336	(22,455)	(22,119)
Income not subject to tax	(127)	–	(33,686)	(29,044)	(62,857)
Expenses not deductible for tax	3,533	–	156,375	49,924	209,832
Tax losses not recognised	–	–	90,467	18,894	109,361
Tax losses utilised from prior periods	–	–	(44,288)	–	(44,288)
Tax charge/(credit) at the Group's effective rate	–	5,914	36,165	(10,505)	31,574

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

10. INCOME TAX (continued)

2024

	Hong Kong HK\$'000	Macau HK\$'000	The PRC, excluding Hong Kong and Macau HK\$'000	Overseas HK\$'000	Total HK\$'000
Profit/(loss) before tax	(21,822)	44,007	(423,651)	(326,095)	(727,561)
Tax charge/(credit) at the statutory tax rate	(3,601)	5,281	(105,913)	(61,400)	(165,633)
Effect of preferential tax rates	–	–	(4,967)	–	(4,967)
Effect of withholding tax at 10% on the undistributed profit of PRC subsidiaries	–	–	(10,000)	–	(10,000)
Adjustments in respect of current tax of previous periods	–	607	786	(32,670)	(31,277)
Income not subject to tax	(120)	–	(20,895)	(10,971)	(31,986)
Expenses not deductible for tax	3,721	–	95,499	81,256	180,476
Tax losses not recognised	–	–	79,015	–	79,015
Tax losses utilised from prior periods	–	–	(10,383)	–	(10,383)
Others	–	(10)	(5,736)	2,822	(2,924)
Tax charge/(credit) at the Group's effective rate	–	5,878	17,406	(20,963)	2,321

Pursuant to the PRC Corporate Income Tax Law being effective on 1 January 2008, the income tax is unified at 25% for all enterprises in the Chinese mainland.

According to Announcement No. 23 [2020] of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission issued in April 2020, enterprises set up in the western region in the PRC with major businesses falling within the Catalogue of Encouraged Industries in the Western Region of the PRC are entitled to a reduced corporate income tax ("CIT") rate of 15%.

Juteng Neijiang, Tasun Chongqing and Compal Chongqing were entitled to enjoy the 15% CIT preferential rate as their major businesses fall within the Catalogue of Encouraged Industries in the Western Region of the PRC.

Macau Complementary Tax is calculated at 12% of the estimated assessable profit for a subsidiary in Macau.

10. INCOME TAX (continued)

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. From 1 January 2025, the Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in Hong Kong. The Group will account for the additional Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2025 in certain jurisdictions in which the Group operates.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which it operates are above 15%. There is a jurisdiction where the Pillar Two effective tax rate is slightly below 15%. The Group does not expect a material exposure to Pillar Two income taxes. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

11. DIVIDEND

The Company's board of directors has resolved not to recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to equity holders of the Company of HK\$493,427,000 (2024: HK\$529,890,000) and the weighted average number of 845,662,671 (2024: 845,662,671) ordinary shares outstanding excluding shares held under the share award plan during the year.

For the year ended 31 December 2025, no adjustment has been made to the basic loss per share amount presented in respect of a dilution as the Group had no potentially dilutive ordinary shares outstanding.

For the year ended 31 December 2024, no adjustment have been made to the basic loss per share amount presented in respect of a dilution as the impact of share options outstanding had no dilutive effect on the basic loss per share amount presented.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2025							
At 1 January 2025:							
Cost	4,237,346	8,876	8,460,355	1,425,897	16,434	364,279	14,513,187
Accumulated depreciation and impairment	(1,946,357)	(5,514)	(6,338,856)	(1,392,524)	(10,536)	-	(9,693,787)
Net carrying amount	2,290,989	3,362	2,121,499	33,373	5,898	364,279	4,819,400
At 1 January 2025, net of accumulated depreciation and impairment	2,290,989	3,362	2,121,499	33,373	5,898	364,279	4,819,400
Additions	11,743	-	39,356	23,319	112	284,621	359,151
Transfers	9,787	-	472,226	24,978	1,238	(508,229)	-
Disposals/write-off	(16,666)	-	(90,121)	(23,194)	(113)	(9,953)	(140,047)
Impairment provided (note 7)	-	-	(389,707)	(9,298)	(995)	-	(400,000)
Depreciation provided during the year (note 7)	(180,848)	(720)	(379,454)	(10,927)	(1,448)	-	(573,397)
Exchange realignment	97,549	120	82,630	10,490	185	(852)	190,122
At 31 December 2025, net of accumulated depreciation and impairment	2,212,554	2,762	1,856,429	48,741	4,877	129,866	4,255,229
At 31 December 2025:							
Cost	4,317,171	9,186	8,909,426	1,372,963	18,011	129,866	14,756,623
Accumulated depreciation and impairment	(2,104,617)	(6,424)	(7,052,997)	(1,324,222)	(13,134)	-	(10,501,394)
Net carrying amount	2,212,554	2,762	1,856,429	48,741	4,877	129,866	4,255,229

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Machinery HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2024							
At 1 January 2024:							
Cost	4,375,252	9,351	8,980,455	1,478,386	15,562	197,660	15,056,666
Accumulated depreciation and impairment	(1,841,527)	(5,040)	(6,059,837)	(1,462,226)	(8,434)	-	(9,377,064)
Net carrying amount	2,533,725	4,311	2,920,618	16,160	7,128	197,660	5,679,602
At 1 January 2024, net of accumulated depreciation and impairment	2,533,725	4,311	2,920,618	16,160	7,128	197,660	5,679,602
Additions	5,828	21	24,681	20,936	1,491	339,491	392,448
Transfers	79,176	-	58,759	13,103	-	(151,038)	-
Disposals/write-off	(19,554)	-	(54,231)	(2,688)	(64)	(7,873)	(84,410)
Impairment upon transfer to non-current assets held for sale (note 7)	(11,596)	-	-	-	-	-	(11,596)
Transfer to non-current assets held for sale (note 21)	(36,820)	-	-	-	-	-	(36,820)
Impairment provided (note 7)	-	-	(286,929)	(4,303)	(768)	-	(292,000)
Depreciation provided during the year (note 7)	(184,223)	(734)	(459,028)	(9,228)	(1,617)	-	(654,830)
Exchange realignment	(75,547)	(236)	(82,371)	(607)	(272)	(13,961)	(172,994)
At 31 December 2024, net of accumulated depreciation and impairment	2,290,989	3,362	2,121,499	33,373	5,898	364,279	4,819,400
At 31 December 2024:							
Cost	4,237,346	8,876	8,460,355	1,425,897	16,434	364,279	14,513,187
Accumulated depreciation and impairment	(1,946,357)	(5,514)	(6,338,856)	(1,392,524)	(10,536)	-	(9,693,787)
Net carrying amount	2,290,989	3,362	2,121,499	33,373	5,898	364,279	4,819,400

As at 31 December 2025, certain of the Group's land and buildings with a net carrying amount of approximately HK\$19,691,000 (2024: HK\$19,090,000) situated in the ROC were pledged to secure general banking facilities granted to the Group (note 25).

As at 31 December 2025, the application of property ownership certificates for certain buildings with a net book value of HK\$34,175,000 (2024: HK\$63,520,000) was still in progress. In the opinion of the directors, the risk of the Group for not being able to obtain the legal titles for the relevant buildings is low and the Group will continue to pursue and discuss with the Ministry of Land and Resources of the PRC for the final settlement and complete the ownership registration of the buildings.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (continued)

In view of the downturn in operating results of the manufacture and sale of casings for notebook computer and handheld devices cash-generating unit (the "CGU") for the years ended 31 December 2025 and 2024, management performed an impairment assessment on the recoverable amount of the CGU at 31 December. The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections according to the remaining lease term of leasehold land. The pre-tax discount rate applied to the cash flow projections is 13% (2024: 13%). The financial budget was based on expectations of future outcomes taking into account past experiences and market conditions, adjusted for anticipated revenue growth of a compound annual growth of 8.2% for the next five years and 2% for the remaining life of the leasehold land and property, plant and equipment beyond the five-year period with reference to the market development. Based on management's assessment, impairment losses of HK\$400,000,000 (2024: HK\$292,000,000) were recognised to write down the carrying amounts of the property, plant and equipment and right-of-use assets to their aggregate recoverable amounts of HK\$4,845,923,000 (2024: HK\$5,541,244,000) as at 31 December 2025.

14. LEASES

The Group as a lessee

The Group has lease contracts for certain of its properties, machinery, motor vehicles and office equipment used in its operations. Lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 50 years. Leases of properties generally have lease terms between 3 months and 60 months, while motor vehicles generally have lease terms of 3 years. Machinery and office equipment generally have lease terms of 12 months or less and/or are individually of low value, and therefore these lease payments are recognised as expenses on a straight-line basis over the lease term.

(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	Properties HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
As at 1 January 2024	804,139	3,051	57	807,247
Transfer to non-current assets held for sale (note 21)	(16,563)	–	–	(16,563)
Disposal	(17,922)	–	–	(17,922)
Early termination	–	(195)	–	(195)
Depreciation charge (note 7)	(18,476)	(1,461)	(55)	(19,992)
Exchange realignment	(30,727)	(2)	(2)	(30,731)
As at 31 December 2024 and 1 January 2025	720,451	1,393	–	721,844
Addition	–	3,974	–	3,974
Disposal	(26,767)	–	–	(26,767)
Depreciation charge (note 7)	(16,551)	(1,397)	–	(17,948)
Exchange realignment	15,717	–	–	15,717
As at 31 December 2025	692,850	3,970	–	696,820

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

14. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

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

	2025 HK\$'000	2024 HK\$'000
At 1 January	8,636	142,365
New lease	3,974	–
Accretion of interest recognised during the year	297	271
Early termination	–	(214)
Payments	(1,767)	(129,948)
Exchange realignment	(173)	(3,838)
At 31 December	10,967	8,636
Analysed into:		
Current portion	1,354	1,064
Non-current portion	9,613	7,572

Analysed into:

	2025 HK\$'000	2024 HK\$'000
Lease liabilities repayable:		
Within one year	1,354	1,064
In the second year	1,434	84
In the third to fifth years, inclusive	1,214	267
Beyond five years	6,965	7,221
Total	10,967	8,636

The maturity analysis of lease liabilities is disclosed in note 37 to the financial statements.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

14. LEASES (continued)

The Group as a lessee (continued)

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

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	297	271
Depreciation charge of right-of-use assets	17,948	19,992
Expense relating to short-term leases (included in administrative expenses)	1,023	1,013
Expense relating to leases of low-value assets (included in administrative expenses)	47	46
Gain on early termination of a lease	–	19
Total amount recognised in profit or loss	19,315	21,341

(d) The total cash outflow for leases is disclosed in note 31(c) to the financial statements.

The Group as a lessor

The Group leases part of its factory and machinery under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK\$20,792,000 (2024: HK\$21,185,000), details of which are included in note 5 to the financial statements.

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	19,123	19,685
After one year but within two years	18,971	17,945
After two years but within three years	19,303	17,919
After three years but within four years	19,967	18,235
After four years but within five years	19,867	18,867
After five years	13,315	31,533
Total	110,546	124,184

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

15. DEFERRED TAX

Deferred tax assets

	Government subsidies HK\$'000	Impairment of property, plant and equipment HK\$'000	Total HK\$'000
Gross deferred tax assets at 1 January 2024	7,102	–	7,102
Deferred tax charged to the statement of profit or loss during the year (note 10)	(138)	–	(138)
Exchange realignment	(189)	–	(189)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	6,775	–	6,775
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	(1,454)	19,249	17,795
Exchange realignment	222	–	222
Gross deferred tax assets at 31 December 2025	5,543	19,249	24,792

The Group had tax losses arising in the Chinese mainland of approximately HK\$1,551,957,000 (2024: HK\$1,414,965,000) as at 31 December 2025 that will expire in one to five years for offsetting against future taxable profits of the subsidiaries in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

15. DEFERRED TAX (continued)

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Fair value adjustments arising from revaluation of an equity investment designated at fair value through other comprehensive income HK\$'000	Withholding tax HK\$'000	Others HK\$'000	Total HK\$'000
Gross deferred tax liabilities at 1 January 2024	421	1,437	69,790	-	71,648
Deferred tax credited to the statement of profit or loss during the year (note 10)	-	-	(10,000)	-	(10,000)
Deferred tax credited to equity during the year	-	(1,432)	-	-	(1,432)
Exchange realignment	-	(60)	-	-	(60)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	421	(55)	59,790	-	60,156
Withholding tax paid on repatriation of earnings from PRC subsidiaries	-	-	(8,512)	-	(8,512)
Deferred tax charged to the statement of profit or loss during the year (note 10)	-	-	-	83	83
Exchange realignment	-	25	-	-	25
Gross deferred tax liabilities at 31 December 2025	421	(30)	51,278	83	51,752

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the Chinese mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the Chinese mainland in respect of earnings generated from 1 January 2008.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

15. DEFERRED TAX (continued)

Deferred tax liabilities (continued)

The aggregate amount of temporary differences associated with investments in subsidiaries in the Chinese mainland for which deferred tax liabilities have not been recognised totalled approximately HK\$1,713,554,000 (2024: HK\$1,839,430,000) as at 31 December 2025. In the opinion of the directors, the Company is able to control the timing of the reversal of the temporary difference and, accordingly, the Group has taken into consideration, among others, the probability the temporary difference being reversed in the foreseeable future, and recognised for withholding taxes that would be payable in the foreseeable future on distribution of unremitted earnings by the Company's subsidiaries established in the Chinese mainland in respect of earnings generated.

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

16. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Production materials	121,057	96,185
Work in progress	455,352	287,078
Finished goods	573,755	513,841
Moulds and consumable tools	167,673	151,234
	1,317,837	1,048,338

17. TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	2,411,287	2,120,561
Impairment	(3,589)	(2,583)
	2,407,698	2,117,978

The general credit terms of the Group range from 60 days to 120 days. Trade receivables are non-interest-bearing. The Group does not hold any collateral or other credit enhancements over these balances.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

17. TRADE RECEIVABLES (continued)

An ageing analysis of the Group's trade 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 3 months	1,329,035	1,315,604
4 to 6 months	972,374	764,878
7 to 12 months	106,289	37,496
	2,407,698	2,117,978

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

	2025 HK\$'000	2024 HK\$'000
At beginning of year	2,583	3,592
Impairment/(reversal of impairment) (note 7)	1,006	(1,009)
At end of year	3,589	2,583

As at 31 December 2025, the increase in loss allowance was due to the increase in trade receivables which were past due for 7 to 12 months.

As at 31 December 2024, the decrease in loss allowance was due to the decrease in trade receivables which were past due for 7 to 12 months.

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. 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 one year and are not subject to enforcement activity.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

17. TRADE RECEIVABLES (continued)

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

As at 31 December 2025

	Current	Past due			Total
		1 to 3 months	4 to 6 months	7 to 12 months	
Expected credit loss rate	0.04%	0.10%	3.81%	6.77%	0.15%
Gross carrying amount (HK\$'000)	1,945,134	414,012	38,285	13,856	2,411,287
ECLs (HK\$'000)	778	414	1,459	938	3,589

As at 31 December 2024

	Current	Past due			Total
		1 to 3 months	4 to 6 months	7 to 12 months	
Expected credit loss rate	0.06%	0.06%	4.66%	0.00%	0.12%
Gross carrying amount (HK\$'000)	1,756,865	333,248	28,510	1,938	2,120,561
ECLs (HK\$'000)	1,054	200	1,329	–	2,583

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Prepayments	106,491	101,043
Deposits and other receivables	125,479	109,085
	231,970	210,128

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. The ECLs are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. As at 31 December 2025 and 2024, the ECLs were assessed to be minimal.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

19. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 HK\$'000
Equity investment designated at fair value through other comprehensive income		
Overseas listed equity investment, at fair value		
Paragon Technologies Co., Ltd.	14,571	16,767

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

During the year ended 31 December 2025, the gross loss in respect of the Group's equity investment designated at fair value through other comprehensive income recognised in other comprehensive income amounted to HK\$2,244,000 (2024: HK\$8,360,000).

In the opinion of the directors, the equity investment designated at fair value through other comprehensive income is not expected to be realised within 12 months after the end of the reporting period. Accordingly, the investment is classified as a non-current asset in the consolidated statement of financial position.

20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK BALANCES

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances, including time deposits with original maturity less than 3 months	992,951	1,135,433
Less: Restricted bank balances	(100,523)	(107,029)
Cash and cash equivalents	892,428	1,028,404

Renminbi ("RMB") is not a freely convertible currency in the Chinese mainland and the remittance of funds out of the Chinese mainland is subject to the exchange restriction imposed by the PRC government. Companies incorporated in the ROC are subject to certain controls in the remittance of funds out of the ROC up to a certain limit for each calendar year. Vietnamese Dong is not a freely convertible currency in Vietnam under the Law on Foreign Investment in Vietnam. Company incorporated in Thailand is subject to certain controls in the remittance of funds out of Thailand, up to a certain limit for each calendar day. At the end of the reporting period, the aggregate cash and cash equivalents which were subject to exchange and/or remittance restrictions in the Chinese mainland, Thailand, Vietnam and the ROC amounted to approximately HK\$634,702,000 (2024: HK\$383,739,000).

Cash at banks earn 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 pledged deposits are deposited with creditworthy banks with no recent history of default.

21. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

- (i) During the year ended 31 December 2024, the Group entered into an agreement with Taizhou Xin Feng Asset Investment Co., Ltd. (泰州市鑫豐資產投資有限公司) for the disposal of certain leasehold land and buildings in Taizhou, the PRC. These leasehold land and owned buildings with aggregate carrying values of HK\$16,563,000 (note 14) and HK\$36,820,000 (note 13), respectively, were transferred from right-of-use assets and property, plant and equipment to non-current assets held for sale. Sale proceeds of HK\$53,175,000 and HK\$1,030,000 were received in current and prior years, respectively. During the year ended 31 December 2025, the disposal was completed with no gain or loss.
- (ii) During the year ended 31 December 2023, the Group entered into the first agreement with Wujiang Economic and Technological Development Zone Management Committee (“Wujiang ETDZ”, 吳江經濟技術開發區管理委員會) for the disposal of certain leasehold land and owned buildings in relation to land resumption demanded by the local government authority in Suzhou, the PRC. These leasehold land and owned buildings with carrying values of HK\$7,458,000 and HK\$34,419,000, respectively, were transferred from right-of-use assets and property, plant and equipment to non-current assets held for sale. During the year ended 31 December 2024, the disposal was completed, resulting in a gain on disposal of non-current assets classified as held for sale of HK\$39,203,000 (note 5).

During the year ended 31 December 2023, the Group entered into the second agreement with Wujiang ETDZ for the disposal of certain leasehold land and owned buildings in relation to land resumption demanded by the local government authority in Suzhou, the PRC. These leasehold land and owned buildings with carrying values of HK\$1,799,000 and HK\$13,035,000, respectively, were transferred from right-of-use assets and property, plant and equipment to non-current assets held for sale. Sale proceeds of HK\$110,249,000 and HK\$47,249,000 were received in current and prior years, respectively. During the year ended 31 December 2025, the disposal was completed, resulting in a gain on disposal of non-current assets classified as held for sale of HK\$142,692,000 (note 5).

During the year ended 31 December 2023, the Group entered into the third agreement with Huaying Shixun (Wujiang) Co., Ltd. (“Huaying Shixun”, 華映視訊(吳江)有限公司) for the disposal of certain leasehold land and owned buildings in relation to land resumption demanded by the local government authority in Suzhou, the PRC. These leasehold land and owned buildings with aggregate carrying values of HK\$6,188,000 and HK\$28,561,000, respectively, were transferred from right-of-use assets and property, plant and equipment to non-current assets held for sale. During the year ended 31 December 2025, the Group terminated the agreement with Huaying Shixun and entered into another agreement with Wujiang ETDZ which replaced Huaying Shixun to acquire these leasehold land and owned buildings with the same consideration and terms. As at 31 December 2025, the disposal of the remaining leasehold land and buildings with an aggregate carrying value of HK\$35,326,000 was in progress, and in the opinion of the directors, the disposal was expected to be completed within 12 months after the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

22. TRADE AND BILLS PAYABLES

The trade payables are non-interest-bearing and are normally settled on terms of 60 to 120 days.

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

	2025 HK\$'000	2024 HK\$'000
Within 3 months	645,686	526,832
4 to 6 months	285,883	274,330
7 to 12 months	14,233	15,297
Over 1 year	6,807	7,952
	952,609	824,411

23. OTHER PAYABLES AND ACCRUALS

	2025 HK\$'000	2024 HK\$'000
Deferred income (note 26)	589	785
Contract liabilities [#]	23,076	16,020
Other payables ^{##}	574,249	499,390
Compensation income received in advance	39,707	83,976
Accruals	454,348	448,288
	1,091,969	1,048,459

[#] Contract liabilities represent receipts in advance from customers for the sale of goods.

The contract liabilities as at 1 January 2024 amounted to HK\$31,646,000. The increase (2024: decrease) in contract liabilities in 2025 was mainly due to an increase (2024: decrease) in advances received from customers in relation to the sale of goods at the end of the year.

^{##} Other payables are non-interest-bearing.

24. DERIVATIVE FINANCIAL INSTRUMENTS

	2025		2024	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Forward currency contracts	–	–	–	2,442

The Group had entered into various forward currency contracts to reduce its exposure to foreign currency exchange rate fluctuations. These forward currency contracts were not designated for hedge purposes and were measured at fair value through profit or loss. Changes in the fair value of non-hedging currency derivatives, net, amounting to HK\$741,000 (2024: HK\$2,450,000) were credited (2024: debited) to profit or loss during the year ended 31 December 2025.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Note	2025			2024		
		Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current							
Syndicated bank loans	(c)	5.62	On demand	1,114,938	6.2	On demand	1,020,026
Other bank loans and other borrowing		2.02-7.57	2026	1,650,460	2.05-7.84	2025	1,612,874
				2,765,398			2,632,900
Non-current							
Other bank loans and other borrowing		2.05-5.34	2027-2028	23,969	2.05-5.25	2026-2027	7,488
				2,789,367			2,640,388

	Note	2025 HK\$'000	2024 HK\$'000
Repayable:			
On demand	(c)	1,114,938	1,020,026
Within one year		1,650,460	1,612,874
In the second year		16,185	6,834
In the third to fifth years, inclusive		7,784	654
		2,789,367	2,640,388

Notes:

- (a) Certain of the Group's bank loans were secured by:
- (i) the pledge of certain of the Group's land and buildings situated in the ROC, which had a net carrying value at the end of the reporting period of HK\$19,691,000 (2024: HK\$19,090,000); and
 - (ii) corporate guarantees executed by the Company to the extent of HK\$2,109,599,000 (2024: HK\$2,085,050,000) as at the end of the reporting period.
- (b) The Group's bank loans with carrying amounts of HK\$2,477,183,000 (2024: HK\$2,526,165,000), HK\$22,351,000 (2024: HK\$17,017,000) and HK\$289,833,000 (2024: HK\$97,206,000) are denominated in US\$, NT\$ and RMB, respectively.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (c) The syndicated loan agreement with banks of HK\$1,114,938,000 (2024: HK\$1,020,026,000) with maturity date of August 2029 is subject to loan covenants, including current ratio, tangible net worth, leverage ratio and interest coverage ratio. As at 31 December 2025, the Group was technically in breach of the interest coverage ratio (2024: the leverage ratio and the interest coverage ratio) (the "Financial Ratios") as required in the syndicated loan agreement. As a result of the breach of the loan covenant (2024: two loan covenants), the non-current portion of the syndicated loan of HK\$1,003,444,000 (2024: HK\$1,020,026,000) was reclassified from non-current to current portion of interest-bearing bank and other borrowings as at 31 December 2025 and 2024.

Based on the original maturity terms of the syndicated loan, the amounts repayable are as follows: HK\$111,494,000 (2024: nil) repayable within one year, HK\$222,987,000 (2024: HK\$102,002,000) repayable in the second year; and HK\$780,457,000 (2024: HK\$918,024,000) repayable in the third to fourth years (2024: third to fifth years), inclusive. Subsequent to the end of reporting period, the Group has successfully obtained a written consent from the relevant banks, offering the Group with a one off waiver on these Financial Ratios.

Based on the original maturity terms as set out in the loan agreements, the Group's interest-bearing bank and other borrowings as at 31 December 2025 are repayable as follows:

	2025 HK\$'000	2024 HK\$'000
Repayable:		
Within one year	1,761,954	1,612,874
In the second year	239,172	108,836
In the third to fifth years, inclusive	788,241	918,678
	2,789,367	2,640,388

26. DEFERRED INCOME

	Note	2025 HK\$'000	2024 HK\$'000
Deferred income related to the government subsidies for acquisition of assets	(i)	37,041	39,813
Current portion (note 23)		(589)	(785)
Non-current portion		36,452	39,028

Note:

- (i) Deferred income represented government subsidies relating to acquisition of assets received by certain of the Group's subsidiaries in the Chinese mainland.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

27. SHARE CAPITAL

Shares

	2025 HK\$'000	2024 HK\$'000
Authorised: 2,000,000,000 shares of HK\$0.1 each	200,000	200,000
Issued and fully paid: 1,200,008,445 (2024: 1,200,008,445) shares of HK\$0.1 each	120,001	120,001

28. EQUITY COMPENSATION PLANS

(a) Share option scheme

The Company operates a share option scheme ("Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, persons that provide research, development or other technological support to the Group, the Group's shareholders and the advisers or consultants of the Group and participants who have contributed or may contribute to the development and growth of the Group. A share option scheme (the "Old Scheme") was adopted by the Company on 11 May 2015 and expired on 10 May 2025 and a new share option scheme (the "New Scheme") was adopted by the Company on 28 May 2025.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% (2024: 30%) of the shares of the Company in issue (excluding treasury shares) at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue (excluding treasury shares) at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue (excluding treasury shares) at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5,000,000, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which period may commence from the date of the offer of the share options, and ends on a date which is not later than 10 years from the date of offer of the share options. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

28. EQUITY COMPENSATION PLANS (continued)

(a) Share option scheme (continued)

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the daily quotation sheet on the Hong Kong Stock Exchange on the date of the offer of the share options; and (ii) the average of the closing prices of the Company's shares as quoted on the Hong Kong Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

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

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the year, no share options were granted, exercised, lapsed, forfeited or cancelled by the Company under the Old Scheme and the New Scheme and there were no share options outstanding as at 31 December 2025.

The following share options were outstanding under the Scheme during the year:

	2025		2024	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At 1 January	–	–	1.48	28,338,000
Forfeited	–	–	1.48	(1,280,000)
Lapsed	–	–	1.48	(27,058,000)
At 31 December		–		–

During the year ended 31 December 2024, share option expenses of HK\$48,813,000 previously recognised in employee share-based compensation reserve was transferred to retained profits upon the forfeiture/lapse of share options.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

28. EQUITY COMPENSATION PLANS (continued)

(b) Share award plan

The board of directors approved the adoption of the new share award plan (the "Share Award Plan") with effect from 19 May 2017. The purpose of the Share Award Plan is to (i) recognise and reward the contribution of certain eligible participants to the growth and development of the Group through an award of shares and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) attract suitable personnel for further development of the Group. The vesting period of the awarded shares is determined by the board of directors.

As at 31 December 2025, a total of 354,345,774 (2024: 354,345,774) shares were held by the Bank of Communications Trustee Limited, the trustee under the Share Award Plan.

29. RESERVES

The amounts of the Group's reserves and the movements therein for the prior and current years are presented in the consolidated statement of changes in equity on pages 60 and 61 of the financial statements.

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

Details of the Company's subsidiaries that have material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests:		
Wah Yuen and its subsidiaries ("Wah Yuen Group")	40.72%	40.72%
Mindforce and its subsidiaries ("Mindforce Group")	29%	29%

	2025	2024
	HK\$'000	HK\$'000
Profit/(loss) for the year allocated to non-controlling interests:		
Wah Yuen Group	(171,709)	(175,107)
Mindforce Group	3,982	(11,374)
Accumulated balances of non-controlling interests at the reporting date:		
Wah Yuen Group	820,456	962,574
Mindforce Group	31,471	23,014

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above partly-owned subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Wah Yuen Group HK\$'000	Mindforce Group HK\$'000
2025		
Revenue	1,773,075	414,721
Total expenses	(2,194,758)	(400,989)
Profit/(loss) for the year	(421,683)	13,732
Total comprehensive income/(expenses) for the year	(349,011)	29,784
Current assets	2,129,367	295,186
Non-current assets	2,214,428	367,276
Current liabilities	(2,309,865)	(397,955)
Non-current liabilities	(29,268)	(155,680)
Net cash flows from/(used in) operating activities	277,825	(102,737)
Net cash flows from/(used in) investing activities	(393,441)	31,485
Net cash flows from/(used in) financing activities	(13,117)	70,897
Net decrease in cash and cash equivalents	(128,733)	(355)
	Wah Yuen Group HK\$'000	Mindforce Group HK\$'000
2024		
Revenue	1,969,014	489,615
Total expenses	(2,399,040)	(528,836)
Loss for the year	(430,026)	(39,221)
Total comprehensive expenses for the year	(1,012,498)	(101,704)
Current assets	2,055,306	326,558
Non-current assets	2,187,450	441,896
Current liabilities	(1,860,257)	(534,131)
Non-current liabilities	(28,826)	(155,280)
Net cash flows from operating activities	617,320	74,637
Net cash flows from/(used in) investing activities	(405,679)	63,886
Net cash flows used in financing activities	(10,781)	(112,098)
Net increase in cash and cash equivalents	200,860	26,425

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2025, the Group had a non-cash addition to right-of-use assets and lease liabilities of HK\$3,974,000, in respect of lease arrangements for its properties.

(b) Changes in liabilities arising from financing activities

2025

	Lease liabilities HK\$'000	Interest-bearing bank and other borrowings HK\$'000
At 1 January 2025	8,636	2,640,388
Changes from financing cash flows	(1,470)	104,624
New lease	3,974	–
Accretion of interest recognised during the year	297	–
Interest paid classified as operating cash flows	(297)	–
Foreign exchange movement	(173)	44,355
At 31 December 2025	10,967	2,789,367

2024

	Lease liabilities HK\$'000	Interest-bearing bank and other borrowings HK\$'000
At 1 January 2024	142,365	3,136,614
Changes from financing cash flows	(129,677)	(454,854)
Early termination	(214)	–
Accretion of interest recognised during the year	271	–
Interest paid classified as operating cash flows	(271)	–
Foreign exchange movement	(3,838)	(41,372)
At 31 December 2024	8,636	2,640,388

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

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

(c) Total cash outflow for leases

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

	2025 HK\$'000	2024 HK\$'000
Within operating activities	1,367	1,330
Within financing activities	1,470	129,677
	2,837	131,007

32. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities.

33. COMMITMENTS

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

	2025 HK\$'000	2024 HK\$'000
Buildings	116,149	151,033
Machinery and office equipment	81,191	111,759
Total contractual commitments	197,340	262,792

34. RELATED PARTY TRANSACTIONS

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

	Notes	2025 HK\$'000	2024 HK\$'000
Lease payments paid to:			
Ms. Cheng Shao-Wen	(i)	140	138
Mr. Cheng Yung-Kang	(ii)	58	57
禾澁股份有限公司 (“禾澁”)	(iii)	237	292
Ms. Lin Mei Li	(iv)	61	60

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

34. RELATED PARTY TRANSACTIONS (continued)

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

Notes:

- (i) Ms. Cheng Shao-Wen is the daughter of Mr. Cheng Li-Yu, a director of the Company. The rentals were determined at rates mutually agreed between the relevant parties. During the year ended 31 December 2025, the Group only entered into a short-term lease agreement with Ms. Cheng Shao-Wen.
- (ii) Mr. Cheng Yung-Kang is the son of Mr. Cheng Li-Yu, a director of the Company. The rentals were determined at rates mutually agreed between the relevant parties. During the year ended 31 December 2025, the Group only entered into a short-term lease agreement with Ms. Cheng Yung Kang.
- (iii) Ms. Cheng Shao-Wen and Mr. Cheng Yung-Kang are the directors of 禾澁. Ms. Lin Mei-Li, the spouse of Mr. Cheng Li-Yu, a director of the Company, Ms. Cheng Shao-Wen and Mr. Cheng Yung-Kang are the shareholders of 禾澁. The rentals were determined at rates mutually agreed between the relevant parties. During the year ended 31 December 2025, the Group only entered into a short-term lease agreement with 禾澁.
- (iv) Ms. Lin Mei-Li is the spouse of Mr. Cheng Li-Yu, a director of the Company. The rentals were determined at rates mutually agreed between the relevant parties. During the year ended 31 December 2025, the Group only entered into a short-term lease agreement with Ms. Lin Mei-Li.

The above related party transactions also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

- (b) Compensation of key management personnel of the Group (excluding directors' remuneration):

	2025 HK\$'000	2024 HK\$'000
Short term employee benefits	10,163	8,484

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

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

35. FINANCIAL INSTRUMENTS BY CATEGORY

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

2025

Financial assets

	Financial assets at amortised cost HK\$'000	Equity investment designated at fair value through other comprehensive income HK\$'000	Total HK\$'000
Equity investment designated at fair value through other comprehensive income	–	14,571	14,571
Trade receivables	2,407,698	–	2,407,698
Financial assets included in prepayments, deposits and other receivables	70,467	–	70,467
Restricted bank balances	100,523	–	100,523
Cash and cash equivalents	892,428	–	892,428
	3,471,116	14,571	3,485,687

Financial liabilities

	Financial liability at fair value through profit or loss – held for trading HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Trade and bills payables	–	952,609	952,609
Financial liabilities included in other payables and accruals	–	609,764	609,764
Interest-bearing bank and other borrowings	–	2,789,367	2,789,367
Lease liabilities	–	10,967	10,967
	–	4,362,707	4,362,707

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

35. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

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

2024

Financial assets

	Financial assets at amortised cost HK\$'000	Equity investment designated at fair value through other comprehensive income HK\$'000	Total HK\$'000
Equity investment designated at fair value through other comprehensive income	–	16,767	16,767
Trade receivables	2,117,978	–	2,117,978
Financial assets included in prepayments, deposits and other receivables	72,051	–	72,051
Restricted bank balances	107,029	–	107,029
Cash and cash equivalents	1,028,404	–	1,028,404
	3,325,462	16,767	3,342,229

Financial liabilities

	Financial liability at fair value through profit or loss – held for trading HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Trade and bills payables	–	824,411	824,411
Financial liabilities included in other payables and accruals	–	537,894	537,894
Interest-bearing bank and other borrowings	–	2,640,388	2,640,388
Derivatives financial instruments	2,442	–	2,442
Lease liabilities	–	8,636	8,636
	2,442	4,011,329	4,013,771

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Financial asset				
Equity investment designated at fair value through other comprehensive income:				
Overseas listed equity investment, at fair value	14,571	16,767	14,571	16,767
Financial liabilities				
Derivative financial instruments	–	2,442	–	2,442

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

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2025 and 31 December 2024 were assessed to be insignificant.

The fair value of the listed equity investment was based on a quoted market price.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group entered into derivative financial instruments with various counterparties, principally with creditworthy banks with no recent history of default. Derivative financial instruments, including forward currency contracts, were measured using valuation techniques similar to forward pricing using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts were the same as their fair values. As at 31 December 2024, the mark-to-market value of the derivative position was net of a credit valuation adjustment attributable to derivative counterparty default risk.

Fair value hierarchy

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

Assets measured at fair value

As at 31 December 2025

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Equity investment designated at fair value through other comprehensive income:				
Overseas listed equity investment	14,571	–	–	14,571

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Equity investment designated at fair value through other comprehensive income:				
Overseas listed equity investment	16,767	–	–	16,767

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

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

Liability measured at fair value

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	HK\$'000	HK\$'000	HK\$'000	
Derivative financial instruments	–	2,442	–	2,442

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

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

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations denominated in US\$ with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rate of the United States dollar, with all other variables held constant, of the Group's loss before tax.

	Increase/ (decrease) in basis points	Decrease/ (increase) in loss before tax HK\$'000
2025		
United States dollar	50	(12,386)
United States dollar	(50)	12,386
2024		
United States dollar	50	(12,655)
United States dollar	(50)	12,655

Foreign currency risk

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

The Group's exposure to market risk from changes in foreign currency exchange rates relates primarily to certain trade receivables, trade and bills payables, certain cash and cash equivalents, and interest-bearing bank and other borrowings dominated in currencies other than the functional currencies of the Group's operating subsidiaries. The Group uses derivative financial instruments to reduce its foreign currency risk, but the transactions do not qualify for hedge accounting.

Since most of the Group's revenue is denominated in US\$ and most of the Group's expenses are denominated in RMB, the appreciation of RMB has negative effects on the Group's profitability.

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

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	Increase/ (decrease) in exchange rate %	Decrease/ (increase) in loss before tax HK\$'000
2025		
If US\$ strengthens against RMB	4.26	106,258
If US\$ weakens against RMB	(4.26)	(106,258)
2024		
If US\$ strengthens against RMB	4.45	92,765
If US\$ weakens against RMB	(4.45)	(92,765)

Credit risk

The carrying amount of trade receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's trade receivables. The Group performs ongoing credit evaluations of its customers' financial conditions and requires no collateral from its customers.

The Group has a significant concentration of credit risk in relation to trade receivables as the trade receivables due from the largest customer and the five largest customers accounted for 21% (2024: 19%) and 84% (2024: 78%), respectively, of the Group's trade receivables at the end of the reporting period. The loss allowance for impairment of trade receivables was based upon a review of the expected collectability of all trade receivables.

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.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2025

	12-month ECLs	Lifetime ECLs Simplified approach	Total
	Stage 1 HK\$'000	HK\$'000	HK\$'000
Trade receivables*	–	2,411,287	2,411,287
Financial assets included in prepayments, deposits and other receivables			
– Normal**	70,467	–	70,467
Restricted bank balances			
– Not yet past due	100,523	–	100,523
Cash and cash equivalents			
– Not yet past due	892,428	–	892,428
	1,063,418	2,411,287	3,474,705

As at 31 December 2024

	12-month ECLs	Lifetime ECLs Simplified approach	Total
	Stage 1 HK\$'000	HK\$'000	HK\$'000
Trade receivables*	–	2,120,561	2,120,561
Financial assets included in prepayments, deposits and other receivables			
– Normal**	72,051	–	72,051
Restricted bank balances			
– Not yet past due	107,029	–	107,029
Cash and cash equivalents			
– Not yet past due	1,028,404	–	1,028,404
	1,207,484	2,120,561	3,328,045

* 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.

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

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

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and lease liabilities. In addition, banking facilities have been put in place for contingency purposes.

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

	2025			Total HK\$'000
	On demand or within 1 year HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	
Trade and bills payables	952,609	–	–	952,609
Lease liabilities	1,739	3,575	11,622	16,936
Financial liabilities included in other payables and accruals	609,764	–	–	609,764
Interest-bearing bank and other borrowings*	1,834,968	1,123,164	–	2,958,132
	3,399,080	1,126,739	11,622	4,537,441

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

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

	2024			Total HK\$'000
	On demand or within 1 year HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	
Trade and bills payables	824,411	–	–	824,411
Lease liabilities	1,289	1,187	12,187	14,663
Financial liabilities included in other payables and accruals	537,894	–	–	537,894
Derivative financial instruments	2,442	–	–	2,442
Interest-bearing bank and other borrowings*	1,691,126	1,182,106	–	2,873,232
	3,057,162	1,183,293	12,187	4,252,642

* Included in interest-bearing bank and other borrowings are undiscounted syndicated loans of HK\$1,120,896,000 (2024: HK\$1,024,828,000), which were not in compliance with a loan covenant as at 31 December 2025 and a one-off waiver was obtained from the relevant banks subsequent to the end of the reporting period, and therefore, for the purpose of the above maturity profile, the amounts are presented in accordance with original maturity dates as set out in the loan agreements.

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from an individual equity investment classified as an equity investment designated at fair value through other comprehensive income (note 19) as at 31 December 2025. The Group's listed investment is listed on the Taiwan Stock Exchange (the "TSEC") and valued at the quoted market price at the end of the reporting period.

The market equity index for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting periods, and its respective highest and lowest points during the year were as follows:

	31 December 2025	High/low 2025	31 December 2024	High/low 2024
ROC – TSEC Weighted Index	28,707	28,842/17,307	23,190	24,417/17,152

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the fair value of the equity investment, with all other variables held constant and before any impact on deferred tax, based on its carrying amount at the end of the reporting period. For the purpose of this analysis, for the equity investment designated at fair value through other comprehensive income, the impact is deemed to be on the fair value reserve.

	Carrying amount of equity investment HK\$'000	Increase/ (decrease) in equity price %	Increase/ (decrease) in equity* HK\$'000
2025			
Investment listed in:			
ROC – Equity investment at fair value through other comprehensive income	14,571	33.19	4,836
	14,571	(33.19)	(4,836)
2024			
Investment listed in:			
ROC – Equity investment at fair value through other comprehensive income	16,767	36.50	6,120
	16,767	(36.50)	(6,120)

* Excluding retained profits

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is calculated as the total bank and other borrowings divided by the total assets. The gearing ratios as at the end of the reporting periods were as follows:

	2025 HK\$'000	2024 HK\$'000
Total bank and other borrowings	2,789,367	2,640,388
Total non-current assets	5,360,703	5,729,626
Total current assets	4,985,782	4,612,833
Total assets	10,346,485	10,342,459
Gearing ratio	27%	26%

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

38. 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		
Investments in subsidiaries	1,026,805	1,032,130
CURRENT ASSETS		
Due from subsidiaries	5,014,697	5,016,271
Prepayments, deposits and other receivables	449	481
Restricted bank balances	87,710	87,645
Cash and cash equivalents	355	3,393
Total current assets	5,103,211	5,107,790
CURRENT LIABILITIES		
Due to a subsidiary	1,998,838	1,993,336
Other payables and accruals	5,298	5,747
Total current liabilities	2,004,136	1,999,083
NET CURRENT ASSETS	3,099,075	3,108,707
Net assets	4,125,880	4,140,837
EQUITY		
Issued capital	120,001	120,001
Reserves (note)	4,005,879	4,020,836
Total equity	4,125,880	4,140,837

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2025

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

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

	Share premium account HK\$'000	Shares held under share award plan HK\$'000	Employee share-based compensation reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2024	187,919	(699,766)	54,138	316,058	4,220,403	4,078,752
Total comprehensive expenses for the year	-	-	-	-	(9,103)	(9,103)
Transfer of employee share-based compensation reserve upon the forfeiture/lapse of share options	-	-	(48,813)	-	-	(48,813)
At 31 December 2024 and 1 January 2025	187,919	(699,766)	5,325	316,058	4,211,300	4,020,836
Total comprehensive expenses for the year	-	-	-	-	(9,632)	(9,632)
Transfer to retained profits	-	-	(5,325)	-	-	(5,325)
As 31 December 2025	187,919	(699,766)	-	316,058	4,201,668	4,005,879

The employee share-based compensation reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy of share-based payments in note 2.4 to the financial statements. The amount will be (i) transferred to the share premium account when the related options are exercised; (ii) transferred to retained profits should the related options expire; or (iii) transferred to retained profits should the related options be forfeited.

39. APPROVAL OF THE FINANCIAL STATEMENTS

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

FIVE YEAR FINANCIAL SUMMARY

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

RESULTS

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
REVENUE	5,731,158	6,026,320	6,936,056	8,255,947	11,282,979
PROFIT/(LOSS) BEFORE TAX	(633,495)	(727,561)	(166,645)	238,507	200,195
Income tax expense	(31,574)	(2,321)	(162,176)	(180,404)	(142,646)
PROFIT/(LOSS) FOR THE YEAR	(665,069)	(729,882)	(328,821)	58,103	57,549
Attributable to:					
Equity holders of the Company	(493,427)	(529,890)	(230,815)	172,149	162,396
Non-controlling interests	(171,642)	(199,992)	(98,006)	(114,046)	(104,847)
	(665,069)	(729,882)	(328,821)	58,103	57,549

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
TOTAL ASSETS	10,346,485	10,342,459	12,155,514	14,189,930	17,248,679
TOTAL LIABILITIES	(4,946,014)	(4,628,135)	(5,398,722)	(6,746,643)	(8,700,978)
NON-CONTROLLING INTERESTS	(924,701)	(1,077,128)	(1,291,348)	(1,404,904)	(1,705,568)
	4,475,770	4,637,196	5,465,444	6,038,383	6,842,133