



**SYMPHONY**

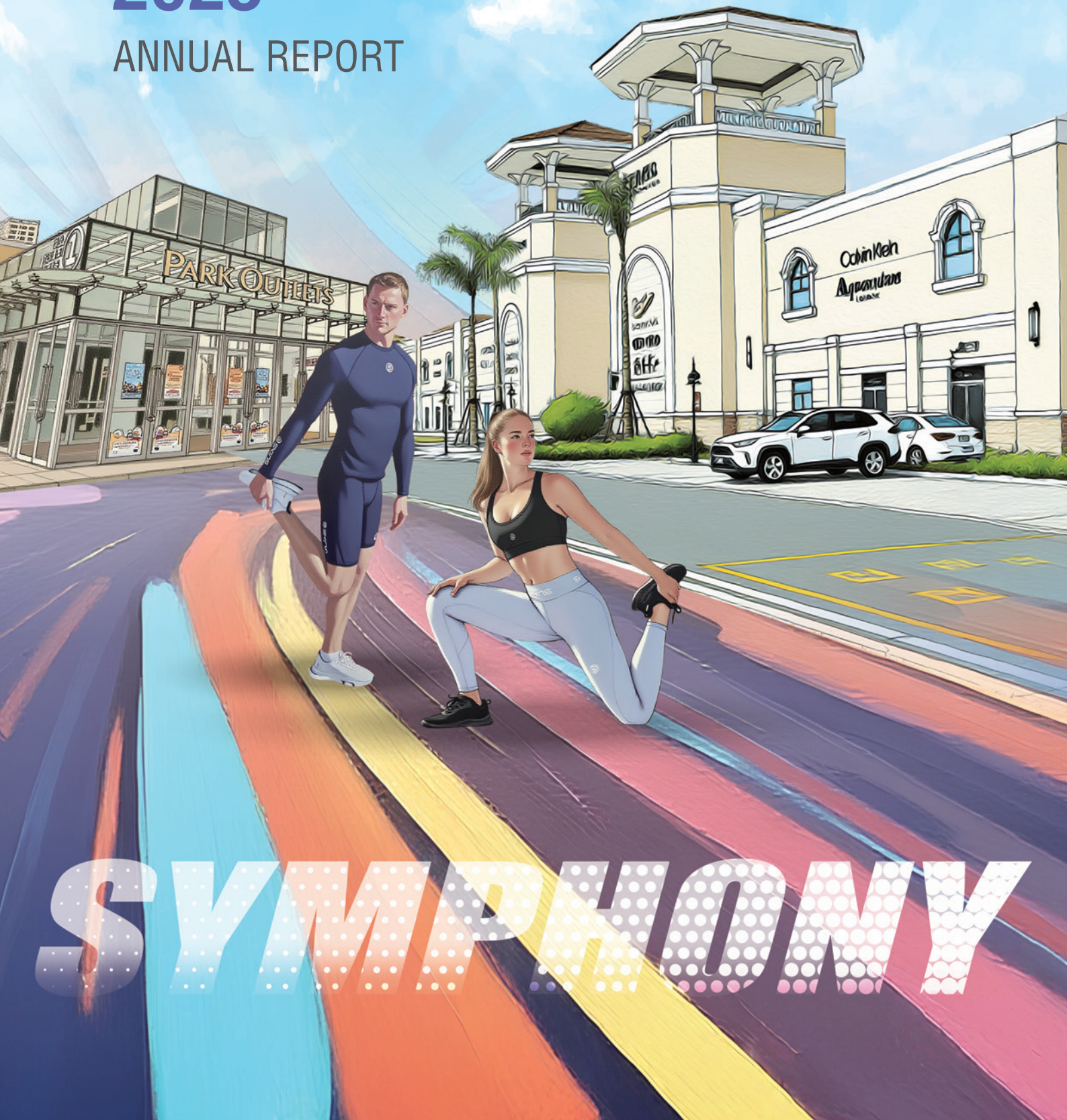
新豐集團有限公司  
SYMPHONY HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 01223

**2025**

ANNUAL REPORT



**SYMPHONY**

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Cheng Tun Nei (*Chairman & Chief Executive Officer*)

Mr. Chan Kar Lee Gary

Mr. Lee Cheung Ming

Ms. Fung Kim Wan Ewim

### Independent Non-executive Directors

Mr. Shum Pui Kay

Mr. Wah Wang Kei Jackie

Mr. Chow Yu Chun Alexander<sup>(1)</sup>

Ms. Ma Yin Fan<sup>(2)</sup>

## BOARD COMMITTEES

### Audit Committee

Mr. Chow Yu Chun Alexander (*Chairman*)<sup>(1)</sup>

Ms. Ma Yin Fan (*Chairlady*)<sup>(2)</sup>

Mr. Shum Pui Kay

Mr. Wah Wang Kei Jackie

### Remuneration Committee

Mr. Wah Wang Kei Jackie (*Chairman*)

Mr. Shum Pui Kay

Mr. Chow Yu Chun Alexander<sup>(1)</sup>

Ms. Ma Yin Fan<sup>(2)</sup>

### Nomination Committee

Mr. Cheng Tun Nei (*Chairman*)

Mr. Shum Pui Kay

Mr. Wah Wang Kei Jackie<sup>(3)</sup>

Ms. Ma Yin Fan<sup>(2)</sup>

## COMPANY SECRETARY

Mr. Tam Sik Wai

## AUDITOR

BDO Limited

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

## REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

10/F., Island Place Tower

510 King's Road

North Point

Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

## HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited

17/F., Far East Finance Centre

16 Harcourt Road

Hong Kong

## PRINCIPAL BANKERS

Hang Seng Bank Limited

The Bank of East Asia, Limited

First Commercial Bank Limited

Bank of China (Hong Kong) Limited

## WEBSITE

[www.symphonyholdings.com](http://www.symphonyholdings.com)

## STOCK CODE

1223

Notes:

<sup>(1)</sup> Retired on 20 June 2025

<sup>(2)</sup> Appointed on 20 June 2025

<sup>(3)</sup> Ceased to be a member of Nomination Committee on 20 June 2025

# Chairman's Statement

Dear Shareholders,

On behalf of the Board, I hereby present the audited consolidated final results of the Group for the Year together with comparative figures for the Comparable Year.

Over the past year, we witnessed a restructuring in the global economic and trade landscape. In the first half of the year, the industry was under pressure amidst the high interest rate environment, while market liquidity gradually improved as a result of shift in monetary policy in the second half of the Year. In the face of multiple challenges, the Group ensured stable operation through strategic business layout, laying a solid foundation for future growth.

Our core retail brand "Park Outlets" gave full play to the synergetic effect between outlets model and community business. "Park Outlets" in Xiamen maintained its strong growth momentum, achieving total gross sales of over RMB100 million for the first month of the year for four consecutive years and ranking top among peer outlets in the city. Upon re-opening after store upgrading, the flagship stores of international sportswear brands in our outlets recorded a new regional high in single-day sales. By introducing first-tier international brands to optimize its business portfolio, "Park Outlets" in Shenyang achieved breakthrough in sales performance during several long holidays of the year. On the front of digital transformation, AI-based market analysis system improved operational decision-making accuracy; live streaming on WeChat channel drove increase in member engagement rate and sales conversion rate, with the online and offline integrated business model becoming increasingly matured. Focusing on necessary household consumption, the community malls located in Chongqing and Tianjin continued to attract high-value customer group by providing catering, education and other life services. During the Year, "Park Outlets" in Xiamen was granted "Periodic Incentives for Retail Enterprises Included in Statistical Reporting System" (零售業納統企業階段性獎勵) by the Commerce Bureau and was awarded "TOP50 Benchmark Outlet Projects in China" (中國奧特萊斯TOP50標桿項目) at the 12<sup>th</sup> Outlet Leadership Summit, while "Park Outlets" in Shenyang was recognized as "Douyin Lifestyle Services Northern Region Excellent Shop for the Year" (抖音生活服務北部大區年度優質好店).

As to branding business, faced with intensified market competition and cost pressure, the performance of the compression sportswear brand "SKINS" fell short of expectations during the Year. The Group has reviewed its global layout, optimized supply chain efficiency and refined its product portfolio. As to health care business, leveraging on the sophisticated product system built up with over 100 self-owned and cooperated brands, Supremium Bio-Technology Limited ("SBT") won recognition from the local consumers. During the Year, it successfully expanded cross-border e-commerce channels, expedited the penetration into the Southeast Asia market. As the Japanese wine business was also faced with sales challenges, the Group will reassess its market strategy and enhance brand and channel management.

The financial services business stuck to the prudent operation principle, and strived to explore quality customer group while perfecting its risk management system. Benefiting from the recovery in the capital market during the Year, the performance of the business was in line with the Company's expectations, providing steady revenue stream for the Group.

Looking forward to 2026 which marks the inaugural year of the country's "15<sup>th</sup> Five-Year" Plan, the PRC economy is set to demonstrate stronger growth momentum driven by "twin engines" of domestic demand and technology innovation. The government has made it a top priority to boost domestic demand. The Group will seize the opportunities brought by policy support and supply chain optimization to accelerate operation innovation and market expansion, and steadily explore new business development opportunities to capture the development prospects brought by the "15<sup>th</sup> Five-Year" Plan, in an effort to achieve high-quality development amid a complex international environment.

# Chairman's Statement

The retailing segment will focus on the consumption upgrading trend, and strengthen the younger and diversified brand layout by introducing international luxury brands and local avant-garde designer brands. To innovate the marketing model, the segment will organize themed shopping festival and cross-sector collaborative activities by leveraging on holiday economy, and push forward the omni-channel digital transformation, realizing efficient traffic conversion with short video marketing and targeted membership outreach mechanism. The upgrading of hardware facilities will focus on the improvement of scenario experience and enhancement of synergetic effect among the stores, creating an immersive consumption environment.

The branding business will take the path of differentiated development: SKINS will focus on function optimization and cost control, explore flexible regional cooperation model; SBT will continue to explore middle-aged and elderly health management, youth health and other niche markets in the Greater Bay Area and Southeast Asia; and the Japanese wine business will focus on product optimization, align with standards of the European, U.S. and Japanese domestic markets, upgrade packaging design and marketing strategies, and strengthen brand communication.

On behalf of the Board, I hereby extend my sincere thanks to all employees for their hard work and dedication as well as our business partners for their trust and support, so that we are able to work together to embrace future opportunities.

**Cheng Tun Nei**

*Chairman*

Hong Kong, 31 March 2026

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Overview of Annual Results

During the Year, the Group's overall revenue increased by approximately 0.4% to approximately HKD308.8 million (2024: approximately HKD307.6 million).

Gross profit for the Year amounted to approximately HKD285.5 million, representing an increase of approximately HKD4.3 million or approximately 1.5% as compared with approximately HKD281.2 million for the Comparable Year. Gross profit margin for the Year was approximately 92.5% (2024: approximately 91.4%).

The Group recorded loss for the year attributable to owners of the Company of approximately HKD32.9 million for the Year, compared with loss of approximately HKD143.1 million for the Comparable Year, representing a decrease in loss of approximately 77.0% or approximately HKD110.2 million. The reduction in loss for the year attributable to owners of the Company for the Year was mainly attributable to the combined effect of, among others, (i) an increase in other income and gains; (ii) a reduction in finance costs; (iii) the absence of a loss on the disposal of financial assets which was recorded in the Comparable Year; and (iv) a fair value gain on financial assets at fair value through profit or loss.

Overall, the Group recorded basic and diluted loss per share of approximately HK1.11 cents for the Year, as compared with basic and diluted loss per share of approximately HK4.81 cents for the Comparable Year.

### Revenue and operating results

#### Segment information

##### *Branding*

The branding segment comprised of: (i) development and management of "SKINS" trademarks; (ii) sourcing, manufacturing and trading of healthcare products in Hong Kong; and (iii) distribution of Japanese wine. Revenue for the Year amounted to approximately HKD51.1 million (2024: approximately HKD53.0 million), representing a decrease of approximately 3.6%.

The segment gross profit margin increased to approximately 54.5% for the Year (2024: approximately 50.3%). The reportable segment loss of the branding segment was approximately HKD19.1 million for the Year (2024: reportable segment loss of approximately HKD17.5 million). The increase in reportable segment loss was mainly due to a decrease in government grants.

##### *Retailing*

The retailing segment comprised of: (i) management and operation of outlet malls located in Xiamen, Shenyang and Anyang of the PRC; and (ii) investment properties including commercial premises located in Hong Kong, Beijing and Shanghai of the PRC and community malls located in Chongqing and Tianjin of the PRC. The investment properties are held under either medium or long-term leases and for the purpose of either earning rental income or capital appreciation.

Revenue for the Year amounted to approximately HKD241.5 million (2024: approximately HKD236.6 million), representing an increase of approximately 2.0%. The segment gross profit margin was 100.0% for the Year (2024: 100.0%). The reportable segment loss of the retailing segment was approximately HKD6.4 million for the Year (2024: reportable segment loss of approximately HKD21.8 million). The decrease in reportable segment loss was mainly due to a reduction in fair value loss of investment properties and decrease in provision of impairment loss on financial assets.

# Management Discussion and Analysis

## *Financial services*

The financial services segment continues to generate service income or interest income from the provisions of securities brokerage, margin financing, money lending and financial consultancy services in Hong Kong.

Revenue for the Year amounted to approximately HKD16.2 million (2024: approximately HKD17.9 million), representing a decrease of approximately 9.8%. The segment gross profit margin was 100.0% for the Year (2024: 100.0%). The reportable segment profit was approximately HKD38.7 million for the Year (2024: reportable segment loss of approximately HKD26.1 million). The reversal from segment loss to segment profit was mainly due to a fair value gain on financial assets at fair value through profit or loss.

## **Other income and gains**

Other income and gains mainly comprised of the reimbursement income of outlet malls, government grants, interest income and gain on deregistration of subsidiaries. Other income and gains increased from approximately HKD37.9 million for the Comparable Year to approximately HKD51.7 million for the Year, representing an increase of approximately 36.2%. The increase was mainly due to gain on deregistration of subsidiaries.

## **Distribution and selling expenses**

Distribution and selling expenses mainly comprised of the advertising and promotion expenses and employees' costs. Distribution and selling expenses remained stable at approximately HKD61.4 million for the Year (2024: approximately HKD61.1 million).

## **Administrative expenses**

Administrative expenses mainly comprised of employees' costs, PRC tax surcharges and levies, professional fees and utilities expenses. Administrative expenses increased from approximately HKD133.8 million for the Comparable Year to approximately HKD138.8 million for the Year, representing an increase of approximately 3.7%. The increase was mainly due to the rise in professional fees and net foreign exchange loss.

## **Finance costs**

Finance costs mainly comprised of interest expenses on bank borrowings. Finance costs decreased from approximately HKD94.2 million for the Comparable Year to approximately HKD64.3 million for the Year, representing a decrease of approximately 31.7%. The decrease was primarily due to a reduction in average interest rates through refinancing arrangements and a decrease in Hong Kong Interbank Offered Rate during the Year.

## **Provision of impairment loss on financial assets**

Provision of impairment loss on financial assets for the Year amounted to approximately HKD0.5 million, as compared with approximately HKD9.2 million for the Comparable Year. Impairment loss on financial assets mainly comprised of impairment loss on trade and other receivables and loans receivable.

## **Decrease in fair value of investment properties**

Decrease in fair value of investment properties (including investment properties in assets classified as held for sale) for the Year amounted to approximately HKD31.9 million, as compared with decrease of approximately HKD34.9 million for the Comparable Year. The fair value loss of investment properties during the Year was mainly attributable to the investment properties located in Hong Kong.

# Management Discussion and Analysis

## ***Fair value gain/(loss) on financial assets at fair value through profit or loss***

Fair value gain on financial assets at fair value through profit or loss for the Year amounted to approximately HKD34.9 million, as compared with fair value loss of approximately HKD23.6 million for the Comparable Year. The reversal from fair value loss to fair value gain on financial assets at fair value through profit or loss was mainly due to a fair value gain on unlisted investment.

## ***Income tax expense***

Income tax expense for the Year amounted to approximately HKD4.9 million, representing an increase of approximately 19.0% as compared with the income tax expense of approximately HKD4.1 million for the Comparable Year. The increase was due to the rise in taxable profits during the Year.

## ***Loss for the year attributable to owners of the Company***

The Group reported loss for the year attributable to owners of the Company of approximately HKD32.9 million for the Year as compared with loss of approximately HKD143.1 million for the Comparable Year. The reduction in loss was mainly attributable to the combined effect of, among others, (i) an increase in other income and gains; (ii) a reduction in finance costs; (iii) the absence of a loss on the disposal of financial assets which was recorded in the Comparable Year; and (iv) a fair value gain on financial assets at fair value through profit or loss.

## **MARKET INFORMATION**

During the Year, revenue from the PRC, Hong Kong and other Asian countries comprised of approximately 94.7% (2024: approximately 93.3%) of the total revenue, and the remaining of approximately 5.3% (2024: approximately 6.7%) was shared between the United States of America and other countries.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2025, the Group had bank balances and cash amounted to approximately HKD85.6 million (2024: approximately HKD77.2 million). The Group was offered banking facilities amounted to approximately HKD1,544.9 million (2024: approximately HKD1,720.0 million).

As at 31 December 2025, the Group's bank borrowings amounted to approximately HKD1,160.1 million (2024: approximately HKD1,140.4 million). The Group had variable interest-rate bank borrowings carried at interest rates from approximately 1.92% to 6.81% (2024: approximately 1.92% to 7.11%) per annum. The weighted average effective interest-rate was approximately 4.2% (2024: approximately 5.4%) per annum. The Group's gearing ratio that expressed as a percentage of total outstanding net debt (being the total bank borrowings less bank balances and cash) to total equity was approximately 45.5% (2024: approximately 45.8%). Bank borrowings of approximately HKD734.8 million (2024: approximately HKD704.5 million) must be repaid within one year, while the remaining balance must be repaid from two to seventeen years (2024: two to eighteen years).

As at 31 December 2025, the Group's current assets and current liabilities were approximately HKD1,373.1 million (2024: approximately HKD1,274.7 million) and approximately HKD1,227.8 million (2024: approximately HKD1,162.6 million) respectively. Accordingly, the Group's current ratio that expressed as current assets to current liabilities was approximately 1.12 (2024: approximately 1.10).

# Management Discussion and Analysis

## PLEDGE OF ASSETS

As at 31 December 2025, the Group pledged: (i) certain of its leasehold land and buildings, outlet mall buildings, investment properties, right-of-use assets and asset classified as held for sale, with the respective carrying amounts of approximately HKD211.0 million, HKD1,534.2 million, HKD497.3 million, HKD405.5 million and HKD715.0 million as at 31 December 2025 (2024: approximately HKD235.0 million, HKD1,480.9 million, HKD477.8 million, HKD401.3 million and HKD720.9 million); (ii) shares of certain of the Company's subsidiaries; (iii) corporate guarantees provided by the Company and certain of its subsidiaries and a related party; (iv) personal guarantees provided by certain directors of the Company and its subsidiaries; and (v) certain properties owned by the directors of the Company and by a director of its subsidiary, to secure the banking facilities offered to the Group.

## CAPITAL COMMITMENTS

As at 31 December 2025, the Group's capital commitments amounted to approximately HKD5.7 million in respect of construction costs of outlet mall buildings located in Shenyang of the PRC (2024: approximately HKD8.1 million).

## CAPITAL EXPENDITURE

Capital expenditure including purchases of property, plant and equipment and construction costs of outlet mall buildings located in Shenyang of the PRC was approximately HKD5.7 million for the Year (2024: approximately HKD22.5 million).

## CONTINGENT LIABILITIES

Details of potential tax liabilities in connection with the potential tax penalty arising from the late filing of the PRC tax returns for reporting the PRC Enterprise Income Tax to the PRC tax authority are disclosed in Note 9 of the consolidated financial statements.

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group's total number of employees was 246 (2024: 217). Employees' costs (excluding directors' emoluments) comprise of salaries, welfare and other expenses and contribution to defined contribution retirement plans amounted to approximately HKD52.6 million (2024: approximately HKD53.9 million).

In addition to competitive remuneration packages, discretionary bonus and employee share options are offered to the Group's eligible staff based on their performance and individual merits. The Group also provides other benefits including insurance, medical scheme and retirement plans to its employees.

## TREASURY POLICY

Several principal subsidiaries of the Group are exposed to foreign currency risk primarily through sales and purchases which give rise to monetary assets and monetary liabilities that are denominated in Renminbi and United States Dollars. During the Year, the Group did not enter into any financial derivatives for hedging purpose. However, the management monitors foreign exchange exposure from time to time. Appropriate measures would be undertaken by the management when the exchange rate fluctuations become significant.

## EVENT AFTER THE REPORTING PERIOD

There was no other significant event affecting the Group that had occurred after 31 December 2025 and up to the date of this Annual Report.

# Management Discussion and Analysis

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, SIGNIFICANT INVESTMENTS AND FUTURE PLANS OF MATERIAL INVESTMENT

On 25 February 2025, the Company (as purchaser) and ITOCHU Corporation (“**ITOCHU**”) (as seller) entered into a share sale and purchase agreement pursuant to which the Company agreed to purchase, and ITOCHU agreed to sell, 600,000 shares of SYM ITO Sales and Distribution Company Limited (“**SYM ITO**”, together with its subsidiaries, “**SYM ITO Group**”), representing 15% of the total issued shares of SYM ITO for a consideration of USD0.6 million (equivalent to approximately HKD4.7 million) (the “**Acquisition**”). Upon completion of the Acquisition on 28 February 2025, the Company holds 100% interest in SYM ITO and SYM ITO has become a wholly owned subsidiary of the Company.

As ITOCHU was a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of SYM ITO, the Acquisition constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. The connected transaction under the Acquisition fell within the de minimis threshold under Rule 14A.76(2) of the Listing Rules and therefore was only subject to the reporting and announcement requirements, but exempted from the circular, independent financial advice and independent shareholders’ approval requirements contemplated under Chapter 14A of the Listing Rules.

The consideration for the Acquisition was determined after arm’s length negotiation between the parties having considered, among others, (i) the net asset value of SYM ITO Group as at 31 December 2023 of approximately USD1.7 million (equivalent to approximately HKD13.3 million); (ii) the gross profit of SYM ITO Group for the year ended 31 December 2023 of approximately USD3.6 million (equivalent to approximately HKD28.1 million); and (iii) the future business prospects and future financial performance of SYM ITO Group.

SYM ITO Group is principally engaged in the designing, manufacturing, marketing and distributing of the compression and high-performance sportswear and apparels of “SKINS”.

The Board is of the view that the Acquisition will enable the Group to gain full control over SYM ITO Group and greater flexibility in the strategic directions and day-to-day management of SYM ITO Group, and hence, to achieve operational and management efficiency of the Group. Going forward, by fully controlling SYM ITO through the Acquisition, the Company intends to continue to grow the “SKINS” business. The Group believes that there is potential in the further expansion of the “SKINS” business and therefore intends to launch brand image rebuilding campaign to enhance the brand awareness, and upgrade the collection mix through product development and innovation, in order to realise its potential. The Group has also been exploring potential opportunities and development, and upgrading the distribution network of “SKINS” products.

The Acquisition is conducive to the development of SYM ITO Group and the “SKINS” business, which will enable the Group to broaden its revenue base in long run by securing more opportunities throughout the development process.

By broadening the revenue base of the “SKINS” business through the aforesaid development after the Acquisition, it is positive that there will be a significant growth in the turnover of SYM ITO Group over the next few years. Further, it is expected that the operating costs of SYM ITO Group will be reduced by the enhancement of operational and management efficiency brought by the Acquisition. Therefore, by reducing loss and gradually improving the profitability of SYM ITO Group over the next few years, the Group is optimistic of the prospects of “SKINS” business and the future financial performance of SYM ITO Group subsequent to the Acquisition, and hence provide a positive contribution to the financial results of the Group.

Please refer to the announcement of the Company dated 25 February 2025 for further details.

Save as disclosed herein, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures, significant investments and future plans of material investment during the Year.

# Biographies of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Cheng Tun Nei**, aged 62, has been appointed as an Executive Director since 15 December 2014 and was further appointed as the chairman of the Board and the Chief Executive Officer on 23 December 2014 and 30 September 2015 respectively. He is the chairman of the Nomination Committee. Mr. Cheng is mainly responsible for the formulation of development strategies of the Group, as well as giving guidance to the Group's project investment, financing and investment. He is also a director of certain subsidiaries of the Company.

He is an experienced investor in securities and also a seasoned businessman engaging in securities and financing, consultancy, hotel investment, real estate investment and development, import and export of cigarettes and perfume products business for many years. He is also a director of Goldsilk Capital Limited, a substantial shareholder of the Company under the Securities and Futures Ordinance.

Mr. Cheng is the father of Mr. Cheng Chun Lung, the vice president for Business Development of the Company, and the brother-in-law of Mr. Lee Cheung Ming, an Executive Director.

**Mr. Chan Kar Lee Gary**, aged 70, has been appointed as an Executive Director on 2 January 2014. He was further appointed as the Chief Operating Officer of the Group on 1 November 2014. From January 2019, he has been in-charge of branding business and other general operations of the Group. Since January 2021, he has also been appointed as the chief executive officer of "SKINS" business. He is a director of certain subsidiaries of the Company as well.

Mr. Chan possesses over 40 years of professional experience in marketing, sales, distribution and management in fast-moving consumer goods with multi-national corporations such as LVMH, British American Tobacco and Imperial Tobacco Group.

He holds an EMBA degree awarded jointly by the Business School of The Hong Kong University of Science and Technology and the Kellogg School of Management of Northwestern University. He has also attended management courses at Stanford Law School, Harvard Business School and the Wharton School.

**Mr. Lee Cheung Ming**, aged 54, joined the Group in September 2014 and has been appointed as an Executive Director on 1 January 2019. He is responsible for the property development and investment in the PRC of the Group. He is also a director of certain subsidiaries of the Group.

Mr. Lee possesses over 25 years of experience in hotel and real estate development cum investment in the PRC. He completed a business administration course with the Beijing Economy Management Distance Learning College.

Mr. Lee is the brother-in-law of Mr. Cheng Tun Nei, the chairman of the Board and substantial Shareholder, and the uncle of Mr. Cheng Chun Lung, the vice president for Business Development of the Company.

**Ms. Fung Kim Wan Ewim**, aged 62, joined the Group in July 2014 and has been appointed as an Executive Director on 6 December 2024, is currently responsible for overseeing the financial services business of the Group. Ms. Fung is also a director of certain subsidiaries of the Group.

With over 35 years of experience in business administration, operational and customer relationship management, Ms. Fung has been one of the key management members of a leading tobacco company in Hong Kong. Her main responsibilities include supervising and managing the distribution of products for the duty-free business. She graduated from the City College of Commerce in the discipline of business studies.

# Biographies of Directors and Senior Management

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Shum Pui Kay**, aged 77, has been appointed as an Independent Non-executive Director since 27 November 2013 and is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Shum possesses over 40 years of experience in the retailing and distribution of luxurious goods. He was instrumental in the establishment and expansion of the renowned French leather good brand Longchamp in the Asia Pacific region and has served as the Chairman of the Asia Pacific region of the brand Longchamp since 1978.

**Mr. Wah Wang Kei Jackie**, aged 59, has been appointed as an Independent Non-executive Director since 27 November 2013 and is a member of the Audit Committee and the chairman of the Remuneration Committee.

Mr. Wah graduated from The University of Hong Kong in 1990 and was qualified as a solicitor in 1992. Up until 1997, he was a partner of a Hong Kong law firm. He was previously an executive director and the company secretary of CST Group Limited (formerly known as NetMind Financial Holdings Limited) (HKSE: 985) before his resignation on 30 June 2023.

**Ms. Ma Yin Fan**, aged 62, has been appointed as an Independent Non-executive Director since 20 June 2025 and is the chairlady of the Audit Committee and a member of each of the Nomination Committee and Remuneration Committee.

Ms. Ma is a CPA (Practising) in Hong Kong and has been working in the auditing, accounting and taxation areas with more than 20 years of professional experience. She is the principal of Messrs. Ma Yin Fan & Company CPAs. Ms. Ma is a fellow of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in the England and Wales, The Taxation Institute of Hong Kong, the Association of Chartered Certified Accountants, and a chartered secretary, chartered governance professional and fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Ma obtained a bachelor's degree with honours in accounting from Middlesex University in the United Kingdom. She is also awarded the Master of Business Administration and Master in Professional Accounting degree from Heriot-Watt University in the United Kingdom and The Hong Kong Polytechnic University respectively.

Ms. Ma is currently an independent non-executive director of CSC Holdings Limited (SEHK stock code: 235). Ms. Ma was also an independent non-executive director of CST Group Limited (former SEHK stock code: 985) until 5 December 2023.

# Biographies of Directors and Senior Management

## SENIOR MANAGEMENT

**Mr. Chan Chun Yeung Darren**, aged 44, joined the Group as financial controller in June 2020, currently serves as the chief financial officer of the Company.

Previously, Mr. Chan has held positions of executive director, financial controller, company secretary, authorised representative and compliance officer in two different Hong Kong listed companies. He has around 20 years of working experience in accounting and finance. He is also knowledgeable in corporate governance and company secretarial matters. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Hong Kong Chartered Governance Institute (“HKCGI”) and The Chartered Governance Institute. He graduated from the University of British Columbia earlier with a Bachelor of Commerce degree and later from the Hong Kong Polytechnic University with a Master of Corporate Governance degree.

**Ms. Liu Li-jun**, aged 55, joined the Group in December 2014, currently serves as the general manager of Shenyang Park Outlets and Xiamen Park Outlets.

Ms. Liu has 35 years of experience in business operation and management. She possesses extensive experience and practical skills in luxury product distribution and management, administration, property and human resources management. Since 2016, she has been responsible for the overall operation of Shenyang Park Outlets. Under her stewardship, Shenyang Park Outlets was awarded various honours. She graduated from the School of Continuing Education, Northeastern University major in financial management.

**Mr. Cheng Chun Lung**, aged 26, joined the Group in August 2020, currently serves as vice president for Business Development. He oversees the Group’s Investment and Business Development projects worldwide and heads the Group’s Japanese sake brewery’s sales and operations. Prior to joining the group, he has gained experience in the garment manufacturing industry with ITOCHU Corporation as well as FMCG sales and marketing with Japan Tobacco International.

Mr. Cheng graduated with a Bachelor of Science degree in Physics with Theoretical Physics from Imperial College London in the United Kingdom. He is the son of Mr. Cheng Tun Nei, the Chairman and an Executive Director, and the nephew of Mr. Lee Cheung Ming, an Executive Director.

**Mr. Yeh Tung-ming**, aged 60, joined the Group in September 2017, currently serves as the general manager of Chongqing Metro No. 3 Mall.

Mr. Yeh has over 35 years of experience in business operation and management. He possesses extensive experience in retail management, including department stores, shopping malls and commercial properties. He graduated from China Maritime College in the discipline of ocean science.

**Ms. Xu Qiang**, aged 48, joined the Group in March 2018, currently serves as the general manager of Tianjin Metro No. 9 Mall.

Ms. Xu has been engaged in commercial services and management for 20 years, possessing extensive experience in approaching clients for and operation of shopping malls, marketing and property management. She graduated from Liaoning University major in business administration.

# Biographies of Directors and Senior Management

**Mr. Tsui Shing Lung Eric**, aged 49, joined the Group in February 2011 and is currently the general manager of Supremium Bio-Technology Limited, the healthcare products business of the Group.

Mr. Tsui possesses over 25 years of operations and management experience in retail, wholesale, manufacturing and business development across various industries including consumer electronics, duty-free goods and healthcare products in the PRC, Taiwan and Hong Kong. He holds a Diploma of Business Management from Hong Kong Baptist College (now known as Hong Kong Baptist University).

**Mr. Toshiya Shimada**, aged 60, joined the Group in February 2021, currently serves as the chief strategy officer of “SKINS”, mainly responsible for the overall strategies and manufacturing functions for “SKINS”.

He graduated from Kobe University of Commerce and started his career with ITOCHU Corporation in 1988. For over 35 years he has been specialising in garment manufacturing and brand marketing aspects, Mr. Shimada had been working as heads of different sections/branches of ITOCHU companies in Japan, the United States and Korea.

**Mr. Wan Shing Lung**, aged 50, joined the Group in January 2020, currently serves as the General Manager of China Rise Securities Asset Management Company Limited (“**China Rise Securities Asset Management**”, a subsidiary of the Company). Mr. Wan is also one of the licensed responsible officers in respect of Type 1 (Dealing in securities), Type 4 (Advising on securities) and Type 9 (Asset management) regulated activities under the SFO for China Rise Securities Asset Management.

Mr. Wan possesses over 20 years of management and operation experience in finance industry, as well as acting as representatives and responsible officers in respect of regulated activities under the SFO for various securities firms. He graduated with a Bachelor of Business degree in Finance and Economics from The University of Wollongong in Australia.

**Mr. Fung Wang Yuen**, aged 45, joined the Group in September 2019, currently serves as the Chief Investment Officer of China Rise Securities Asset Management. Mr. Fung is also one of the licensed responsible officers in respect of Type 1 (Dealing in securities), Type 4 (Advising on securities) and Type 9 (Asset management) regulated activities under the SFO for China Rise Securities Asset Management.

Mr. Fung possesses over 15 years of working experience in financial analysis, as well as acting as representatives in respect of regulated activities under the SFO for securities firms. He graduated with a Bachelor of Science degree in Applied Chemistry from Hong Kong Baptist University.

**Mr. Tam Sik Wai**, aged 30, joined the Group in January 2023 and is currently the company secretary of the Company.

Mr. Tam holds a degree of Master of Corporate Governance from The Open University of Hong Kong (currently known as Hong Kong Metropolitan University). Mr. Tam is an associate member of each of The Chartered Governance Institute and HKCGI. Mr. Tam is also a holder of the Practitioner’s Endorsement issued by HKCGI. Prior to joining the Group, he worked in a professional firm providing regulatory compliance, corporate governance and company secretarial services to listed and non-listed corporations and served as the company secretary of a company listed on the Stock Exchange.

# Directors' Report

The Directors would like to present the Annual Report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group mainly consist of:

- Branding: (i) development and management of “SKINS” trademarks; and (ii) sourcing, manufacturing and trading of healthcare products in Hong Kong; and (iii) distribution of Japanese wine;
- Retailing: (i) property investment and holding; and (ii) management and operation of outlet malls; and
- Financial services: provisions of securities brokerage, margin financing, money lending and financial consultancy services.

The principal activities of the Company's principal subsidiaries are set out in Note 45 to the consolidated financial statements and an analysis of the performance of the Group for the Year by operating segments is set out in Note 6 to the consolidated financial statements.

## BUSINESS REVIEW

A fair review of the business of the Group including the challenges faced and ways to tackle them together with a discussion of the Group's future development are provided in the Chairman's Statement on pages 3 to 4 and Management Discussion and Analysis on pages 5 to 9 of the Annual Report. An analysis of the Group's performance during the Year is included in the Management Discussion and Analysis on pages 5 to 9. A description of the financial risks including but not limited to foreign currency risk, interest rate risk, credit risk, liquidity risk, equity price risk could be found in the Management Discussion and Analysis on pages 5 to 9 and Note 38 to the consolidated financial statements. A discussion of the Group's environmental policies and performance is provided in the ESG Report on pages 39 to 78 of this Annual Report. The above sections form part of the Report of Directors.

## RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income on pages 85 to 86 of the Annual Report.

The Board recommended the payment of a final dividend of HKD0.005 (2024: HKD0.005) per Share to the Shareholders in respect of the Year, in total of approximately HKD14,871,000 (2024: approximately HKD14,871,000). The final dividend proposed after the end of reporting period was not reflected as dividend payable in the consolidated financial statements as at 31 December 2025 and 2024.

The proposed final dividend is expected to be paid on or about 7 September 2026 to the Shareholders whose names appear on the register of members of the Company at the close of business on 14 August 2026. The payment of dividend is subject to the approval of Shareholders at the Annual General Meeting to be held on 12 June 2026.

To the knowledge of the Company, as at 31 December 2025, there was no arrangement under which a Shareholder had waived or agreed to waive any dividends.

## PROPERTY, PLANT AND EQUIPMENT

The Group's leasehold land and buildings were revalued at 31 December 2025. The revaluation resulted in a surplus of approximately HKD22.7 million which was credited directly to the properties revaluation reserve.

Details of movements during the Year in property, plant and equipment of the Group are set out in Note 14 to the consolidated financial statements.

## FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out on pages 214 to 215 of the Annual Report.

## INVESTMENT PROPERTIES

The Group's investment properties (including investment properties in assets classified as held for sale) as at 31 December 2025 were fair valued by an independent firm of professional property valuers. The net decrease in fair value of approximately HKD31.9 million was debited directly to profit or loss.

Details of movements in the investment properties of the Group during the Year are set out in Note 15 to the consolidated financial statements.

## SHARE CAPITAL

Details of movements in share capital of the Company during the Year are set out in Note 34 to the consolidated financial statements.

## BONUS WARRANT

On 18 March 2016, the Company announced a proposed bonus issue of warrants on the basis of one warrant for every five shares held on the record date (i.e. 17 June 2016). On 6 July 2016, approximately 539,733,000 units of warrants were issued. Each warrant entitles the holder thereof to subscribe in cash for one share at the initial subscription price of HKD1.00 per share subject to adjustments. The warrants are exercisable at any time during a period of three years commencing from the date of issue of the warrants (i.e. 6 July 2016). Details of the bonus warrants are disclosed in the Company's circular dated 29 April 2016.

On 5 July 2019, the subscription right to exercise the warrants for subscribing the shares of the Company granted to its qualifying shareholders was expired.

## RESERVES

Details of movements in the reserves of the Company during the Year are set out in the consolidated statement of changes in equity on pages 89 to 90 of this Annual Report and Note 36 of the consolidated financial statements.

# Directors' Report

## DISTRIBUTABLE RESERVES OF THE COMPANY

The reserves of the Company available for distribution to the Shareholders as at 31 December 2025 and 2024 were as follows:

	2025 HKD'000	2024 HKD'000
Share premium	1,071,657	1,071,657
Contributed surplus	586,774	586,774
Accumulated loss	(404,500)	(338,626)
	<b>1,253,931</b>	1,319,805

Under the Companies Act 1981 of Bermuda (as amended), the balances in a company's contributed surplus and share premium accounts are available for distribution. However, the company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

- (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the assets of the Company would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The Company's share premium account may be applied to pay up unissued Shares to be issued to the Shareholders as fully paid bonus shares.

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

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## SHARE OPTION SCHEME

A share option scheme (the "**2023 Scheme**") was adopted by the Company on 23 June 2023 to continue to provide incentives and/or rewards to the participants, by way of granting options. The 2023 Scheme will remain in force for a period of 10 years commencing from the adoption date to give participants with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and its shares for the benefit of the Company and the shareholders as a whole.

Under the 2023 Scheme, the Directors may at their discretion grant options to eligible participants ("**Eligible Participants**") including:

- (i) the directors, chief executive and employees of the Company or any of its subsidiaries;
- (ii) the directors, chief executive and employees of the holding companies, fellow subsidiaries or associated companies of the Company; and

## SHARE OPTION SCHEME *(Continued)*

(iii) any person(s) (whether a natural person, a corporate entity or otherwise) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interest of the long-term growth of the Group, including (a) suppliers of services to any member of the Group; and (b) advisors (professional or otherwise) or consultants to any area of business or business development of any member of the Group, but for the avoidance of doubt excludes placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity ("**Service Providers**").

As at the date of this Annual Report, the total number of Shares which may be issued upon the exercise of all options to be granted under the 2023 Scheme and all options and awards to be granted under any other share option scheme(s) and share award scheme(s) of the Company shall not exceed 297,422,523, representing approximately 10.0% of the issued Shares ("**Scheme Mandate Limit**"). Within the Scheme Mandate Limit, the total number of Shares which may be issued upon exercise of all options to be granted to Service Providers shall not exceed 29,742,252 Shares, representing approximately 1.0% of the total issued Shares ("**Service Provider Sublimit**").

The total number of Shares issued and to be issued upon exercise of the options and awards granted to each Eligible Participant or grantee (including exercised and outstanding options but excluding any options and awards lapsed in accordance with the terms of such schemes) in any 12-month period up to the date of grant shall not exceed 1% of the total issued Shares at the date of grant ("**Individual Limit**"). Where it is proposed that any offer is to be made to an Eligible Participant (or where appropriate, an existing grantee) which would result in the Shares issued and to be issued upon exercise of all options and awards granted and to be granted to such person (including exercised, cancelled and outstanding options and awards) in the 12-month period up to and including the relevant date of grant to exceed his, her or its Individual Limit, such offer and any acceptance thereof must be conditional upon approval by the Shareholders in the general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting.

The offer of a grant of options may be accepted within 30 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 options granted is determined by the Board, save that such a period shall not be more than 10 years from the date of offer of the options subject to the provisions for early termination as set out in the 2023 Scheme.

Unless otherwise determined by the Board at its sole discretion, an option must be held by the Option Holder for at least 12 months before the Option can be exercised.

The exercise price of the options is determinable by the Board, but shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the options which must be a trading day; and
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer.

No options have been granted under the 2023 Scheme since its adoption. The remaining life of the scheme is 7 years.

# Directors' Report

## SHARE OPTION SCHEME *(Continued)*

During the Year and the Comparable Year, no share option was granted, exercised, cancelled, or lapsed and as at the date of this Annual Report, there was no outstanding share option under the 2023 Scheme adopted by the Company.

The number of options available for grant under the Scheme Mandate Limit of the 2023 Scheme as at 1 January 2025 and 31 December 2025 were 297,422,523 and 297,422,523 respectively. The number of options available for grant under the Service Provider Sublimit of the 2023 Scheme as at 1 January 2025 and 31 December 2025 were 29,742,252 and 29,742,252 respectively.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## TAX RELIEF

As at 31 December 2025, according to the laws of Bermuda, holders of listed securities of the Company are not entitled to tax relief for their status as the holder of such securities.

## EQUITY-LINKED AGREEMENTS

Other than the 2023 Scheme, no equity-linked agreements that will or may result in the Company issuing shares or requiring the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the Year or subsisted at the end of the Year.

Details of the 2023 Scheme are set out in the section headed "Share Option Scheme" in this Annual Report.

## DIRECTORS

The Directors of the Company during the Year and up to the date of the Annual Report were:

### Executive Directors

Mr. Cheng Tun Nei (*Chairman & Chief Executive Officer*)  
Mr. Chan Kar Lee Gary  
Mr. Lee Cheung Ming  
Ms. Fung Kim Wan Ewim

### Independent Non-executive Directors

Mr. Shum Pui Kay  
Mr. Wah Wang Kei Jackie  
Mr. Chow Yu Chun Alexander (*retired on 20 June 2025*)  
Ms. Ma Yin Fan (*appointed on 20 June 2025*)

The Directors' biographical details are set out in the section headed "Biographies of Directors and Senior Management" in this Annual Report.

Information regarding Directors' emoluments is set out in Note 11 to the consolidated financial statements. An annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules has been received from each of the Independent Non-executive Directors. The Company considered that all the Independent Non-executive Directors were independent, and that no family, material or other relevant relationships existed between any of them. In addition, save as disclosed in the Directors' biographies, none of the Directors was related to any of the others.

## DIRECTORS' SERVICE CONTRACT

All the Executive Directors have respectively entered into a service contract with the Group.

None of the Directors who are proposed for re-election at the Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

## MANAGEMENT CONTRACTS

During the Year, no contract concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed.

## PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every Director shall be entitled to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she shall or may incur or sustain in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that the indemnity shall not extend to any matter in respect of their own fraud or dishonesty.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the Year and up to the date of this Annual Report.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

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

### Long positions in the Shares

Director	Capacity/ Nature of interest	Number of ordinary shares held	Total number of ordinary shares held	Approximate percentage of the issued share capital
Cheng Tun Nei ("Mr. Cheng")	Beneficial owner Interest in a controlled corporation	179,320,000 1,136,790,000	1,316,110,000 (Note 1)	44.25%
Chan Kar Lee Gary	Beneficial owner	11,000,000	11,000,000	0.37%
Lee Cheung Ming ("Mr. Lee")	Beneficial owner Interest of spouse	91,050,000 2,000,000	93,050,000 (Note 2)	3.13%
Fung Kim Wan Ewim	Beneficial owner	57,040,000	57,040,000	1.92%
Shum Pui Kay	Beneficial owner	10,000,000	10,000,000	0.34%

# Directors' Report

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES** *(Continued)*

### **Long positions in the Shares** *(Continued)*

*Notes:*

1. Mr. Cheng owned the entire issued share capital of Goldsilk Capital Limited ("**Goldsilk**"). As at 31 December 2025, Goldsilk was directly interested in 1,136,790,000 Shares. Together with his direct interest as beneficial owner of 179,320,000 Shares, Mr. Cheng was deemed to be interested in 1,316,110,000 Shares in total.
2. Mr. Lee was directly interested in 91,050,000 Shares and he was deemed to be interested in 2,000,000 Shares held by his spouse. He was thus deemed to be interested in 93,050,000 Shares in total.

Save as disclosed above, (1) none of the Directors or chief executives of the Company or their associates had or was deemed to have any interests or short positions in the shares of the Company, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code; and (2) none of the Directors of the Company or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right during the Year.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed in this Annual Report, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the Year or at the end of the Year.

## **DIRECTORS'/CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

Save as disclosed in this Annual Report, no transactions, arrangements or contracts that are significant to the Group's business to which any of its subsidiaries was a party and in which a Director or controlling shareholder of the Company or his/her/its connected person had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

None of the Directors and their respective close associates has any competing interests which need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, the following interests and short positions of 5% or more of the issued share capital and underlying shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

### Long positions in the Shares

Shareholder	Capacity/ Nature of interest	Number of ordinary shares held	Total number of ordinary shares held	Approximate percentage of the issued share capital
Mr. Cheng	Beneficial owner Interest in a controlled corporation	179,320,000 1,136,790,000	1,316,110,000 (Note 1)	44.25%
Goldsilk	Beneficial owner	1,136,790,000	1,136,790,000 (Note 1)	38.22%
Or Ching Fai ("Mr. Or")	Beneficial owner Interest held jointly with another person	274,000,000 120,000,000	394,000,000 (Note 2)	13.25%
Wong Lai Ning ("Madam Wong")	Interest held jointly with another person Interest of spouse	120,000,000 274,000,000	394,000,000 (Note 2)	13.25%

Notes:

- As at 31 December 2025, Goldsilk was directly interested in 1,136,790,000 Shares and Goldsilk is wholly owned by Mr. Cheng. Together with his direct interest as beneficial owner of 179,320,000 Shares, Mr. Cheng was thus deemed to be interested in 1,316,110,000 Shares.
- As at 31 December 2025, Mr. Or was directly interested in 274,000,000 Shares and he also held 120,000,000 Shares jointly with his spouse, Madam Wong. Therefore, Mr. Or and Madam Wong were deemed to be interested in 394,000,000 Shares.

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under section 336 of the SFO as having interests or short positions in the Shares or underlying shares of the Company as at 31 December 2025.

## CHARITABLE DONATIONS

During the Year, the Group made charitable and other donations totaling approximately HKD38,000 (2024: approximately HKD62,000).

# Directors' Report

## EMOLUMENT POLICY

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the Executive Directors are reviewed by the Remuneration Committee and determined by the Board, having regard to the Group's operating results, individual performance and prevailing market condition. The emoluments of the Independent Non-executive Directors are reviewed by the Remuneration Committee and determined by the Board.

No Director or any of his or her associates was involved in deciding his or her own remuneration.

## PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float throughout the Year and up to the date of this Annual Report.

## CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 26 to 38 of the Annual Report.

## MAJOR CUSTOMERS, SUPPLIERS AND DISTRIBUTORS

During the Year, sales to the Group's five largest customers accounted for approximately 9% (2024: approximately 12%) of the total sales for the Year and sales to the largest customer included therein amounted to approximately 2% (2024: approximately 3%). The Group's five largest suppliers accounted for approximately 77% (2024: approximately 70%) of the Group's total purchases and amount which approximately 47% (2024: approximately 34%) is attributed to the largest supplier for the Year.

The Group's largest supplier that accounts for approximately 47% of the total purchases is a supplier of compression apparel products based in Hong Kong.

To the best knowledge of the Directors, none of the Directors or any of their close associates or any Shareholders who holds more than 5% of the Shares has any interests in the customers and suppliers disclosed above.

We are committed to offer a broad and diverse range of life-style, value-for-money and good quality products with our brands to our customers. We stay connected with our customers through maintaining VIP database, ongoing communications, telephone, emails, marketing materials and social media. Training are also provided to sales personnel to provide quality and value-added customer services.

In addition, the Group will continue to widen the customer base by utilizing and maximizing current network.

We have developed long-standing relationships with our suppliers and take great care to ensure that they share our commitment to quality and ethics. We carefully select and assess our suppliers through track record, experience, reputation and ability to provide quality products.

We distribute certain products to end customers through third-party distributors. We work with our distributors like business partners and ensure that they also share our view for upholding brand value and customer services, specifically focusing on attracting and retaining customers in order to drive sales growth. We also monitor regularly the financial position and repayment history of these distributors and their sales performance.

## CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group entered into the following transactions which constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules:

- (i) On 30 December 2024, a margin financing agreement was entered into between Mr. Cheng Tun Nei ("**Mr. Cheng**") (a director and a substantial shareholder of the Company) together with Goldsilk Capital Limited ("**Goldsilk**") (a company wholly-owned by Mr. Cheng) and China Rise Securities Asset Management Company Limited ("**China Rise**") (an indirect wholly-owned subsidiary of the Company), pursuant to which China Rise agreed to grant Mr. Cheng (together with Goldsilk) the margin loan amount of up to HKD15,000,000 for a fixed term of three years commencing from 1 January 2025 to 31 December 2027. Details of which are disclosed in the Company's announcement dated 30 December 2024.

The maximum outstanding balance of margin loans provided by China Rise to Mr. Cheng (together with Goldsilk) during the Year was approximately HKD14.8 million.

- (ii) On 30 December 2024, a margin financing agreement was entered into between Ms. Fung Kim Wan Ewim ("**Ms. Fung**") (a director of the Company) and China Rise, pursuant to which China Rise agreed to grant Ms. Fung the margin loan amount of up to HKD10,000,000 for a fixed term of three years commencing from 1 January 2025 to 31 December 2027. Details of which are disclosed in the Company's announcement dated 30 December 2024.

The maximum outstanding balance of margin loans provided by China Rise to Ms. Fung during the Year was approximately HKD9.0 million.

- (iii) On 30 December 2024, a margin financing agreement was entered into between Mr. Lee Cheung Ming ("**Mr. Lee**") (a director of the Company) and China Rise, pursuant to which China Rise agreed to grant Mr. Lee the margin loan amount of up to HKD15,000,000 for a fixed term of three years commencing from 1 January 2025 to 31 December 2027. Details of which are disclosed in the Company's announcement dated 30 December 2024.

The maximum outstanding balance of margin loans provided by China Rise to Mr. Lee during the Year was approximately HKD12.3 million.

The transactions disclosed under paragraphs (i) to (iii) adhere to the margin financing policy of a subsidiary of the Company, which is defined as per guidance from the SFC. All transactions (including but not limited to exposure limit and margin loan outstanding) are subject to review and monitoring on a daily basis by the responsible officer of such subsidiary, whereby margin calls if any shall be followed up with remedial action accordingly.

Save as disclosed above, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The Independent Non-executive Directors have reviewed the above continuing connected transactions and have confirmed that the continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and are in the interests of the Shareholders as a whole.

BDO Limited, the Company's auditor, was engaged to report on the Group's disclosed 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" issued by the Hong Kong Institute of Certified Public Accountants. BDO Limited has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

# Directors' Report

## RELATED PARTY TRANSACTIONS

With respect to the related party transactions as disclosed in Note 43 to the consolidated financial statements, all transactions (save as disclosed) which also constitute connected transactions or continuing connected transactions are fully exempted connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Company has complied with the applicable disclosure requirements under Chapter 14A of the Listing Rules in relation to any connected transactions and continuing connected transactions.

## MARKET CAPITALISATION

As at the end of the Year, the market capitalisation of the listed securities of the Company was approximately HKD4,580,306,858.82 based on the total number of 2,974,225,233 issued shares of the Company and the closing price of HKD1.54 per share on 31 December 2025 (the last trading day of the Year).

## BORROWINGS

Particulars of borrowings of the Group as at 31 December 2025 are set out in Note 30 to the consolidated financial statements.

## PLEDGE OF ASSETS

Details of the pledge of assets of the Group are set out in Note 30 to the consolidated financial statements.

## RETIREMENT BENEFITS PLANS

Details of the Group's retirement benefits plans are set out in Note 42 to the consolidated financial statements.

## CLOSURE OF REGISTER OF MEMBERS

- (1) The Annual General Meeting is scheduled to be held on Friday, 12 June 2026. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 8 June 2026 to Friday, 12 June 2026 (both days inclusive), during which period no transfer of shares of the Company will be registered. Shareholders whose names appear on the register of members of the Company on 12 June 2026 will be entitled to attend and vote at the Annual General Meeting. In order for a Shareholder to be eligible to attend and vote at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 5 June 2026.
- (2) For determining the entitlement to the final dividend for the Year, the register of members of the Company will be closed from Monday, 10 August 2026 to Friday, 14 August 2026 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a shareholder of the Company to qualify for the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 7 August 2026.

# Directors' Report

## AUDITOR

The financial statements have been audited by BDO Limited who will retire, and being eligible, offer themselves for reappointment. A resolution will be proposed at the Annual General Meeting to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

**Cheng Tun Nei**

*Chairman*

Hong Kong, 31 March 2026

# Corporate Governance Report

The Company firmly believes in the value and importance of achieving high standard of corporate governance through transparency, independence and accountability, as well as an effective risk and internal control system. With the merger and acquisition of new businesses, the corporate governance system is constantly reviewed, meticulously re-assessed and necessarily updated at appropriate time, by the Board to ensure that shareholders' and stakeholders' interests are safeguarded.

## CORPORATE GOVERNANCE PRACTICE

The Company has complied with the code provisions of the CG Code as set out in Appendix C1 to the Listing Rules throughout the Year except for the following deviations:

- Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Cheng Tun Nei (“**Mr. Cheng**”) currently serves as both the Chairman and Chief Executive Officer of the Company. In view of the evolving business environment in which the Group operates, the Board is of the view that vesting the roles of both the Chairman and Chief Executive Officer of the Company on Mr. Cheng will provide the Group with strong and consistent leadership while enabling more effective and timely business planning and decision-making process.
- Pursuant to code provision B.2.4(b) of the CG Code, if all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at the forthcoming annual general meeting for the financial year commencing on or after 1 January 2023. During the period from 15 December 2023 to 19 June 2025, all independent non-executive Directors had served on the Board for more than nine years. Upon the appointment of Ms. Ma Yin Fan as an independent non-executive Director on 20 June 2025, the Company re-complied with code provision B.2.4(b) of the CG Code hereafter.

## SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, each of them confirmed his compliance with the required standard set out in the Model Code for the Year.

Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code.

## DIRECTORS AND OFFICERS LIABILITY INSURANCE

Promoting good corporate governance and managing enterprise-wide risk is a priority of the Company. The Company is convinced that corporate governance and Directors and Officers Liability Insurance (the “**D&O Insurance**”) complement each other. The Company has arranged appropriate D&O Insurance coverage on Directors' and officers' liabilities in respect of legal actions against directors and senior management arising out from corporate activities. The D&O Insurance will be reviewed and renewed annually.

# Corporate Governance Report

## BOARD OF DIRECTORS

### Board Composition

The Board currently comprises seven members, consisting of four Executive Directors and three Independent Non-executive Directors. They include persons with a wealth of practical experiences in securities and financing, investment, business management, sales, distribution and management in fast-moving consumer goods, properties management and legal profession. There is a balance of skills and experiences appropriate for the requirements of the business of the Company. The composition of the Board complies with Rules 3.10 and 3.10A of the Listing Rules. The current composition of the Board is set out as follows:

#### **Executive Directors**

Mr. Cheng Tun Nei (*Chairman & Chief Executive Officer*)

Mr. Chan Kar Lee Gary

Mr. Lee Cheung Ming

Ms. Fung Kim Wan Ewim

#### **Independent Non-Executive Directors**

Mr. Shum Pui Kay

Mr. Wah Wang Kei Jackie

Mr. Chow Yu Chun Alexander (*retired on 20 June 2025*)

Ms. Ma Yin Fan (*appointed on 20 June 2025*)

Mr. Lee Cheung Ming, an Executive Director, is the brother-in-law of Mr. Cheng Tun Nei, the Chairman of the Board. The biographical details of the Directors are set out in the section of “Biographies of Directors and Senior Management” on pages 10 to 13 of this Annual Report.

### Roles and Responsibilities

The Board is responsible for leading, directing and supervising the Group’s affairs to enable the long-term success of the Group. It sets strategic objectives with focus on value creation and risk management. It also ensures the adequacy of resources, staff qualifications and experience for achieving internal control and transparency requirements.

The Board has established a set of board diversity policy setting out the approach to achieve diversity on the Board aiming at enhancing its effectiveness and corporate governance as well as achieving our business objectives and sustainable development. Board diversity has been considered from a number of aspects, including but not limited to age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The current Board consists of a diverse mix of Board members appropriate to the requirement of the business of the Company.

Executive Directors are involved in the day-to-day operations of the Group. Independent Non-executive Directors are involved in scrutinising the Group’s performance in achieving agreed corporate goals and objectives and monitor performance reporting process. As they are not involved in the daily management of the Group, they bring an independent judgment to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. Their presence helps to enhance the Board’s balance of skills, experience and diversity of perspectives.

# Corporate Governance Report

## BOARD OF DIRECTORS *(Continued)* Roles and Responsibilities *(Continued)*

The Board has delegated the authority and responsibility for implementing business strategy and managing day-to-day administration and operations of the Group's business to the Chief Operating Officer and the senior management. While granting management with substantial autonomy to run and develop the business, the Board is proactive in reviewing the results of the delegated functions and work tasks on an ongoing basis.

All Board members have separate and independent access to the Company's management to fulfil their duties, and upon reasonable request, to seek independent professional advice under appropriate circumstances and at the Company's expenses. All Directors also have access to the company secretary who is responsible for ensuring that the Board procedures, and all applicable rules and regulations, are followed. Board meetings are structured so as to encourage open discussion, frank debate and active participation by Directors in meetings. The Company provides the Board with such information and explanations as are necessary to enable Directors to make an informed assessment of the financial and other information put before the Board. Queries raised by Directors are answered fully and promptly. Meeting agenda accompanied by the relevant Board/committee papers are distributed to the Directors/committee members with reasonable notice in advance of a Board meeting. Minutes of board meetings and meetings of board committees, which recorded in sufficient detail the matters considered by the Board and decisions reached thereat, including any concerns raised or dissenting views expressed by any Director, are kept by the company secretary and open for inspection by the Directors.

## Attendance Records

Details of the attendance of the Board members are as follows:

Directors	Number of meetings attended				
	Board Meeting	Annual General Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting
<b>Executive Directors</b>					
Mr. Cheng Tun Nei	4/4	1/1	N/A	N/A	1/1
Mr. Chan Kar Lee Gary	4/4	1/1	N/A	N/A	N/A
Mr. Lee Cheung Ming	4/4	1/1	N/A	N/A	N/A
Ms. Fung Kim Wan Ewim	4/4	1/1	N/A	N/A	N/A
<b>Independent Non-executive Directors</b>					
Mr. Shum Pui Kay	4/4	1/1	2/2	1/1	1/1
Mr. Wah Wang Kei Jackie	4/4	1/1	2/2	1/1	1/1
Mr. Chow Yu Chun Alexander <i>(retired on 20 June 2025)</i>	1/1	1/1	1/1	1/1	N/A
Ms. Ma Yin Fan <i>(appointed on 20 June 2025)</i>	3/3	N/A	1/1	N/A	N/A

# Corporate Governance Report

## BOARD OF DIRECTORS *(Continued)*

### Continuous Professional Development

Every newly appointed Director will receive briefing and professional development so as to ensure that he has appropriate understanding of the Group's business and of his duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements.

Ms. Ma Yin Fan had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 20 June 2025 before her appointment became effective, and she had confirmed that she understood her obligations as a director of a listed issuer.

The Company also provides regular updates and presentation on the business development of the Group. The Directors are regularly briefed on the latest development of the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices. All Directors are encouraged by the Company to participate in continuous professional development to develop and refresh their professional knowledge and skills.

To enable them to be kept abreast of the latest changes in the business, legal and regulatory environment in which the Group conducts its business, the Company provides continuous professional training to Directors through circulating Stock Exchange and regulatory updates to Directors.

Directors	Directors' Training*
<b>Executive Directors</b>	
Mr. Cheng Tun Nei	✓
Mr. Chan Kar Lee Gary	✓
Mr. Lee Cheung Ming	✓
Ms. Fung Kim Wan Ewim	✓
<b>Independent Non-executive Directors</b>	
Mr. Shum Pui Kay	✓
Mr. Wah Wang Kei Jackie	✓
Mr. Chow Yu Chun Alexander <i>(retired on 20 June 2025)</i>	✓
Ms. Ma Yin Fan <i>(appointed on 20 June 2025)</i>	✓

\* including regular information updates and reading materials relating to regulatory updates

### Independence of Non-executive Directors

The Company confirms that the Board has received from each of the Independent Non-executive Directors, namely, Mr. Shum Pui Kay, Mr. Wah Wang Kei Jackie and Ms. Ma Yin Fan, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and, having taken into account the factors as set out in Rule 3.13 of the Listing Rules in assessing the independence of Independent Non-executive Directors, the Company considers that all Independent Non-executive Directors are independent.

### Appointment and Re-election of Directors

Under the Bye-laws of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation and re-election at least once every three years.

# Corporate Governance Report

## **BOARD OF DIRECTORS** *(Continued)*

### **Appointment and Re-election of Directors** *(Continued)*

Each of the executive Directors, Mr. Cheng Tun Nei, Mr. Chan Kar Lee Gary, Mr. Lee Cheung Ming and Ms. Fung Kim Wan Ewim has entered into a service contract with the Group and is subject to the requirement to retire by rotation at least once every three years.

All Independent Non-executive Directors of the Company were not appointed for a specific term but are subject to the requirement to retire by rotation at least once every three years.

## **CHAIRMAN AND CHIEF EXECUTIVE**

The Chairman is responsible for the management of the Board and external corporate communication whereas the chief executive is responsible for the day-to-day operation, among other matters, the implementation of overall strategy and direction set by the Board.

Mr. Cheng Tun Nei currently serves as both the Chairman and Chief Executive Officer of the Company. In view of the evolving business environment in which the Group operates, the Board is of the view that vesting the roles of both the Chairman and Chief Executive Officer of the Company on Mr. Cheng will provide the Group with strong and consistent leadership while enabling more effective and timely business planning and decision-making process.

## **BOARD COMMITTEES**

The Board has established three committees namely the Audit Committee, the Remuneration Committee and the Nomination Committee with defined terms of reference, which are in line with the CG Code, for overseeing the respective aspects of the Company's affairs. All committees comprise a majority of Independent Non-executive Directors.

### **Audit Committee**

The Audit Committee was established in accordance with written terms of reference accessible on the websites of the Company and the Stock Exchange.

The Audit Committee oversees the audit process and provides an independent review of the effectiveness of the financial reporting process and the internal control procedures. The chairman of the Audit Committee possesses appropriate accounting or related financial management expertise as required under the Listing Rules.

The Audit Committee currently consists of three Independent Non-executive Directors. The chairlady of the committee is Ms. Ma Yin Fan and the members are Mr. Shum Pui Kay and Mr. Wah Wang Kei Jackie.

For the Year, the Audit Committee held two meetings and by way of the written resolutions to discuss and review with the external auditor and senior management for, inter alia, the interim and annual results of the Group and approve the appointment of internal audit and its scope of services. The work performed by the Audit Committee during the Year included: (i) discuss of the accounting principles and practices being adopted together with auditing and financial reporting matters; (ii) discuss of the nature and scope of the audit and determined the scope and extent of the interim review with the external auditor; (iii) review of the interim and annual financial statements of the Group, including true and fairness, integrity and significant financial reporting judgements contained therein; and (iv) review of and recommendations to the Board on the re-appointment of the external auditor after considering on the terms of engagement of the external auditor.

The Audit Committee also reviewed the risk management and internal control systems of the Group with an independent internal audit service provider for the Year. No material findings had been identified.

# Corporate Governance Report

## BOARD COMMITTEES *(Continued)*

### Audit Committee *(Continued)*

#### Auditor's Remuneration

A summary of remuneration paid to the external auditor of the Company, BDO Limited, for the audit services and non-audit services for the Year is as follows:

	2025 HKD'000
<b>Nature of services</b>	
Audit services	1,380
Non-audit services	140

The Group's external auditor is BDO Limited, their independence is a fundamental governance principle. The lead audit partner of BDO Limited is subject to rotation every seven years pursuant to the International Federation of Accountants rules on independence of external auditors. As part of the rotation, the current lead audit partner was first appointed for the 2021 financial year end audit. Significant non-audit services during the Year provided by external auditors included agreed-upon procedure services in relation to the interim financial statements.

#### Remuneration Committee

The Remuneration Committee was set up with written terms of reference posted on the websites of the Company and the Stock Exchange to assist the Board in achieving its objectives of attracting, retaining and motivating the highest calibre and experience needed to shape and execute the business strategies across the Group in order to maximise the shareholder value.

The Remuneration Committee currently consists of three Independent Non-executive Directors. The chairman of the Remuneration Committee is Mr. Wah Wang Kei Jackie and the members are Mr. Shum Pui Kay and Ms. Ma Yin Fan.

During the Year, the Remuneration Committee held one meeting and by way of written resolutions to consider and approve the following matters: (i) reviewed and recommended the remuneration packages of individual Executive Directors, considering the experience, qualifications, business performance, market practices and competitive market conditions, which the recommended remuneration package is performance-based and includes salaries, discretionary bonus and share options; (ii) made recommendations to the Board on the remuneration of Non-executive Directors; and (iii) reviewed and approved matters relating to share schemes under Chapter 17 of the Listing Rules. The Non-executive Directors are compensated fairly with reference to their effort and time dedicated to the Board.

Details of Director's and the five highest paid individuals (including the Directors) during the Year are set out in Note 11 to the consolidated financial statements.

During the Year, the remuneration of the senior management by band is set out below:

Remuneration Band	Number of persons
HKD500,000 or below	3
HKD500,001 to HKD1,000,000	5
HKD1,000,001 to HKD1,500,000	2

# Corporate Governance Report

## **BOARD COMMITTEES** *(Continued)*

### **Nomination Committee**

The Nomination Committee was established with written terms of reference accessible on the websites of the Company and the Stock Exchange and responsible for reviewing and providing recommendations to the Board on the nomination policy, evaluate and assess the optimal composition of the Board, considering the Group's strategies and objectives and take up a key role in recruitment of board members.

The Nomination Committee currently consists of one Executive Director and two Independent Non-executive Directors. The Nomination Committee is chaired by Mr. Cheng Tun Nei while Mr. Shum Pui Kay and Ms. Ma Yin Fan are the members.

During the Year, the Nomination Committee held one meeting and by way of written resolutions to consider and approve the following matters: (i) reviewed the structure, size and composition of the Board; (ii) assessed the independence of Independent Non-executive Directors; (iii) made recommendations to the Board on the renewal of service terms of individual Executive Directors; and (iv) made recommendations to the Board for the re-election of the retiring Directors at the annual general meeting of the Company held on 20 June 2025.

### ***Nomination and Appointment of Directors***

The nomination policy for the Directors is embedded in the Nomination Committee's terms of reference. The policy stipulates the nomination, appointment, re-appointment of Directors and the nomination procedures of the Company, which provides that in evaluating and selecting any candidate for directorship, the Nomination Committee shall consider the candidates' high ethical character with reputation for integrity, professional qualifications, skills, knowledge and experience, independence, diversity on the Board, willingness to devote adequate time to discharge the director's duties, any potential contributions the candidate can bring to the Board and such other perspectives that are appropriate to the Company's business.

During the Year, the Board reviewed its composition, the retirement and re-appointment of Directors. Save as Ms. Ma Yin Fan's appointment as an Independent Non-executive Director on 20 June 2025, no new Director was appointed.

## **COMPANY SECRETARY**

Mr. Tam Sik Wai ("**Mr. Tam**") has been appointed as the company secretary of the Company since 1 March 2023.

Mr. Tam confirms that he has complied with the requirements under Rule 3.29 of the Listing Rules.

## **CORPORATE GOVERNANCE FUNCTION**

In order to achieve enhanced corporate governance of the Company, the Board has committed to constantly review the Company's policies and practices on corporate governance, the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the code of conduct and compliance manual applicable to employees and the Directors, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report. During the Year, the Board performed the duties relating to corporate governance matters as aforementioned.

# Corporate Governance Report

## RISK MANAGEMENT AND INTERNAL CONTROLS

Risk identification and control is the Board's responsibility. When the Board pursues the Group's long-term strategic objectives, it also deals with internal control issues including the Group's risk appetite, risk and return trade-offs, risk management and internal control systems.

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

### Risk Identification

- Identifies risks that may potentially affect the Group's business and operations, the category of risks include but not limited to compliance risk, operational risk, media risk, legal risk, health, safety and environmental risk, market risk, financial risk and climate changes; and
- Through the daily communication between the Management and the business units, from bottom to top, and paying attention to the development and change of international and domestic political and economic situation, identify other risks that may have a potential impact on the Group's business and operation.

### Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact on the business and the likelihood of risk occurrence.

### Risk Response

- Prioritises the risks by comparing the results of the risk assessment;
- Determines the risk management strategies and internal control procedures to prevent, avoid or mitigate the risks;
- Strengthens the monitoring and warning function of the internal control and risk management systems continuously based on the result of risk assessment, including providing business with risk control rules and standards, business-based risk scenarios and coping strategies, customised solutions; and
- Provides different trainings according to the needs of different groups of people, including anti-fraud/anti-corruption training for key personnel, etc., promotion of compliance culture and enhance risk prevention awareness and risk alert capability of all staff.

### Risk Monitoring and Reporting

- Establishes hierarchical supervisory responsibilities in the Group to ensure that risk monitoring is objective and effective;
- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control procedures are in place;
- Revises the risk management strategies and internal control procedures in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

# Corporate Governance Report

## **RISK MANAGEMENT AND INTERNAL CONTROLS** *(Continued)*

Procedures are designed to identify and manage risks that might adversely impact the Group's business operations. Through the establishment of policies and internal guidelines such as the approval of detailed operational and financial reports, budgets and plans provided by the management of the business operations; inhouse code for the approval and control of expenditures; periodic review of actual results against budget or forecast; annual review by the Audit Committee of the ongoing work of the Group's internal audit and risk management functions, the effectiveness of the internal control systems is ensured.

An independent service provider was appointed to assist the Board to monitor the effectiveness of the risk management and internal control system of the Group. This Year, the service provider has reviewed the operating cycles of some of the Group's subsidiaries, including the revenue and receipt cycle, purchase cycle, inventory cycle, cash management and treasury cycle and human resources cycles of those selected subsidiaries, and made corresponding recommendations.

A risk management and internal control review report was submitted to the Audit Committee and the Board on a half-yearly basis so that remedial actions can be taken by formalizing management policies to manage external and internal risks in a systematic and timely manner.

Compliance procedures are in place to ensure adherence to the applicable laws, rules and regulations in particular, those with significant impact on the Group. As far as the Company is aware of, the Group has complied, in material respect, with the relevant rules and regulations promulgated by the relevant regulatory bodies to which the Group operates its business in and holds the relevant required licences for conducting certain licensed activities.

The Company is committed to achieving and maintaining the highest corporate cultures of openness, probity and accountability. Whistleblowing policy and anti-corruption policy are in place to create a system for the employees and business partners to report directly to the management in confidence for any serious concerns of the Company about suspected fraud, corruption and bribery and other improprieties. Investigations will be conducted according to procedures and the identity of whistleblower will be kept confidential. The Group will take accountability into practice according to the investigation results.

All Directors and those employees who could have access to, and monitor, the information of the Group, are responsible for making appropriate precautions to prevent abuse or misuse of such information. Employees of the Group are prohibited from using inside information for their own benefit. The Board is also vested with the responsibility to disseminate to the Shareholders and the public any inside information in the form of announcements, in accordance with the Listing Rules.

## **Internal Control Procedures for the Money Lending Business**

### ***Business model of the Money Lending Business***

The money lending business of the Group (the "**Money Lending Business**") offers both secured and unsecured loans to borrowers comprising individuals and corporations. The Money Lending Business generates revenue and profit by way of providing loans in returns to earn interest income from the borrowers. The key business processes are as follows:

- |                                 |   |
|---------------------------------|---|
| (i) Customer assessment:        | – Verification of borrower information, perform know-your-client procedures and preliminary loan assessment   |
| (ii) Loan approval:             | – Assessment of borrowers' creditability, recoverability and value of collateral (if any)<br>– Approval of loan applications in accordance to internal guidelines |
| (iii) Loan repayment follow-up: | – Monitoring of repayment status and update of internal records   |

# Corporate Governance Report

## **RISK MANAGEMENT AND INTERNAL CONTROLS** *(Continued)*

### **Internal Control Procedures for the Money Lending Business** *(Continued)*

#### **Major terms of loans granted, size and diversity of clients and concentration of loans on major clients**

To diversify the clients and lower the concentration of loans portfolio, the borrowers of the Money Lending Business included individuals and corporations from different industries. As at 31 December 2025, approximately 41% of the borrowers of the Money Lending Business was corporate borrowers and approximately 59% was individual borrowers. These borrowers mostly were acquired through referrals and introductions from the senior management of the Company.

As at 31 December 2025, all loans were secured by collateral, among which approximately 41% of the total loans receivable was due from the largest borrower.

#### **Internal Control Procedures**

The Money Lending Business has adopted a credit risk policy which includes compliance with the applicable laws and regulations, credit assessment on potential borrower and his/its assets, the credibility of the potential borrower, the necessity in obtaining collaterals, assessment for the use of proceeds and the source of repayment.

The following summary sets out the general guidelines to assess the credit worthiness and repayment ability of potential borrowers:

- (A) Identity proof – such as identity card and passport (for individuals) and business registration certificate, certificate of incorporation and the constitutional documents (for corporations) must be provided for verification;
- (B) Address proof – such as utility bills, bank/credit card statements or formal correspondence issued by a government or statutory body is required to be produced;
- (C) Repayment ability assessment – to assess and justify the repayment ability of the borrower, criteria such as availability of guarantor, the financial background of the borrower, and guarantor, where applicable and any other relevant information are to be considered; and
- (D) Credit worthiness assessment – For all borrowers, their creditability would be assessed before and after the loans are granted. Factors including but not limited to the applicant's background information, purpose of the loan, age of the applicant, encumbrances on the collateral, employment status and financial information of the applicant, liquidity and marketability of the collateral, shall be considered when conducting credit assessment. For corporations, online searches from data available from on the Companies Registry shall be conducted. For loans secured by properties, land search from data available from on the Hong Kong Land Registry shall be arranged as appropriate.

Based on the above procedures, the Group considers that the credit risk and the risk of breaching the relevant laws and regulations in connection with anti-money laundering or anti-terrorist financing of the Money Lending Business is relatively low. Nonetheless, the Money Lending Business has in place measures to mitigate the risk of money laundering or terrorist financing risk of potential borrowers' businesses, such as the nature and details of the business/occupation/employment of the potential borrower; the anticipated level and nature of the activity that is to be undertaken through the relationship, location of potential borrower; the expected source and origin of the funds to be used in the relationship; and the initial and ongoing source(s) of wealth or income.

# Corporate Governance Report

## **RISK MANAGEMENT AND INTERNAL CONTROLS** *(Continued)*

### **Internal Control Procedures for the Money Lending Business** *(Continued)*

#### **Internal Control Procedures** *(Continued)*

At each month end, the designated loan officer will check if there is overdue balances or late payment and perform a review on the loans portfolio and closely monitor the status and report to the senior management.

There would be internal discussions on a case-by-case basis on what recovery actions to be taken so that the Group could recover the most in a timely manner. Means like phones calls, seizure of collaterals, statutory demand letter and further legal actions would be discussed. Reminder letter and statutory demand letter will be issued to the borrower when consider appropriately if there is overdue repayment. Where appropriate, legal action would be initiated against the borrower for the recovery of the amount due and taking possession of the collateral pledged. Seizure of collaterals and realization of underlying collaterals would also be taken if necessary. Where appropriate, the Company will also petition to the court for winding-up of the borrower and/or guarantor.

## **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Directors are responsible for the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group, in accordance with accounting principles generally accepted in Hong Kong. The statement by the auditors of the Company about their responsibilities for the consolidated financial statements is set out in the "Independent Auditors' Report" contained in this Annual Report.

## **SHAREHOLDERS' COMMUNICATION**

The Board recognises the importance of maintaining an effective two-way communication with its stakeholders. The Company has adopted a shareholders communication policy (the "**Shareholders Communication Policy**") setting out the principles of the Company in relation to shareholders' communications, with the objectives of ensuring a transparent and timely communication with the Shareholders and the investment community via various means including but not limited to, publication of financial reports and announcements.

Information in relation to the Group is disseminated to the Shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents together with the latest corporate information and news are also made available on the websites of the Stock Exchange and the Company at [www.symphonyholdings.com](http://www.symphonyholdings.com).

The Company's general meetings are a valuable forum for the Board to communicate directly with the Shareholders and to answer questions that Shareholders may raise. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

To solicit and get feedback from Shareholders, the Company provides Shareholders with channels to express their views on matters affecting the Company including the Hong Kong Branch Share Registrar of the Company, Tricor Investor Services Limited, for enquiries on shareholdings and the company secretary of the Company for direct questions, request for publicly available information and provide comments and suggestions.

Investor/analysts briefings and media interviews, marketing activities for investors and specialist industry forums etc. will be attended (where necessary) in order to facilitate communication between the Company, Shareholders and the investment community.

The Board has reviewed the implementation and effectiveness of the Shareholders Communication Policy including steps taken at the general meetings, the handling of queries received (if any) and the multiple channels of communication and engagement in place, and considered that the Shareholders Communication Policy has been properly implemented during the Year and is effective.

# Corporate Governance Report

## CONSTITUTIONAL DOCUMENTS

During the Year, no change was made to the constitutional documents of the Company.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group realises the importance of environmental protection in pursuing long-term sustainability. In particular, the Group promotes water and energy saving, recycling of materials at its offices such as putting up notices in the restrooms and pantry reminding staff members to save water, switching off idle lightings, air-conditioning and electrical appliances. The Group also encourages the use of recycle papers and two-sided printing. The Group is committed to improving environmental sustainability and will closely monitor the performance. The ESG Report of the Company is included on pages 39 to 78 of the Annual Report.

## DIVERSITY

### Board Diversity Policy

The Board has established a set of board diversity policy (the “**Board Diversity Policy**”) setting out the approach to achieve diversity on the Board aiming at enhancing its effectiveness and corporate governance as well as achieving our business objectives and sustainable development.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, nationality, professional experience, skills, knowledge and length of services. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the board.

The Nomination Committee shall review the Board’s composition under diversified perspectives, and monitor the implementation of the Board Diversity Policy annually.

### Board Gender Diversity

The current Board consists of a diverse mix of Board members appropriate to the requirement of the business of the Company. As at the date of this Annual Report, the Board comprises five male Directors and two female Directors. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance, and sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Company targets to avoid a single gender Board by having at least one director of each gender when the total number of directors does not exceed ten. The Board will maintain such gender diversity through applying its Board Diversity Policy and will timely review the gender diversity of the Board in accordance with the business development of the Group. The Company and its Nomination Committee would take into account diversity perspectives including gender diversity in assessing potential Board member candidates. The Board is also characterised by significant diversity, whether considered in terms of gender, age, educational background, professional experience, skills, knowledge and length of service.

### Workforce Gender Diversity

As at 31 December 2025, the Company maintained the workforce (including senior management of the Company) gender ratio at approximately 8 male per 10 female. The Company has already achieved gender diversity and will timely review the gender diversity of the workforce in accordance with the business development of the Group because workforce gender diversity is associated with resources that can provide a sustained competitive advantage to the Company, which include market insight, and creativity and innovation. Male’s and female’s different experiences may provide insights into the different needs of male and female customers. Although there may be some mitigating circumstances where gender diversity can be very hard to achieve (for instance, male workers are more commonly seen regarding physical labour and female workers are more often seen on positions that require creativity and innovation such as marketing), the Company will keep focusing on the workforce gender diversity to maintain its current strength as well as to further improve its competitiveness in the future.

# Corporate Governance Report

## SHAREHOLDERS' RIGHTS

### Procedures for Convening Special General Meetings by Shareholders

Pursuant to bye-law 58 of the Bye-laws, the Board may whenever it thinks fit call special general meetings.

Special general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company having the right of voting at general meetings.

Such requisition shall be made in writing to the Board or the company secretary of the Company by mail at 10/F., Island Place Tower, 510 King's Road, North Point, Hong Kong for the purpose of requiring a special general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in accordance with the provision of section 74(3) of the Companies Act 1981 of Bermuda.

### Procedures for Putting Forward Proposals at Shareholders' Meeting

Shareholders are requested to follow bye-law 58 of the Bye-laws for including a resolution at a special general meeting. The requirements and procedures are set out above in the paragraph headed "Procedures for Convening Special General Meetings by Shareholders".

## DIVIDEND POLICY

The Company aims to provide stable and sustainable dividends to the Shareholders, linked to the earning performance of its business. The Board considers the Company's future business funding need and the Company's financial position when deciding the dividend amount to be paid.

To give flexibility to the Board in making payout decisions after having regard to the circumstances then pertaining, the dividend policy does not specify any payout ratio, the form of dividends shall take. The policy will be subject to review by the Board from time to time and be updated as and when considered necessary.

# Environmental, Social and Governance Report

## INTRODUCTION

### Purpose of the Report

Symphony Holdings Limited (“**Symphony Holdings**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**”, “**we**” or “**us**”) are pleased to publish the Environmental, Social and Governance Report (the “**Report**”) in 2025. The Report aims to allow our stakeholders to have a better understanding of and greater confidence in the Group through the disclosure of the Group’s significant progress and key breakthroughs in economic, environmental and social aspects during the period from 1 January to 31 December 2025 (the “**Reporting Period**” or “**2025**”) and presentation of the sustainable development vision of the Group. In addition, the Group is also committed to pushing forward continuous optimization of our environmental, social and governance (“**ESG**”) performance through sustainable development.

### Reporting Scope

Unless otherwise stated, the reporting scope of the Report covers the principal operation of the Group, including:

- Hong Kong group companies;
- China Rise Securities Asset Management Company Limited (“**China Rise Securities**”);
- Shenyang Park Outlets (“**Shenyang Park Outlets**”);
- Xiamen Park Outlets (“**Xiamen Park Outlets**”);
- Supremium Bio-Technology Limited (“**SBT**”); and
- the business of retailing and sourcing services of compression sportswear brand (the “**Brand Business**”).

The reporting scope for the Year remains unchanged as compared with that of the previous year. We believe the above activities represent the Group’s major impact on economic, environmental and social aspects during the Reporting Period.

### Basis of the Report

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (the “**ESG Reporting Code**”) contained in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

### Reporting Principles

The preparation of this Report strictly adheres to the following four reporting principles contained in the ESG Reporting Code.

#### Materiality

We take into account the nature of our business and concerns, and engage consultants to conduct stakeholder surveys to identify and assess important sustainability issues. Please refer to the “Communication with Stakeholders” section for details.

#### Quantitative

We collect data systematically where practicable, disclose key environmental and social performance indicators in a quantitative manner, and specify the basis for determining the calculation method of each indicator.

#### Consistency

The Report uses the same preparation methodology as that of last year and provides necessary explanations on any changes in methodology and reporting scope to ensure that readers can compare our performance this year effectively with that of previous years.

#### Balance

This Report should present the comprehensive and true information of the Group on unbiased and objective principles, stating current achievements and also continuously review aspects that can be improved.

# Environmental, Social and Governance Report

## INTRODUCTION *(Continued)*

### Access to the Report

This Report forms a part of the Annual Report of the Group and has been prepared in Chinese and English, both of which can be accessed at the website of the Company <http://www.symphonyholdings.com/tc/report>. In case of any discrepancy between the Chinese and English versions, the Chinese version prevails.

### Opinions and Feedback

We highly value feedback from stakeholders on our sustainability performance and this Report. You are welcome to send your opinions and suggestions on the contents of this Report, the reporting method or the sustainability performance of the Group as a whole, by email at [investor@symphonyholdings.com](mailto:investor@symphonyholdings.com).

### Awards and Recognition

During the year, Shenyang Park Outlets, a subsidiary of the Group, was awarded various honours for its robust and optimized business strategy, refined business operation management and outstanding performance in upgrading business format, digital transformation and boosting regional consumption. By continuously optimizing its brand portfolio and deepening its online-offline integrated business model, the project has secured dual authoritative recognition from both the industry and the government for its superior commercial service delivery and operational excellence, thereby establishing it as the premier commercial benchmark for the region. The key accolades include:



Douyin Lifestyle Services Northern Region  
Million-View Live Streaming Pioneer in July 2025



Shenyang Park Outlet  
2024 Excellent Shop Award



2024 China's TOP 50 Outstanding Outlet Projects

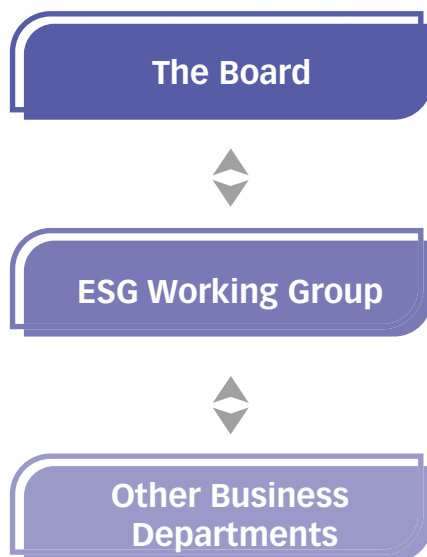


2025 Douyin Lifestyle Services Northern Region  
Annual Million-View Live Streaming Pioneer Award

# Environmental, Social and Governance Report

## SUSTAINABILITY GOVERNANCE STRUCTURE OF SYMPHONY HOLDINGS

To strictly adhere to the Group's commitment to sustainable development, we have established a governance framework for sustainable development, which clearly defines the responsibilities boundaries of the various departments, ensuring the systematical promotion and implementation of all matters and issues related to sustainable development.



# Environmental, Social and Governance Report

## SUSTAINABILITY GOVERNANCE STRUCTURE OF SYMPHONY HOLDINGS *(Continued)*

As the core decision-making and oversight body for ESG matters, the Board is responsible for the development of the Group's ESG strategies, assessment of materiality issues, identification of and response to ESG related, monitoring targets and indicators, reviewing ESG reports and other key responsibilities. The Board has established the Environmental, Social and Governance Working Group ("**ESG Working Group**") to assist in the planning and implementation of ESG-related matters. The ESG Working Group consists of 4 key department heads with the following main functions:

To closely monitor and regularly submit to the Board the latest market developments regarding ESG requirements updates and regulatory compliance standards, and advise the Board on ESG directions.

To communicate ESG objectives and implementation requirements formulated by the Board to all business departments, promote the step-by-step breakdown of goals and ensure their execution.

To promote the integration of sustainability philosophy into the daily operation of all business departments, and foster the cohesive integration of ESG principles throughout all business processes.

To co-ordinate and implement corporate social responsibility related work, and promote the translation of responsible principles into concrete actions and tangible results.

To facilitate the Board in reviewing and monitoring the progress of implementing ESG-related initiatives, and tracking progress against established goals.

To ensure the accuracy of the Group's strategic positioning, development direction, and related data in the environmental, social, and governance areas.

## Internal Control and Risk Management

Recognizing the core value of risk management and internal control to sustainable development, the Group has deeply integrated these management principles into every aspect of our daily operations. The Group's risk management framework is coordinated by senior management with collaborative participation from all business departments, ensuring the comprehensive identification and systematic management of potential risks. The Group also conducts regular identification and assessment of climate-related risks and opportunities. This process enables the review and enhancement of existing management systems, facilitating the formulation of targeted climate-related risk response measures and the implementation of effective controls to ensure the robust operation of business activities.

In addition, the Audit Committee of the Company engages an independent internal review consultant annually to conduct a comprehensive review on the Group's risk management and internal control systems during the year. For details of the Group's risk management and internal control system, please refer to the section headed "Risk Management and Internal Control" under the "Corporate Governance Report" in this Annual Report.

# Environmental, Social and Governance Report

## COMMUNICATION WITH STAKEHOLDERS

The Group attaches great importance to the valuable opinions of stakeholders. We have built a multi-dimension communication system to ensure close connection with major stakeholders including customers, shareholders, employees, suppliers, business partners, government departments and regulators. By collecting and reviewing the shareholders' opinions and suggestions on the Group, we continue to optimize our sustainability performance. Details on the channels for communication are set out as follows:

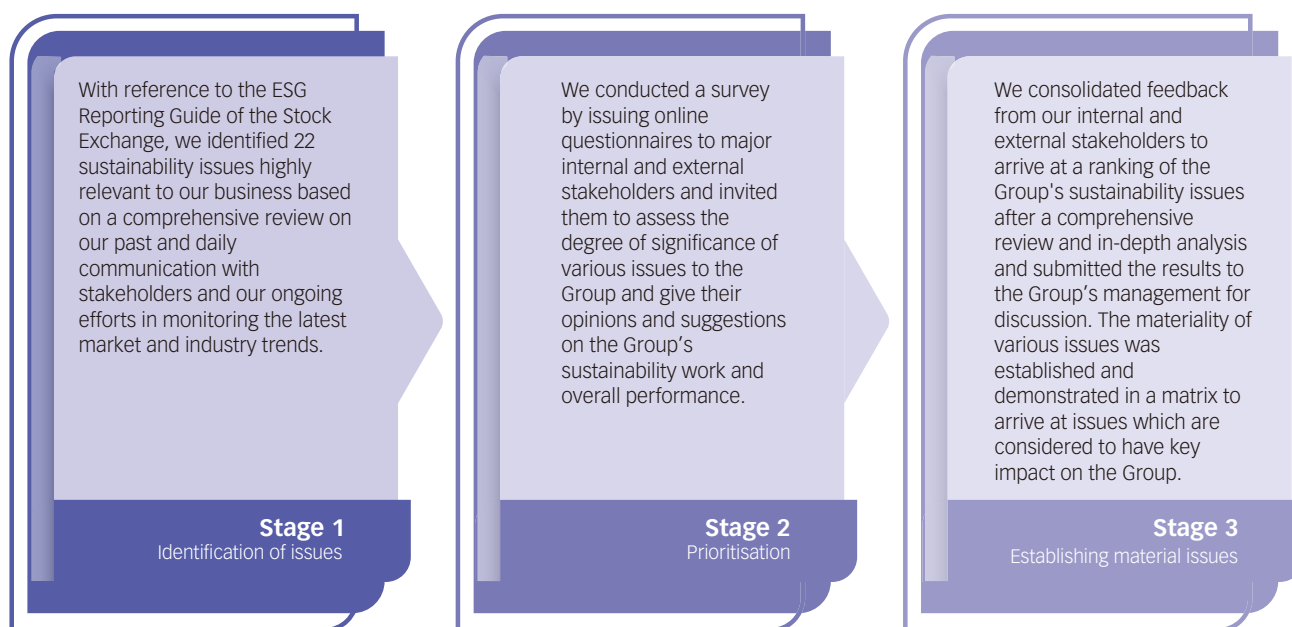
Stakeholders	Means of communication
Employees	<ul style="list-style-type: none"> <li>• Performance evaluation</li> <li>• Departmental briefings</li> <li>• Training and workshops</li> <li>• Safety meetings</li> <li>• Recreational activities</li> <li>• Team building activities</li> <li>• Regular union activities</li> <li>• Questionnaires</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Communication in daily operations</li> <li>• WeChat official account</li> <li>• Customer interviews and feedback collection</li> <li>• Public events</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Suppliers performance evaluation</li> <li>• Business meetings</li> <li>• Site visits</li> <li>• Questionnaires</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• Annual general meetings</li> <li>• Announcements and circulars</li> <li>• Group website</li> <li>• Financial reports</li> <li>• Results announcements</li> <li>• Questionnaires</li> </ul>
Government authorities and regulators	<ul style="list-style-type: none"> <li>• Work reports</li> <li>• Application approval and response</li> <li>• Communication in meetings</li> </ul>
Other business partners	<ul style="list-style-type: none"> <li>• Communication in daily operations</li> <li>• Regular meetings</li> <li>• Questionnaires</li> </ul>

# Environmental, Social and Governance Report

## MATERIALITY ASSESSMENT

Leveraging on the materiality assessment mechanism, we accurately identify the core sustainability issues of concern to our stakeholders that are highly relevant to the development of the Group. In addition to the established diverse communication channels, the Group engaged an independent third-party consultant to conduct a materiality assessment on stakeholders during the Reporting Period, to systematically collect and analyze all types of concerns of our stakeholders through online questionnaire. The aforesaid measures are designed to ensure that the priority planning and information disclosure in respect of the Group's sustainability work can fully cover the concerns of our stakeholders, and also fully reflect the proactive actions and continuous efforts taken by the Group towards minimizing any negative impacts of our production and operation on the environment and society.

In order to provide a concise overview of the Group's ESG-related topics, we have consolidated the key issues from last year. Meanwhile, with reference to the Hong Kong Stock Exchange's ESG Reporting Code and the latest industry development trends, we have identified other issues that have a significant impact on the Group, and thereby have formulated the list of ESG issues for this year. The materiality assessment process is shown in the charts below:



# Environmental, Social and Governance Report

## MATERIALITY ASSESSMENT *(Continued)*

### ESG Issues

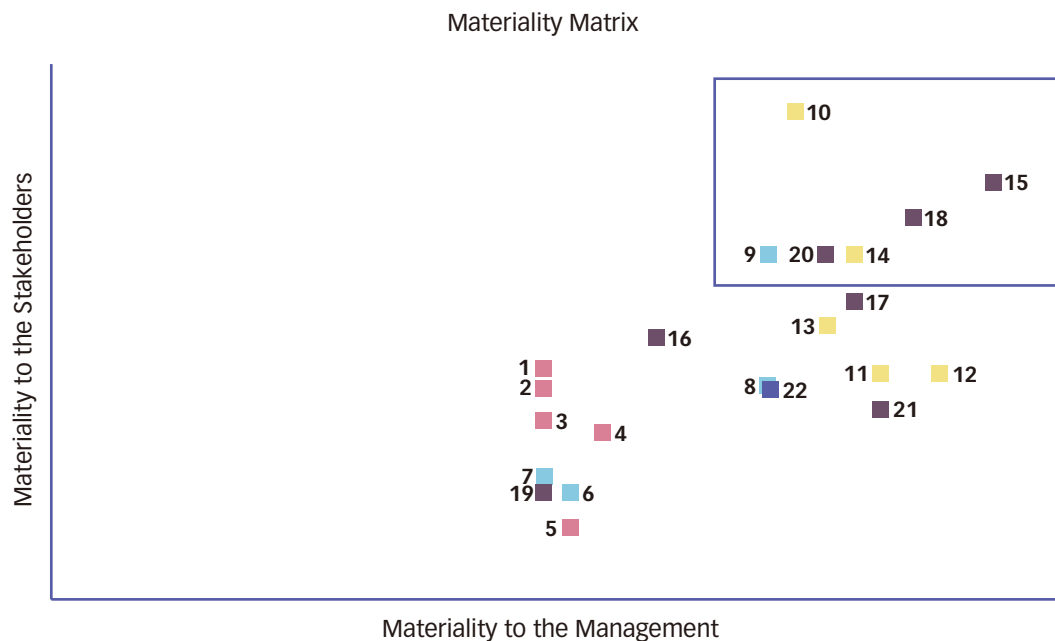
<b>Product and Service Responsibility</b>	<b>Operational Practices</b>
<ol style="list-style-type: none"> <li>1. Product and service quality</li> <li>2. Customer services</li> <li>3. Management of intellectual properties</li> <li>4. Marketing and advertisements</li> <li>5. Data protection and network security</li> </ol>	<ol style="list-style-type: none"> <li>6. Anti-corruption</li> <li>7. Economic performance</li> <li>8. Business expansion</li> <li>9. Social risks in the supply chain</li> </ol>
<b>Working Environment</b>	<b>Environmental Protection and Green Operation</b>
<ol style="list-style-type: none"> <li>10. Employee benefits</li> <li>11. Occupational health and safety</li> <li>12. Staff development and training</li> <li>13. Employment compliance</li> <li>14. Equal opportunities, diversity, anti-discrimination</li> </ol>	<ol style="list-style-type: none"> <li>15. Air emissions</li> <li>16. Waste management</li> <li>17. Carbon emission and energy</li> <li>18. Water resource management</li> <li>19. Climate change risks</li> <li>20. Green purchasing</li> <li>21. Environmental risks in the supply chain</li> </ol>
<b>Community Contribution</b>	
<ol style="list-style-type: none"> <li>22. Community investment</li> </ol>	

# Environmental, Social and Governance Report

## MATERIALITY ASSESSMENT *(Continued)*

### ESG Issues *(Continued)*

The Group initiated a survey in relation to the materiality assessment of ESG issues from September 2025. Through the online questionnaire, we gained a comprehensive understanding of the ESG issues of concern to our stakeholders and also their opinions and suggestions for improvement on the ESG report for the previous year. The results of the materiality assessment are presented in the following materiality matrix.



The 6 issues in the upper right quadrant are identified through the assessment to be of greatest concern to our stakeholders, and will be the focus of our disclosures in this Report. In particular, “10. Employee benefits” and “14. Equal opportunities, diversity, anti-discrimination” were considered as the issues to be of greatest concerns to the stakeholders for four consecutive years.

# Environmental, Social and Governance Report

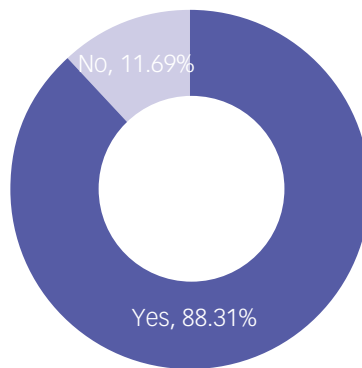
## MATERIALITY ASSESSMENT *(Continued)*

### Stakeholders' Feedback on the ESG Report for the Previous Year

1. Average score for the Group's sustainability performance in 2024 given by stakeholders:

9.5/10

2. Stakeholders' feedback on whether the Group has sufficient channels to share the approach, policies and achievements of our ESG work with internal and external stakeholders:



3. Stakeholders' opinions on the Group's specific approach and information disclosure:

Wish to get an understanding of the sustainable development plans and objectives for the Company's commercial projects.



To enhance operation efficiency and customer experience through intelligent upgrades and transformation of "Park Outlets", we plan to introduce more top-tier domestic and international brands to strengthen brand diversity. By doing so, we strive to maximize the returns on every commercial project.

Disclose as much information as possible about the Group's environmental action and initiatives.

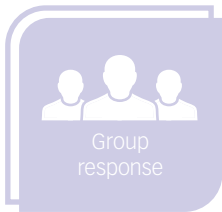


# Environmental, Social and Governance Report

## MATERIALITY ASSESSMENT *(Continued)*

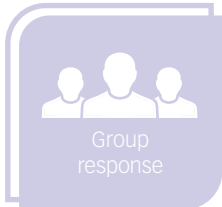
### Stakeholders' Feedback on the ESG Report for the Previous Year *(Continued)*

#### 3. Stakeholders' opinions on the Group's specific approach and information disclosure: *(Continued)*



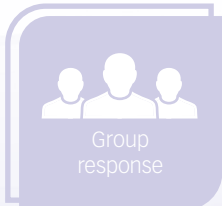
At present, the Group's environmental initiatives include providing green procurement guidelines to all staff, prioritizing low-carbon or renewable materials, and selecting eco-friendly partners. Energy conservation reminders are prominently displayed across our operational premises to encourage staff to reduce waste at the source. Additionally, multiple resource recycling bins are set up throughout "Park Outlets" to facilitate waste sorting by visitors. Looking ahead, we plan to further participate in external green campaigns, such as regular used clothing and used book recycling events organized within the outlet buildings. We also intend to disclose to the public more details of our sustainability efforts through channels such as email newsletters and website updates.

Stay committed to "Community Care and Environmental Protection" to achieve a win-win outcome for both community progress and the Group's development.



Give back to society. The Group will maintain our support for long-term charity partners through ongoing donations and sponsorships in the future. Looking ahead, we will further engage with green organizations to champion their initiatives and promote the widespread adoption of low-carbon lifestyle.

Wish to enhance employee benefits while organizing training programs to ensure the continuous improvement of employee competency.



Ensure competitive remuneration packages and reward mechanism, safeguard employee welfare, refine institutional frameworks, and encourage staff to maintain a healthy work-life balance. Staff seeking professional development should consult their department head, who will arrange suitable adjustments to accommodate their needs.

# Environmental, Social and Governance Report

## PROVIDING CUSTOMERS WITH QUALITY SERVICES AND PRODUCTS

The Group always considers customer support and opinions as the core driving force for our long-term development. Therefore, we solemnly undertake that we will continue to provide our customers with quality and reliable products and services, in an effort to build long-term stable partnerships with mutual trust and benefit with our partners. In order to better meet the needs of our customers and create continuously increasing value experience for our customers, the Group gains in-depth insight into and keeps abreast of the market development dynamics, and continues to promote product iteration and optimization of service system. In the product responsibility management aspects, the Group has established a comprehensive and sound management system covering product and service quality management and control, health and safety protection, advertising and promotion regulation, labelling identification management and customer privacy protection, so as to regulate the entire daily operation and provide solid safeguard for the legitimate interests of our customers and cooperation experience.

To ensure that all business activities are conducted legally and in accordance with regulations through a comprehensive compliance management system covering the entire process, the Group also always strictly complies with all relevant laws and regulations in places where we operate, including but not limited to the Law of the People's Republic of China on Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》), and the Interim Measures for the Administration of Internet Advertisement (《互聯網廣告管理暫行辦法》). During the Reporting Period, the Group did not experience any product recall due to product safety and health reasons, nor any breach of relevant laws and regulations in any operation aspect including product safety and health management and control, advertising promotion regulation and product labelling management. The Group has fully complied with the product responsibility and compliant operation regulation.

## Operations Management

### **Outlet Business**

At the present stage, the Group has established partnerships with more than 300 renowned international brands in our Shenyang and Xiamen Park Outlets to satisfy the diverse shopping needs of our visitors with an extensive array of brand portfolios. In addition, we also proactively arrange various ancillary services, such as the establishment of children's playground to provide a joyful environment for families with children, and at the same time have taken steps to optimize the in-house recreational facilities to create a comfortable shopping atmosphere, ensuring that all visitors can enjoy quality one-stop leisure and entertainment services experience.

Adhering to the principles of patience and proactivity, we have established a regular, in-depth communication mechanism with outlet tenants and visitors to systematically gather their insights, utilizing this feedback as the core basis to optimize service quality and implement our business philosophy of "People-first, ethical business, strict management, and service excellence". Focusing on enhancing customers' leisure, entertainment and shopping experiences, we prioritize tenant quality control and onsite environment management as core operational tasks. Accordingly, we have introduced a comprehensive review system to meticulously verify essential documents – such as business licenses, brand registration certificates, and formal authorization letters – before allowing any new brand tenant to join us. Furthermore, we have issued specialized tenant operation policies mandating that tenants secure all necessary permits and complete authorization filings with competent regulatory authorities for all products on sale, ensuring product compliance and consumer safety at the source. Meanwhile, we maintain well-staffed and experienced service teams stationed in the outlet malls to respond to customer needs promptly and swiftly address any on-site emergencies. This ensures the smooth operations of our tenants and the enjoyable shopping experience for our visitors.

# Environmental, Social and Governance Report

## PROVIDING CUSTOMERS WITH QUALITY SERVICES AND PRODUCTS *(Continued)*

### Operations Management *(Continued)*

#### Outlet Business *(Continued)*

The Group continues to focus on providing a welcoming leisure and shopping experience, striving to make each visitor truly feel at home through refined service. During the Reporting Period, we planned and hosted a series of signature recreational, cultural and entertaining events at our outlet malls, featuring the Cui Mingguo Oil Painting Art Exhibition, the Elite Youth Talent Showcase, and the Park Outlets Fan Appreciation Festival.



Cui Mingguo Oil Painting Art Exhibition



Elite Youth Talent Showcase



Parent-Child Day – Baby Hero Crawling Party



Park Outlets Fan Appreciation Festival – Art Performance



Youth Talent: Children’s Art Performance Gala



Dad-to-Be Bootcamp

# Environmental, Social and Governance Report

## PROVIDING CUSTOMERS WITH QUALITY SERVICES AND PRODUCTS *(Continued)*

### Operations Management *(Continued)*

#### **Brand Business**

The Group currently operates and manages the world-renowned compression sportswear brand "SKINS". As the owner of this international brand, we always place emphasis on research and development and supply of quality products and take rigorous measures to ensure all product for sale are safe and reliable and have been granted certification by the relevant competent authorities, so as to comprehensively cater to diverse shopping needs of our customers across the world and also further solidify and strengthen the leading position in the industry of this brand in the international market.

#### **Securities Business**

China Rise Securities, a subsidiary of the Group, is a licensed securities operator which is licensed by the Securities and Futures Commission of Hong Kong to carry out Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) activities. It is able to provide customers with diverse securities services covering securities dealing, margin financing, placing, underwriting, project investment, corporate consultancy as well as professional investment consultancy and asset management services. In order to protect the Group, customers and employees from financial loss as a result of theft, fraud, dishonest acts, professional misconduct or negligence, the Group has established an effective set of internal control system, which manages the entire workflow covering account opening and account closing management, customer risk assessment and due diligence, entire transaction workflow monitoring, capital payment review, trading system security protection, phone record management, suspicious transaction identification, monitoring and reporting, and business data retention. Meanwhile, the Group continues to organize trainings on laws and regulations and standard operation workflow for our staff to ensure that they are very familiar with relevant requirements, so as to effectively protect the legitimate interests of both the Group and our customers.

#### **Health care business**

SBT, a subsidiary of the Group, is a company specialized in health care products. Its core businesses cover the entire service chain including R&D, production, distribution and wholesale of health care products. At present, the company has established the brand system with a dual-track development strategy of "own brands + client brands," and its product system fully meets the needs of all age groups. To achieve regulated and standardized monitoring of the entire product production process, SBT has deployed its own production facilities and packaging plants in Hong Kong, enabling independent management of the core processes from production to packaging, so as to ensure product quality control at the source.

Putting customer health at the first place, SBT has established strict material selection and control mechanism to select natural and top-quality raw materials for manufacturing of health care products. SBT provides customers with health care products by adhering to the core philosophy of "safety" and "security", and continues to expand its market presence with the development vision of "high quality" and "high effectiveness".

SBT always regards compliance operation as the essential requirement for corporate development. The business layout, operation decision-making and internal process advancement of SBT are in strict compliance with the relevant laws and regulations including "the Undesirable Medical Advertisements Ordinance" and "the Trade Descriptions Ordinance" as well as industry standards, to ensure its stable operation and sustainable development.

# Environmental, Social and Governance Report

## PROVIDING CUSTOMERS WITH QUALITY SERVICES AND PRODUCTS *(Continued)*

### Sincerity in Customer Service

As to brand promotion, retail or financial services, we believe that customer feedback is key to our continuous improvement of service quality and accurate understanding of market demand. Accordingly, we have established a multi-dimensional system to achieve two-way communication and interaction with our customers and visitors.



Customer Service Center



Company Website



Customer Service Hotline



Email



Communication Software

The Group has established a well-developed and sound complaint handling system, in order to comprehensively enhance customer experience and to effectively ensure our service quality. In doing so, we clearly stipulate that our relevant departments should make prompt response to and efficiently handle all customer complaints or comments. Meanwhile, the Group is always committed to resolving any issues raised by our customers in a sincere and practical manner.

During the Reporting Period, the Group's outlet business, other brand business, securities business and health care business did not receive any customer complaints.

### Privacy Protection

The Group treats the protection of customer data and personal information privacy as a top priority in its operation and management, and strictly complies with the statutory requirements of the Personal Data (Privacy) Ordinance (《個人資料(私隱)條例》) in Hong Kong. Meanwhile, the Group has specifically formulated the Confidentiality Policy, which clearly outlines the relevant regulations on confidentiality of data and stipulates that all employees are prohibited from disclosure of any business information, technical data or other relevant information to any third parties without the written authority of the Group. For all types of customer data collected during its business operation, the Group has also implemented a number of precautionary measures including authorizing designated personnel to process such information, so as to completely prevent any illicit actions such as access to or disclosure of such data without authority.

# Environmental, Social and Governance Report

## **PROVIDING CUSTOMERS WITH QUALITY SERVICES AND PRODUCTS** *(Continued)*

### **Advertisement and Promotion**

The Group believes in the importance of management on advertisement and promotion of products and services, and recognizes that providing customers with transparent and accurate information is the core prerequisite for protecting customers' legitimate rights and interests and is also essential for the Group to win the trust of our customers. To implement the requirements under the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》), Interim Measures for the Administration of Internet Advertisement (《互聯網廣告管理暫行辦法》), Law of the PRC on Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) and other laws and regulations, the Group implements two-layer mechanism integrating internal and external management: the management is responsible for internal monitoring and approving the promotion materials for our outlet business and brand business, while external professionals are engaged to verify the accuracy and compliance of the promotion content before publication to fully eliminate risks such as misleading advertising and promotion and rights infringement.

### **Supply Chain Management**

As the Group recognizes that an effective supply chain system and high quality products are key to enhance customer satisfaction, we incorporate supply chain management into our core operation system. We continuously optimize the supplier selection process to select partners who share our environmental and social values, so as to fulfil our corporate social responsibilities together. In 2025, the Group cooperated with 383 suppliers in Chinese Mainland (2024: 406) to jointly facilitate reduction of greenhouse gas emissions generated from logistics and transportation. We share our sustainability philosophy and requirements with our suppliers before establishing partnerships to ensure full implementation of such principles in their operations.

In addition, the Company has formulated green procurement guidelines dedicated for its administrative department, in an effort to further facilitate the implementation of green operation concept. The guidelines expressly states that priority will be given to enterprises using environment-friendly materials or recycled materials when selecting office equipment suppliers. Meanwhile, we continue to explore and study the proposal to incorporate environmental and social factors into our supply chain risk assessment system and explore the feasibility of including such factors into our review of the supplier management guidelines, so as to continuously improve our supply chain sustainability management mechanism.

Given the increasing market emphasis on supply chain transparency, it is of importance for the Group to ensure that our suppliers meet such environmental and social standards. We believe sustainability is not a solo effort of the Group, and the joint efforts of the Group and all our partners are essential. In light of the above, we have established product procurement policies and procedures, which explicitly require the Group to purchase products from qualified suppliers only. Meanwhile, we will also carry out spot checks on product quality from time to time to ensure that the quality of purchased products meets our specifications and expectations.

# Environmental, Social and Governance Report

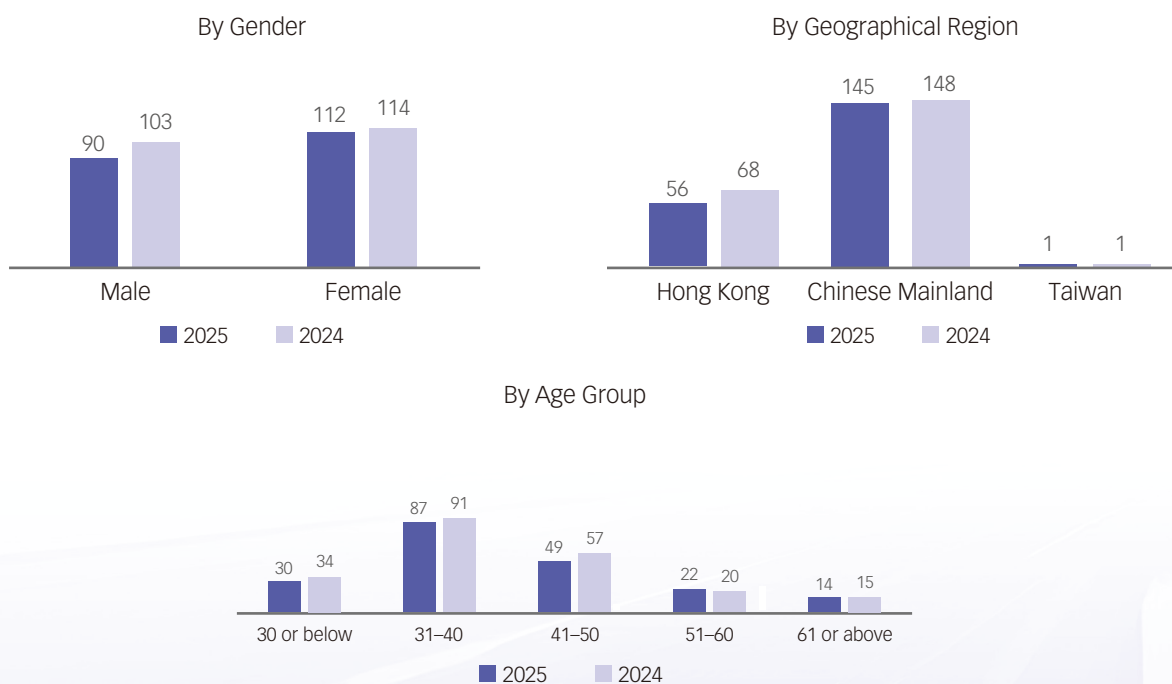
## PEOPLE-FIRST APPROACH

We firmly believe that a workforce of quality talents is essential for the booming development of our business and is valuable assets for the Group. To enhance employees' job satisfaction and sense of belonging, we proactively create a harmonious and pleasant working environment, thus building a professional business team to drive the sustainable growth momentum of the Group. The Group always strictly complies with all applicable laws and regulations in relation to employment, including but not limited to the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), Regulation on the Implementation of the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》), Law of the People's Republic of China on Protection of Minors (《中華人民共和國未成年人保護法》), Regulations on the Prohibition of the Use of Child Labour (《禁止使用童工規定》), and Hong Kong's Employment Ordinance (《僱傭條例》) (Cap. 57 of the Laws of Hong Kong).

During the Reporting Period, the Group was not aware of any serious violations of employment-related laws and regulations.

## Employee Statistics

As at 31 December 2025, we had a total of 202 employees (2024: 217 employees), all being full-time employees. A breakdown of the number of employees by gender, age and geographic region during the Reporting Period and 2024 is as follows:

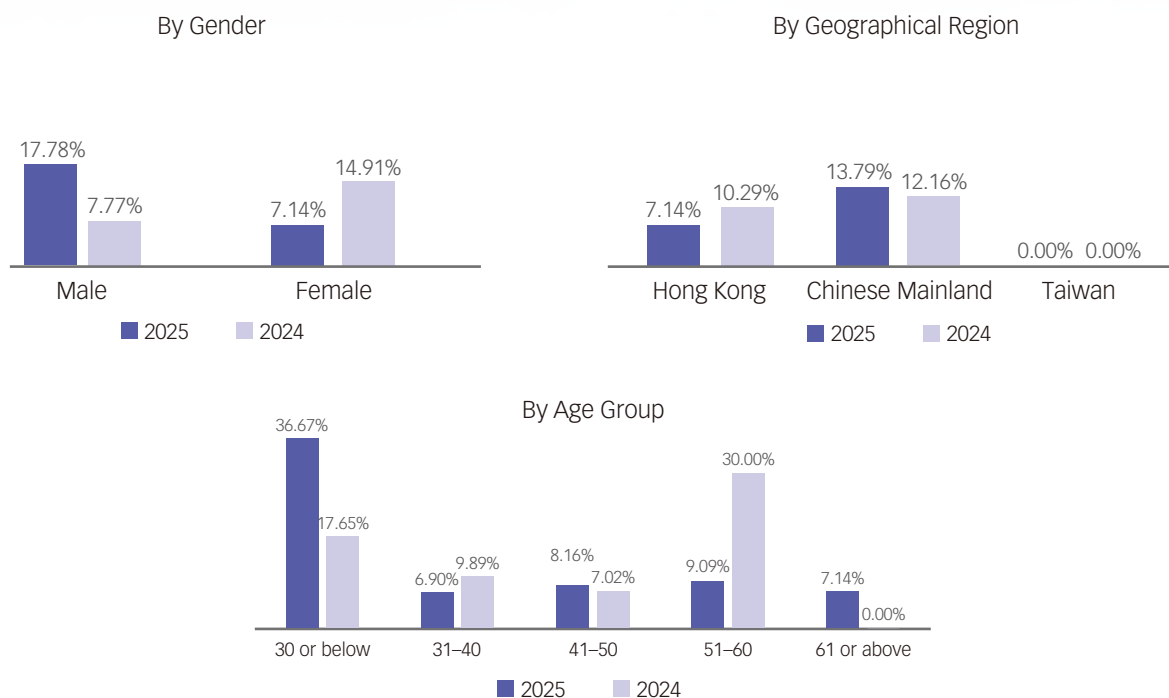


# Environmental, Social and Governance Report

## PEOPLE-FIRST APPROACH *(Continued)*

### Employee Statistics *(Continued)*

Our employee turnover rate was 11.88%<sup>1</sup> (2024: 11.52%) during the Reporting Period. A breakdown of the employee turnover rate by gender, age group and geographical region is as follows:



## Employment Compliance

The Group always takes a firm zero tolerance stance towards the employment of child labour and forced labour. During the recruitment process, the Human Resources Department will conduct vigorous verification of the identification information of the candidates before official employment to prevent use of child labour and forced labour from source. The Group will immediately terminate any contract with illegal labour and make reasonable compensation for any violation of laws. In addition, we provide employees who work overtime with overtime compensation and other related benefits in accordance with relevant laws, regulations and internal policies. The Group was not aware of any serious violations of child labour and forced labour laws and regulations during the Reporting Period.

## Employee Welfare

High-calibre employees are essential for business growth and quality services. We understand the importance of attracting and retaining talented employees for business development. In terms of recruitment, we recruit talents from different backgrounds by leveraging on a combination of diverse channels such as online recruitment, on-site recruitment, job fair, internal recommendation, etc., and provide transparent and equal employment opportunities for all. The Group is committed to the principles of "openness, fairness and equity" and prohibits discrimination on the basis of age, nationality, race, religion, gender, marital status, pregnancy or disability, in an effort to create a harmonious, inclusive and diverse working environment and culture.

<sup>1</sup> Employee turnover rate was calculated based on the number of employees as of the end of the Year.

# Environmental, Social and Governance Report

## PEOPLE-FIRST APPROACH *(Continued)*

### Employee Welfare *(Continued)*

In addition, we offer attractive remuneration and benefit system to attract and retain talents, and strive to be the best employer by providing competitive remuneration packages and various benefits to our employees. We regularly review our remuneration packages to ensure that it is sufficiently competitive with our peers in the market and commensurate with the work experience and performance of employees. Besides, the Group conducts regular employee performance evaluations annually and the evaluation results are used as a fair and objective benchmark to award annual salary increases and discretionary bonuses to high-performance employees. Besides remuneration, we also attach great emphasis to work-life balance, and strive to create a harmonious working environment for our employees. To enhance employee engagement and strengthen their sense of belonging, we offered the following benefits and activities for our employees during the Reporting Period, including but not limited to:

#### Leave

- Annual leave
- Sick leave
- Personal leave
- Wedding leave
- Bereavement leave
- Prenatal check-up leave
- Breastfeeding leave
- Companionship leave
- Miscarriage leave
- Examination leave
- Blood donation leave

#### Subsidies

- Allowance for high temperature
- Allowance for holidays
- Mobile phone allowance
- Meal allowance
- Medical insurance
- Free shuttle bus
- Overtime pay
- Annual body checkup

#### Incentives

- Year-end bonus
- Red envelop on the first working day after Chinese New Year
- First Prize
- Second Prize
- Commendation
- Merit
- Wedding gift
- Childbirth gift
- Birthday gift
- Hospitalisation/surgical benefit
- Movie tickets

#### Employee activities

- Hiking
- Tangyuan feast at Lantern Festival
- Giving flowers on Women's Day
- Fun and Sports Day
- New Year celebration
- Mooncake party on Mid-Autumn Festival
- Birthday party for employees
- Tug-of-war competition
- Park Outlets year-end party

# Environmental, Social and Governance Report

## PEOPLE-FIRST APPROACH *(Continued)* Employee Welfare *(Continued)*



8th Park Outlets tug-of-war competition



Staff fun sports games

# Environmental, Social and Governance Report

## PEOPLE-FIRST APPROACH *(Continued)*

### Employee Relations and Team Building

The Group believes that continuous engagement with our employees and listening to their concerns are important to improve work morale and efficiency. Therefore, we strongly value interaction with our employees, seeking to understand their views thoroughly. We have developed diversified and stable communication channels, in order to facilitate smooth dialogue between the management and general employees. Currently, our employees can communicate with each other in our WeChat group and make constructive and valuable suggestions to the Group. Our Hong Kong office has established an “employee bulletin board” specifically where employees are encouraged to post their suggestions. We publish a quarterly internal newsletter for our staff in time, in order to ensure unified dissemination of corporate information and allow each department to be aware of the Company’s latest updates. The Group also regularly posts internal communications on the bulletin board. Employees of Xiamen Park Outlets can communicate with the general manager through an electronic version of the “general manager’s mailbox”, and the general manager would reply to employees’ email on the last Friday of each month to strengthen engagement and exchange of opinions between the management and employees.

### Supporting Employee Development and Training

The Group regards employee skills enhancement as a crucial initiative for its talent cultivation and sustainable development, and fully recognises that strengthening employees’ professional capabilities is vital for creating business value and enhancing the Group’s core competitiveness. We always maintain an employee development-oriented approach, closely follow employees’ learning and career development needs and provide employees with diverse learning pathways and career development opportunities, enabling the employees to master cutting-edge knowledge and skills. By integrating the training needs of each department with the Group’s business objectives, we have developed internal and external tailor-made training courses: internal training courses focus on working procedures, management knowledge and the cultivation of specific skills, while external training provides specific allowance to encourage employees to attend training courses and embed emerging knowledge into routine practices, thus injecting fresh vitality into the Group’s development. During the Reporting Period, the training courses we arranged for our employees included but were not limited to:

#### Types of training

- New employee orientation
- Anti-fraud training
- Project marketing and promotion
- Performance plan
- Cashier system
- Employees internal assessment
- Store examination and acceptance
- Fire safety
- Simple customer complaint handling
- Procedures for maintenance
- Fire emergency training
- Office software skills
- Etiquette training
- First aid/safety training
- Anti-money laundering training

# Environmental, Social and Governance Report

## PEOPLE-FIRST APPROACH *(Continued)*

### Supporting Employee Development and Training *(Continued)*



Fire emergency training



Training on safety knowledge

# Environmental, Social and Governance Report

## PEOPLE-FIRST APPROACH *(Continued)*

### Supporting Employee Development and Training *(Continued)*

The Group conducted over 11,547 (2024: over 13,476) hours of training during the Reporting Period and the average number of training hours per employee was approximately 51.09 (2024: 55.69) hours. The following is a breakdown of the percentage of training and the average number of training hours by gender and employee category for the Group during the Reporting Period and 2024:

Percentage of training received by gender			Percentage of training received by employee category		
	2025	2024		2025	2024
Male	<b>42.20%</b>	43.53%	Senior management	<b>5.20%</b>	3.53%
Female	<b>57.80%</b>	56.47%	Mid-level management	<b>20.23%</b>	17.06%
			General and technical staff	<b>74.57%</b>	79.41%

Average training hours by gender (hours)			Average training hours by employee category (hours)		
	2025	2024		2025	2024
Male	<b>37.70</b>	44.43	Senior management	<b>14.32</b>	517.86
Female	<b>62.93</b>	65.23	Mid-level management	<b>15.85</b>	38.09
			General and technical staff	<b>63.64</b>	24.43

Furthermore, in order to further encourage employees to pursue self-directed learning and continuously enhance their overall capabilities, the Group has optimized its examination leave policy since 2023. The original examination leave has been significantly increased to 10 days, and the employees can apply for such leave for up to three subjects per year, providing full support for their academic and professional development.

# Environmental, Social and Governance Report

## PEOPLE-FIRST APPROACH *(Continued)*

### Protection of Employees' Health and Safety

The Group consistently prioritizes employee occupational safety and health in its operation management. Adhering to the employee-oriented principle, we are fully committed to fostering a secure occupational environment and regard the employee occupational health and safety management as a key component of our corporate responsibility. In accordance with the Law of the People's Republic of China on the Prevention of Occupational Diseases (《中華人民共和國職業病防治法》), the Occupational Safety and Health Ordinance (《職業安全及健康條例》) of Hong Kong and other relevant domestic and international laws and regulations, the Group has established a systematic and detailed health and safety protection mechanism. Through comprehensive prevention and control measures, we safeguard the physical and mental well-being of our employees and thoroughly identify and eliminate potential safety hazards in the workplace. Of which, the occupational health and safety measures implemented by the Group include:

- Arrange body check-ups for eligible employees
- Establish the Fire Evacuation Drill Plan (《消防疏散演習預案》), conduct fire drills and training in a timely manner so that employees can be proficient in operating firefighting equipment and enhance their ability to respond to emergencies, hence improve the standards of accident prevention
- Regularly inspect fire pump rooms and facilities to ensure they are in a usable condition
- Formulate the Flood Emergency Plan (《防汛應急預案》) to effectively respond to extreme weather events, which include pre-event, during-event, and post-event protocols and measures for extreme weather incidents, so as to protect the lives and properties of the customers and employees of the shopping centres. Meanwhile, our engineering staff will check the facilities and equipment of the shopping centres before any extreme weather, implement waterproofing measures, check the outdoor drainage system, and reinforce the outdoor advertising facilities, landscape lights and other lighting equipment
- Put up fire prevention education information in the office to enable staff to learn fire safety knowledge at any time to enhance staff awareness of fire safety

	2025	2024
Number of lost workdays due to work injury incident	20	3
Number of work-related major injuries and fatalities in the past three years (including the Reporting Period)	–	0

During the Reporting Period, three work injury incidents occurred at Shenyang Park Outlets, resulting in a total of 20 lost workdays. Two of the incidents led to minor bruising injuries to employees, who have recovered and resumed work after rest. One incident resulted in the death of an individual. Following the incident, the Company prepared a detailed statement of the facts of such incident and drafted an "Incident Statement". The local Human Resources and Social Security Bureau issued a "Work-related Injury Determination Certificate" for the incident. Additionally, the Company entered into a "Compensation Agreement" with the family members and relatives of the employee to provide timely support and consolation to the employee's family.

After the incident, the Company conducted a thorough investigation into its cause with a rigorous attitude. According to the findings of the investigation, the employee was injured as he fell from height where he was working alone, while our policy specifies that working at height requires two people to be present. He was later discovered and rushed to the hospital, but died despite medical efforts. In response to this incident, the Company made continuous efforts to strengthen safety education and training for the employees, regularly released safety promotion videos, and repeatedly emphasized the importance of safety during morning meetings/regular team meetings, so as to enhance employees' safety awareness. Employees are strictly required to follow the Company's rules and regulations, and any violations are met with severe disciplinary action. In particular, working at height requires two people to be present at all times, in order to prevent similar accidents.

# Environmental, Social and Governance Report

## ANTI-CORRUPTION

The Group always upholds the corporate values of honesty, openness, and integrity. We strive to create a corruption-free and integrity-based work environment. We resolutely eliminate bribery, extortion, fraud and money-laundering and any other form of violations of regulations, and we maintain strict compliance with the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), Criminal Law (《刑法》) and Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) and other laws and regulations. We have formulated a strict anti-corruption system, including anti-corruption, whistle-blowing and investigation handling mechanisms, prevention of channeling of interests and other measures. Any employee who discovers any suspected cases of corruption or other irregularities should report to the head of department or the human resources and administrative manager or make anonymous reports through other effective channels. During the Reporting Period, the Company had circulated the Directors' Guide to Honest Practices and Practical Guide on Corruption Prevention System for Listed Companies to the Board and all staff to enhance their awareness of corruption prevention. The Company also reviews the state of implementation of the above policies at regular meetings with the ESG Working Group to continuously ensure a clean working environment.

The securities business of the Group involves money laundering and terrorist financing risks. Accordingly, we have appointed a compliance officer to review and manage these risks and strictly comply with laws and regulations on money laundering, bribery, extortion, fraud and corruption, including:

- Drug Trafficking (Recovery of Proceeds) Ordinance;
- Organized and Serious Crimes Ordinance;
- Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission;
- United Nations (Anti-Terrorism Measures) Ordinance;
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance;
- Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations) of the Securities and Futures Commission; and
- Law on Anti-money Laundering of the People's Republic of China (《中華人民共和國反洗錢法》).

During the Reporting Period, neither the Group nor its employees were involved in any complaints or litigation relating to corruption, bribery, extortion, fraud, and money laundering.

# Environmental, Social and Governance Report

## BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT

Environmental protection is a core policy of the government. In recent years, the PRC government has attached great emphasis on green enterprises and issued a range of policies such as the Comprehensive Work Plan for Energy Conservation and Emission Reduction for the “14th Five-Year Plan” Period (《「十四五」節能減排綜合工作方案》) to promote its development. The Group also actively responded to government policies and is committed to undertaking its responsibility to protect the environment. The Group has taken different measures to strike a balance between environmental protection and corporate development, and strictly complies with applicable environmental laws and regulations, including but not limited to the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution(《中華人民共和國大氣污染防治法》), Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), and the Water Pollution Control Ordinance (《水污染管制條例》) and Waste Disposal Ordinance (《廢物處置條例》). During the Reporting Period, the Group was not aware of any serious violations of relevant environmental laws and regulations.

### Environmental Targets

The Group has set resource conservation and environmental protection as its environmental goals, aiming to facilitate green operation across the entire business chain by focusing on reduction of water consumption, greenhouse gas emissions and air pollutant discharges and control on waste generation, so as to achieve in-depth integration of green production and operation development. The Group’s ESG Working Group is responsible for regularly reviewing the implementation status and progress of these goals and reporting to the Board on a regular basis. During the Reporting Period, the Group’s remuneration policy was not linked with climate-related performance.

To demonstrate our dedication to environmental sustainability, the Group has set environmental targets for its Park Outlet business during the Reporting Period, and will spare no effort to promote the follow-up implementation of various energy saving and water saving measures, with an aim to maintain stable resource consumption and gradually reduce the growth in electricity consumption and water use. The Group will continue to improve energy and water resource management measures, in order to facilitate the achievement of its environmental targets. In addition, we will assess effectiveness of such measures and make flexible adjustment in a timely manner to ensure target achievement. For details on the relevant management measures, please refer to the sections headed “Energy, Air and Greenhouse Gas Emissions Management” and “Water Management”.

During the Reporting Period, certain mandatory climate-related disclosures (including but not limited to quantitative financial impact analysis, scenario analysis results, and specific transition risk and physical risk indicators) were not fully provided, and internal carbon price has not yet been applied to the Group’s decision-making processes. The primary reasons are as follows: (1) The Group currently faces certain limitations in data coverage and the application of modeling tools (“**Capability Relief**”); (2) Reasonable and verifiable information is not available without undue costs or efforts, including industry benchmark indicators, carbon emissions data of the investee companies, and corresponding climate risk data (“**Reasonable Data Relief**”); (3) There is currently a lack of sufficiently reliable methodologies to quantify the financial impact of climate-related risks and opportunities on the Group (“**Financial Impact Relief**”).

The Group will continue to enhance data availability and optimize its climate risk assessment processes. As its internal capabilities grow mature, the Group will gradually expand the scope and depth of its climate-related disclosures. Furthermore, during the Reporting Period, the capital expenditures, financing and investment amounts related to climate risks were relatively immaterial and did not have a significant impact on the Group’s operating results, financial position or development strategy.

# Environmental, Social and Governance Report

## **BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT** *(Continued)*

### **Energy, Air Emissions and Greenhouse Gas Emissions Management**

The Group places a high priority on resource conservation in its daily operations, striving to reduce energy and fuel consumption and carbon emissions, with an aim to achieve cost cutting and support environmental protection. Currently, our air emissions, energy consumption and greenhouse gas emissions mainly concentrate on fuel consumption of the Company's vehicles and purchased electricity consumed for our operations. Therefore, we have formulated a series of measures and achieved a certain level of success, including:

- Installing automatic lighting sensors in our offices
- Setting air-conditioners to a specific temperature to improve electricity consumption
- Turning off idle appliances including computers and printers when leaving the office
- Encouraging employees to switch off the lights when eating out to prevent unnecessary waste of electricity
- Conducting regular vehicle maintenance and closely monitoring of the usage of vehicles
- Using electrical appliance with high energy efficiency, e.g. electrical appliances with grade 1 energy label
- Increasing employees' environmental awareness through promotions

During the Reporting Period, we set our energy saving targets for Park Outlets for the next year, i.e. the planned electricity consumption of 15,784,994 kWh for the year 2026. If the actual electricity consumption is 5% less than the planned electricity consumption, the energy saving target for the year will be achieved. The Group's target was not established using the industry's decarbonization methodologies. To achieve the energy saving target set by the Group, we strive to reduce unnecessary energy consumption primarily through the following measures:

- Optimize night lighting time of public areas based on the season
- Regularly clean the cooling towers, main unit and filters of air conditioners on a quarterly basis
- Adjust the operating time of air conditioners on a dynamic manner based on the weather condition to improve energy efficiency
- Constantly and closely monitor the electricity consumption of brand tenants
- Provide brand tenants with profession advices on energy-saving initiatives to facilitate joint efforts in creating an energy-conservative environment

# Environmental, Social and Governance Report

## BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT *(Continued)*

### Waste Management

The Group continues to actively implement measures to reduce office waste and prevent generation of unnecessary waste at the source. During the Reporting Period, our operations did not produce significant hazardous waste nor excessively consume packaging materials for finished products.



Notices about cherishing resources are posted in various locations in the office



Recycling bins for resources

# Environmental, Social and Governance Report

## **BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT** *(Continued)*

### **Water Management**

The Group believes that water is a limited and valuable resource and is indispensable to us as well as to society and the environment. Therefore, we are committed to conforming with principles of water conservation in our business operations. During the Reporting Period, we have not encountered any problems in sourcing water that is fit for purpose. We put up water conservation reminders in the canteen and toilets, and provide our employees with specific training to strengthen awareness of water conservation among our employees. We regularly inspect water tanks to identify potential leaks or overflows, and repairs will be arranged once a problem was identified. The Company rigorously implements water conservation practices all the time.

During the Reporting Period, the Group set out the water conservation target for the next year for Park Outlet business, i.e. the water consumption for the year 2026 will not exceed 65,000 m<sup>3</sup>. To achieve this target, the Park Outlet enhances the employees' water conservation awareness by implementing a series of measures, such as putting up water conservation posters and conducting regular checking of water facilities. Meanwhile, in order to further push forward our water conservation work, the Group set up water conservation pilots in Shenyang Park Outlets and established "Water Conservation Leading Group" (hereafter referred to as the "**Leading Group**"), which is headed by the general manager of Shenyang Park Outlets and is aimed to facilitate the strict implementation of various water conservation tasks. All employees are encouraged to take part in this joint effort to facilitate the achievement of the goal of effectively reducing water consumption. During the Reporting Period, the Leading Group has carried out the following tasks:

- Equip and use water conservation appliances;
- Organize diverse variety of water-conservation promotion activities during water conservation promotion week, World Day for Water and other events to promote water conservation awareness among employees and visitors;
- Install water gauges in each department and establish a computer-aided management system to monitor water consumption in real time;
- Implement waste water recycling measures, encourage employees to collect waste water and apply such used water for floor cleaning;
- Replace water supply system and replace double pipe water supply system with single pipe constant temperature water supply system; and
- Suspend musical fountain shows on rainy days and reduce unnecessary water consumption.

### **Green Park Outlets**

The Group is committed to reducing any negative environmental impacts from the operations of our outlets, while hoping to leverage its influence to lead our partners and brand tenants in achieving sustainable development goals together, to demonstrate the Group's responsibility as an industry leader. Therefore, we prefer to partner with brands conforming to ISO 14001 Environmental Management System and require all brand tenants to comply with the cooperation agreements and clauses relevant to environmental protection.

# Environmental, Social and Governance Report

## **BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT** *(Continued)*

### **Addressing Climate Change**

As a Hong Kong-listed comprehensive enterprise, the Group operates outlet business in Chinese Mainland, while being engaged in securities trading, the health care products value chain, and compression sportswear brand retailing and sourcing in Hong Kong. We place high importance to the impacts of climate-related risks and opportunities on our overall operation and development. We strictly comply with the ESG Reporting Code of the Hong Kong Stock Exchange, the TCFD (Task Force on Climate-related Financial Disclosures) framework, and the relevant standards issued by the International Sustainability Standards Board (ISSB). Through a robust climate-related governance structure, we are committed to managing climate risks effectively while capitalizing on climate opportunities.

The Board bears the ultimate responsibility for the Group's approach to climate-related risks and opportunities. It provides comprehensive oversight of the formulation, implementation and evaluation of our climate strategy. The Board regularly reviews climate-related risk management reports, emission reduction targets, and major climate-related decisions, ensuring that climate factors are incorporated into the Group's overall strategy planning and operational management system. The Group has established the Environmental, Social and Governance Working Group ("**ESG Working Group**") to assist the Board in coordinating and driving climate-related initiatives, including risk identification, assessment, and response; capitalizing on emerging opportunities; policy tracking and information disclosure. The working group regularly submits progress reports on climate-related work to the Board, ensuring the Board remain promptly informed of the Group's climate management developments.

Based on the operational characteristics of our four core business segments (Outlets in Chinese Mainland, Securities trading in Hong Kong, Health care products in Hong Kong, and Compression sportswear brand in Hong Kong), the Group has defined the following three climate scenarios through climate scenario analysis. This approach enables the systematic identification of climate-related physical and transition risks, assessing their potential impacts on the Group's business strategy, financial position, operation performance and long-term value creation. Furthermore, it allows the Group to capitalize on opportunities arising from the climate transition. Consequently, climate factors have been comprehensively incorporated into the Group's medium-to-long-term strategy planning.

#### **1. Baseline Scenario**

Global climate policies remain at current levels, with no new stringent emission reduction policies introduced. The global average temperature is projected to rise by approximately 2.7-3.2°C above pre-industrial levels. The frequency of extreme weather events increases moderately, the pace of green transition remains slow, and market demand for ESG and low-carbon products grows steadily.

#### **2. 2°C Warming Scenario (Moderate Emission Reduction Scenario)**

Nations worldwide ramp up efforts to meet emission reduction commitments, enacting more stringent carbon reduction policies (such as carbon taxes, carbon trading, energy consumption caps, etc.) to drive the energy transition. The rise in global average temperature is limited to approximately 2°C above pre-industrial levels. While the frequency of extreme weather events significantly increases, the primary market shift is characterized by green consumption and green investment becoming mainstream trends.

# Environmental, Social and Governance Report

## **BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT** *(Continued)*

### **Addressing Climate Change** *(Continued)*

#### **3. 1.5°C Warming Scenario (Strict Emission Reduction Scenario)**

Globally, nations adopt aggressive emission reduction measures, implementing stringent carbon reduction policies and industry standards to accelerate the energy transition toward renewables and drive low-carbon transformation across the entire industrial chain. The rise in global average temperature is limited to approximately 1.5°C above pre-industrial levels, and the escalation of extreme weather events is, in certain extent, mitigated. However, transition pressures intensify dramatically, making low-carbon performance and sustainability essential to enterprise survival and development.

Currently and in the future, the Group's exposure to climate change is primarily categorized into physical risks and transition risks. Physical risks mainly refer to tangible risks such as typhoons, rainstorms and flooding, heat waves, and blizzard. For the Group's Park Outlets operations, these risks manifest mainly as reduced foot traffic caused by extreme weather, negatively affecting mall footfall and tenant sales. Extreme weather can also cause damage to the mall's infrastructure and facilities, such as frozen pipes bursting and accessibility disruption during severe cold weather, increasing equipment maintenance costs. In response to the physical risks posed by climate change, the Group enhances our climate resilience by taking proactive measures, such as increasing the frequency of mall safety inspections, strengthening protective measures, and upgrading to energy-efficient equipment, thereby building trust with customers and tenants.

Transition risks primarily arise from evolving policy requirements on energy conservation and emission reduction. The Group's energy consumption stems mainly from water and electricity consumption across our malls and office premises. To address this, the Group has implemented several measures as detailed in the sections headed "Energy Management" and "Water Management" under "BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT". The Group strictly adheres to national initiatives on sustainability and green development and strictly complies with the relevant requirements under the ESG Reporting Code contained in Appendix C2 of the Hong Kong Stock Exchange. We remain dedicated to accelerating energy efficiency, reducing emissions, and transitioning to green energy sources.

# Environmental, Social and Governance Report

## BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT *(Continued)*

### Addressing Climate Change *(Continued)*

The Group has formulated specialized mitigation measures against physical risks and transition risks in relation to climate change. Details are as follows:

Physical Risks Specific Risk	Potential Impacts	Time Horizon	Major Mitigation Measures
Extreme weather events (typhoons, rainstorms, floods, prolonged heatwaves, etc.) and chronic climate changes (rising temperatures, changing precipitation patterns, sea level rise, etc.)	<ol style="list-style-type: none"> <li>For outlet operations in Chinese Mainland, this could lead to temporary store closures, a sharp decline in store traffic and property damage. Furthermore, logistics disruptions could cause delayed replenishment and inventory backlog</li> <li>For securities trading in Hong Kong, potential impacts involve interruptions to trading systems and data centres. Additionally, climate events may affect the asset value and increase share price volatility of investment targets (such as companies in the real estate, retail, and energy sectors)</li> <li>This could affect the yield and quality of raw materials related to health care products, such as agricultural products and traditional Chinese medicinal ingredients, leading to raw material price fluctuations. Additionally, high temperatures and humidity could impact production equipment stability and product shelf life, while floods and typhoons may cause factory shutdowns and logistics interruptions</li> </ol>	Short, medium to long term	<ol style="list-style-type: none"> <li>Reinforce core assets such as outlet malls, food factories, sportswear warehouses, and securities trading data centres by carrying out flood prevention and drainage improvements; equip these assets with backup power supplies and emergency materials; and establish extreme weather contingency plans</li> <li>Enhance operational resilience by optimizing the supply chain network and implementing geographically diversified sourcing to mitigate impact on supply chain from extreme weather due to regional concentration approach. Additionally, we promote an “online+offline” operation to buffer against declines in physical store traffic caused by extreme weather events</li> <li>Strengthen monitoring and alert capabilities by establishing a hyper-local climate monitoring system. This will enable the acquisition of real-time extreme weather alerts, facilitating proactive emergency readiness and minimize potential losses</li> </ol>

# Environmental, Social and Governance Report

## BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT *(Continued)* Addressing Climate Change *(Continued)*

Physical Risks			
Specific Risk	Potential Impacts	Time Horizon	Major Mitigation Measures
	<p>4. This impacts the supply and price of textile raw materials related to compression sportswear branding business. Production bases in Southeast Asia and Chinese Mainland may face disruptions due to extreme weather or power shortages, and store traffic as well as demand for outdoor sports scenarios could also be negatively affected</p>		<p>4. Optimize insurance coverage by expanding climate-related insurance coverage to transfer the risks associated with asset damage and business interruption resulting from extreme weather events</p>

Transition Risks			
Specific Risk	Potential Impacts	Time Horizon	Major Mitigation Measures
<p>Risks arising from policy and regulatory changes, shifts in market demand, technological upgrades and iterations, and reputational impacts</p>	<p>1. Policy level: the tightening of regulations such as carbon taxes, energy consumption caps, plastic bans, and environmental emission standards is expected to increase compliance costs across the Group's diverse business segments</p> <p>2. Specific impacts includes the need for green building retrofits in our outlet malls, sustainable packaging transition for the food business, and environmental upgrades for printing and dyeing in the sportswear business</p>	<p>Medium to long term</p>	<p>1. Strengthen compliance management: closely monitor evolving climate-related policies and regulations. Proactively plan compliance upgrades to ensure all business segments meet the standards for energy consumption, emissions, and packaging, thereby avoiding penalties for non-compliance</p>

# Environmental, Social and Governance Report

## BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT *(Continued)* Addressing Climate Change *(Continued)*

Transition Risks Specific Risk	Potential Impacts	Time Horizon	Major Mitigation Measures
	<p>3. Market level: as consumer preference for green, low-carbon and sustainable products and services continues to rise, the competitiveness of conventional business models and products may decline. Simultaneously, continuous upgrade of requirements on sustainability certification and carbon footprint by upstream entities of the supply chain will drive up the Group's supply chain management costs and difficulties</p> <p>4. Technology level: increased pressure to phase out high-carbon equipment and transit to green technology; failure to keep pace with technological iterations may lead to decreased operational efficiency and increased costs</p> <p>5. Reputation level: downgraded ESG ratings, inadequate climate information disclosure, or environmental violations could erode the trust of investors, consumers, and partners, thereby impacting the Group's brand image and market share</p>		<p>2. Accelerate low-carbon transformation: increase investment in green technologies. Push forward green building retrofits for outlet malls, transition to sustainable packaging in the food segment, and eco-friendly materials R&amp;D and low-carbon production for sportswear business to minimize operational carbon footprints</p> <p>3. Optimize supply chain management: establish a supplier ESG audit system to encourage upstream suppliers to implement climate risk management and emission reduction efforts, ensuring a sustainable supply chain</p> <p>4. Drive market demand: step up the R&amp;D and promotion of green products and low-carbon services. Leverage ESG-focused marketing to align with growing consumer preference for sustainable consumption, thereby enhancing brand competitiveness</p> <p>5. Enhance reputation management: strictly disclose climate information in accordance with the Stock Exchange and TCFD requirements. Actively work to improve ESG ratings, and promptly respond to inquiries from investors, consumers and regulators to safeguard brand image</p>

# Environmental, Social and Governance Report

## **BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT** *(Continued)*

### **Addressing Climate Change** *(Continued)*

Leveraging the specific strengths of our four major business segments, the Group has pinpointed significant climate-related opportunities, including:

- (1) **Outlets operations in Chinese Mainland:** Green retrofitting for outlet malls: Securing prestigious green building certifications (e.g., LEED, WELL) to increase rental revenue and brand premium. Low-carbon operations: Promoting the use of photovoltaics, energy storage systems, high-efficiency HVAC, and smart building management system to significantly reduce long-term energy costs. Climate-adaptive businesses: Establishing weather-independent business models (e.g., indoor experiences, family entertainment, sports, and wellness) to stabilize customer footfall against climate variability. ESG financing: Leveraging green loans, REITs, and ESG-linked bonds to reduce financing costs.
- (2) **Securities trading in Hong Kong:** Green investment: Allocating capital to sectors such as renewable energy, low-carbon technologies, ESG-themed funds, and green bonds to secure long-term investment returns. Climate finance product innovations: Expanding business into carbon trading, climate derivatives, green indices, and ESG ratings related services to diversify revenue streams. Risk management advantages: Establishing advanced climate risk modelling and stress-testing frameworks to enhance core competitiveness and attract ESG-oriented clients.
- (3) **Health care products business in Hong Kong:** Green product innovation: Researching, developing, and manufacturing healthy foods with organic, low-carbon, and sustainable certifications to obtain price premiums and expand market share. Sustainable packaging transition: Adopting biodegradable, recyclable, and lightweight packaging solutions to ensure regulatory compliance, align with consumer trends, and reduce both costs and environmental footprint. Low-Carbon manufacturing: Promoting circular economy models by utilizing clean energy and high-efficiency equipment to lower long-term operational costs. ESG supply chain: Establishing sustainable sourcing and end-to-end traceability systems to strengthen supply chain resilience and enhance brand value.
- (4) **Compression sportswear brand business in Hong Kong:** Sustainable material innovation: Researching, developing, and sourcing sustainable materials such as recycled polyester, organic cotton, and plant-based fibres to enhance product differentiation and price premiums. Low-carbon manufacturing: Optimizing dyeing and printing processes through resource efficiency initiatives (energy/water conservation) and emission reduction measures to lower production costs and minimize environmental footprint. Circular fashion: Launching closed-loop business models including product rental, take-back schemes, refurbishment, and resale platforms to generate additional income streams. ESG branding: Strengthening brand image and consumer loyalty through sustainability certifications, carbon footprint disclosure, and green marketing campaigns.

Through climate scenario analysis, the Group concluded that under the Baseline Scenario, climate risks manifest primarily as short-term operational volatility, driven by extreme weather-induced disruptions and cost escalations. Under the 2°C Warming Scenario, transition risks become increasingly prominent, characterized by rising compliance costs, capital expenditures for green retrofits, and supply chain restructuring pressures, while simultaneously unleashing emerging green opportunities. Under the 1.5°C Warming Scenario, these transition risks further intensify; high-carbon businesses face greater transition pressures where delayed adaptation could erode long-term competitiveness. Conversely, this scenario positions green products, low-carbon operations, and green investments as the core growth drivers for the Group.

# Environmental, Social and Governance Report

## **BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT** *(Continued)*

### **Addressing Climate Change** *(Continued)*

We recognize that climate change has profound and multi-dimensional impacts on the Group's operations. These impacts present not only potential risks such as operational disruptions, asset damage and rising costs, but also development opportunities for green transformation and value enhancement. The Group's ESG Working Group continuously monitors evolving climate change policies, closely follows relevant regulatory requirements, and systematically identifies various climate-related risks, including physical risks and transition risks, to assess their potential impact on the Group's business operations, financial performance and strategic direction. We actively implement diversified measures – including disaster prevention and mitigation, energy conservation and carbon reduction, green operations, and compliant disclosure – to address these risks. Simultaneously, we capitalize on low-carbon development opportunities to drive the Group's sustainable development.

Addressing climate change is a long-term endeavour. Throughout this journey, the Group will continuously modernize our facilities and equipment, optimize our energy mix, and strengthen our risk response capabilities. We understand this as a process where risks and opportunities coexist, and that evolving policies will guide enterprises towards sustainable development. The Group will actively align with national policies, promptly disclose our climate change risk management practices, and welcome oversight from shareholders and the broader community to ensure the credibility of information disclosures.

# Environmental, Social and Governance Report

## BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT *(Continued)*

### Climate Action



The Group recognizes the importance of sustainability, and is committed to aligning our business strategy with United Nations Sustainable Development Goals (SDGs). As a leading outlet mall and shopping center operator in China, the Group is fully aware of the industry's impact on the environment, and is actively taking actions to contribute to the global sustainable development. Climate change represents one of the most pressing global challenges of our time. As a corporate citizen with social responsibility, the Group is committed to reducing carbon emission, and promoting sustainable development of its business operation. To achieve this core target of the "Climate Action" under the United Nations SDGs, the Group took proactive measures in response to the calls for taking urgent action to combat climate change and its impact, and has implemented a number of specific measures to incorporate environmental sustainability into every aspect of our operations, in an effort to enhance environmental resilience and recoverability while maintaining a responsible attitude in fulfilling its environmental responsibility.

- We prioritize energy efficiency in outlet and shopping center operations, keep exploring renewable energy solutions, and facilitate the transition to green energy by installing solar panels wherever applicable.
- We focus on sustainable materials, high-efficient water use and eco-friendly construction techniques, so as to mitigate our impact on the environment as much as we can.
- In order to reduce carbon emissions, we encourage our staff to use public transportation for business trips.
- We work closely with suppliers and business partners to promote sustainable development across the entire value chain. By giving priority to environmentally responsible suppliers and advocating low-carbon operation, we extend our commitment to climate action beyond our operations.

Looking forward, the Company continues to integrate climate action into our future business strategies. Our main sustainability commitments including:

- Expand the application scope of renewable energy: the Group's aim is to keep exploring diverse renewable energy application scenarios and solutions to provide green power support for our business operations.
- Reinforce the buildup of climate resilience capability: the Group integrates system development with identification and assessment of climate risks associated with its business operations, with an aim to establish a robust climate risk prevention system.
- Optimize overall business practice standards: the Group will continue to focus on the three key aspects, namely sustainable product procurement, promotion of environmental-friendly packaging and responsible supply-chain management, so as to advance sustainable operation practice across the entire business chain.

# Environmental, Social and Governance Report

## BUILDING A GREEN ENTERPRISE TO PROTECT THE ENVIRONMENT *(Continued)* Overview of Environmental Performance Data

Key environmental indicator	2025	2024	Unit
<b>Greenhouse Gas (GHG)</b>			
Total emissions (Scope 1, 2 and 3)	4,648.06	N/A	tCO <sub>2</sub> e
Total emissions (Scope 1 and 2) <sup>2</sup>	4,634.79	4,608.89	tCO <sub>2</sub> e
Direct emissions (Scope 1)	50.85	61.45	tCO <sub>2</sub> e
Indirect emissions (Scope 2) <sup>3,4</sup>	4,583.94	4,547.44	tCO <sub>2</sub> e
GHG emissions (Scope 3) <sup>5</sup>	13.27	N/A	tCO <sub>2</sub> e
GHG emissions per square metre of floor area (Scope 1 and 2) <sup>6</sup>	21.93	21.94	kgCO <sub>2</sub> e/m <sup>2</sup>
GHG emissions per square metre of floor area (Scope 1, 2 and 3)	21.85	N/A	kgCO <sub>2</sub> e/m <sup>2</sup>
<b>Air Emissions<sup>7</sup></b>			
Nitrogen oxides (NO <sub>x</sub> )	95.34	128.24	kg
Sulphur oxides (SO <sub>x</sub> )	0.23	0.26	kg
Particulate Matter (PM)	10.59	14.95	kg
<b>Non-hazardous waste</b>			
Total non-hazardous waste	1,419.36	1,240.77	tonnes
Non-hazardous waste disposed	1,414.29	1,237.97 <sup>7</sup>	tonnes
Non-hazardous waste recycled	5.08	2.80	tonnes
Non-hazardous waste per square metre of floor area <sup>7</sup>	6.71	5.91	kg/m <sup>2</sup>
<b>Energy</b>			
Total consumption	10,305.02	9,909.97	MWh
Purchased electricity	10,159.39	9,745.29	MWh
Petrol	81.81	83.81	MWh
Diesel	24.08	37.12	MWh
Ethanol fuel	39.74	43.75	MWh
Energy consumption per square metre of floor area <sup>7</sup>	48.75	47.17	kWh/m <sup>2</sup>
<b>Water</b>			
Total water consumption	144,125.66	120,742.30	m <sup>3</sup>
Water consumption per square metre of floor area	0.68	0.58	m <sup>3</sup> /m <sup>2</sup>
<b>Packaging materials for finished products</b>			
Total materials consumption	29.80	34.57	tonnes
Glass	17.66	25.23	tonnes
Paper	12.14	9.34	tonnes
Intensity of packaging materials for finished products	0.14	0.17	kg/m <sup>2</sup>

<sup>2</sup> According to The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standards Revised Edition by the World Business Council for Sustainable Development and the World Resources Institute, Scope 1 (direct emissions) covers the greenhouse gas emissions directly from operations owned or controlled by the Group, while Scope 2 (indirect emissions) covers “indirect energy” greenhouse gas emissions from the Group’s internal consumption (purchased or acquired) of electricity.

<sup>3</sup> Such data only cover the electricity consumption known to the subsidiaries controlled by the Group as well as the indirect greenhouse gas emissions caused by electricity consumption, which include the part of electricity publicly consumed by Park Outlets in Hong Kong and Shenyang as well as Xiamen Park Outlets.

<sup>4</sup> Indirect emissions (Scope 2) for the Reporting Period are calculated using the relevant emission factors in Appendix 2: Reporting Guidance on Environmental KPIs in the latest edition of How to Prepare an ESG Report published by the Hong Kong Stock Exchange.

<sup>5</sup> The reporting scope for the year has been expanded to include the disclosure of indirect GHG emissions (Scope 3) applicable to the Group’s value chain, covering emission data related to business travel and asset leasing.

<sup>6</sup> The office premise on the third floor of Symphony Holdings was not let out during the year, thus its floor area has been included in this year’s calculation scope.

<sup>7</sup> This represents the consumption of packaging materials for finished products such as glass and paper involved in the production and sales processes of Supremium Bio-Technology.

# Environmental, Social and Governance Report

## COMMUNITY CARE

Care and support from across society are indispensable to the steady development of the Group. Accordingly, the Group insists on giving back to the communities where it operates, and is dedicated to contributing to the overall development of the society. The Group adheres to our development vision of “social harmony and harmonious neighbourliness”, and is committed to building a harmonious community in collaboration with all employees. Even in the face of double pressure from energy crisis and economic downturn, the Group continues to devote our best efforts to contribute to the community through diverse array of channels. During the Reporting Period, the resources invested by the Group in communities were mainly used for charitable donations.

To encourage our employees in Hong Kong to deliver care for communities and support public welfare activity of blood donation, the Group has introduced a “blood donation leave” benefit since 2023, which entitles any employees who donate blood on work days to enjoy half-day paid leave, up to twice a year.

# Environmental, Social and Governance Report

## COMMUNITY CARE *(Continued)*

### Caring for the Disabled and Impoverished Communities

During the Reporting Period, the Group organized various activities in Chinese Mainland, including visiting households with financial difficulty in the community, donating books to Shenyang Charity Federation, sponsoring the Shenbei Puhe Women's Half Marathon and other public welfare activities.



Visit households with financial difficulty alongside the Community Secretary on 10 October



Donate books to Shenyang Charity Federation on 12 April



Organize a themed movie screening for community party members on 17 August



Sponsor Shenbei Puhe Women's Half Marathon on 15 June

# Environmental, Social and Governance Report

## COMMUNITY CARE *(Continued)*

### Charitable Donations

The Group is always dedicated to community welfare. We continue to actively participate in social welfare services, and participate in diverse variety of public welfare activities including volunteer services, charitable donations and fund-raising activities for public welfare courses. Taking children suffering from disabilities as priority group for our care efforts, the Group not only offers direct and substantive assistance, but also leverages its influence in the industry to bring together social forces to promote the development of public welfare services. During the Reporting Period, the Group put its commitment to caring for children with disabilities into action through a series of charitable initiatives, including purchasing Gift for Love Cookies from the Hong Kong Federation of Handicapped Youth and charity raffle tickets from The Society for the Relief to support public welfare with consumption, and purchasing herbal tea bags from Yan Chai Hospital to provide resource support for charitable causes.



Herbal tea bag from Yan Chai Hospital



Gift for Love Cookies from the Hong Kong Federation of Handicapped Youth

## REMAINING TRUE TO OUR ORIGINAL ASPIRATION AND EMBRACING THE FUTURE

During the past year, the Group was faced with unprecedented challenges resulting from complex changes in the global landscape and ongoing economic downturn, which not only put our core competitive strengths to test, but also demonstrate the commitment and concerted effort of all employees. We have always adhered to the Group's core principles and development expectations, while continuing to pay attention and listen to the needs and suggestions of the stakeholders. While overcoming these challenges, we made steady progress in promoting environmental sustainability and social public welfare, demonstrating an unwavering commitment to achieving the goal of sustainable development.

Looking ahead, the Group will remain true to its original aspiration and take an active role forward. On one hand, we will further advance our efforts in environmental protection and community care, further amplifying our positive impact on the environment and society. On the other hand, we will continue to strengthen our comprehensive capabilities to enhance our risk resilience against economic fluctuations and market changes. We will leverage our industry leader strength, take concrete actions to fulfil our corporate social responsibility, and join hands with all stakeholders, business partners and customers to build a sustainable ecosystem and harmonious community.

Last but not least, the Group would like to take this opportunity to express our most sincere gratitude towards all of our stakeholders, business partners and valuable customers for their support and trust. We are grateful for their continued support and sincere cooperation along this journey. Looking ahead, we will continue to uphold the core principle of sustainable development, and maintain our commitment to fulfilling our corporate responsibilities as we dedicate ourselves to create a greener, more harmonious and better social environment for next generation.

# Independent Auditor's Report



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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SYMPHONY HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

### OPINION

We have audited the consolidated financial statements of Symphony Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 85 to 213, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) 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 statement 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.

Key audit matters identified in our audit are summarised as follows:

- Fair value of investment properties, leasehold land and buildings, and outlet mall buildings classified as level 3 recurring fair value measurements;
- Impairment assessment of trade and other receivables and loans receivable; and
- Impairment assessment of goodwill and intangible assets.

# Independent Auditor's Report

## **KEY AUDIT MATTERS** *(Continued)*

### **Fair value of investment properties, leasehold land and buildings, and outlet mall buildings classified as level 3 recurring fair value measurements**

Refer to Notes 15 and 14 to the consolidated financial statements and the accounting policies and critical accounting judgement and key sources of estimation uncertainty set out in Notes 4(h), 4(g) and 5(b)(vi) to the consolidated financial statements.

At 31 December 2025, the Group's investment properties (including investment properties in assets classified as held for sale), leasehold land and buildings, and outlet mall buildings, with the carrying amounts of approximately HKD1,348,477,000, HKD211,000,000 and HKD1,534,196,000, were measured at fair values respectively. The fair values of these assets were classified as level 3 recurring fair value measurements under the definition of HKFRS 13 "Fair Value Measurement" because certain key inputs used for determining the fair values of properties were not largely based on observable market data and involved management significant judgement and high level of estimation uncertainty.

Management has engaged independent qualified professional valuers to assist with the fair value measurements of these assets.

We identified the fair value of investment properties (including investment properties in assets classified as held for sale), leasehold land and buildings, and outlet mall buildings classified as level 3 recurring fair value measurements as a key audit matter because of the significant judgement and high level of estimation uncertainty involved in the valuation of these assets and the carrying amounts thereof are significant to the consolidated financial statements.

Our key audit procedures in relation to this key audit matter included:

- Evaluating the competence, capabilities and objectivity of the independent qualified professional valuers used by the management;
- Assessing the appropriateness of valuation methodologies and the reasonableness of key inputs and assumptions used in the valuation;
- Evaluating the accuracy, completeness and relevance of the data used in the valuation provided by the management to the independent qualified professional valuers; and
- Evaluating the reasonableness of disclosures relating to the fair value of investment properties, leasehold land and buildings, and outlet mall buildings.

# Independent Auditor's Report

## **KEY AUDIT MATTERS** *(Continued)*

### **Impairment assessment of trade and other receivables and loans receivable**

Refer to Notes 22 and 24 to the consolidated financial statements and the accounting policies and critical accounting judgement and key sources of estimation uncertainty set out in Notes 4(p) and 5(b)(viii) to the consolidated financial statements.

At 31 December 2025, the Group had trade and other receivables, net of loss allowance, and related loss allowance of approximately HKD123,887,000 and HKD14,700,000 respectively. In addition, the Group had loans receivable, net of loss allowance, and related loss allowance of approximately HKD53,496,000 and HKD6,040,000 respectively.

The expected credit loss (“**ECL**”) calculations of financial assets at amortised cost under HKFRS 9 “Financial Instruments” (“**HKFRS 9**”) involved management’s significant judgement and high level of estimation uncertainty. It includes key assumptions such as probability of default rates, expected recovery rates in the event of loss-given default and forward-looking information specific to the debtors and the macroeconomic environment where the debtors are located.

We identified the impairment assessment of trade and other receivables and loans receivable as a key audit matter because of the significant judgement and high level of estimation uncertainty involved in the ECL calculations and the carrying amounts thereof are significant to the consolidated financial statements.

Our key audit procedures in relation to this key audit matter included:

- Assessing the appropriateness of the ECL models by challenging the reasonableness of key assumptions and inputs used by the management in estimating the ECL, including evaluating the accuracy and relevance of the historical default rates and whether they are properly adjusted based on the recent credit loss experience and forward-looking information specific to the debtors and the macroeconomic environment where the debtors are located; and
- Evaluating the reasonableness of disclosures relating to impairment assessment of trade and other receivables and loans receivable.

### **Impairment assessment of goodwill and intangible assets**

Refer to Notes 20 and 17 to the consolidated financial statements and the accounting policies and critical accounting judgement and key sources of estimation uncertainty set out in Notes 4(e), 4(j), 4(q) and 5(b)(v) to the consolidated financial statements.

At 31 December 2025, the Group’s goodwill, net of impairment loss, and intangible assets with indefinite useful lives, with the carrying amounts of approximately HKD141,401,000 and HKD93,769,000, were required to be tested for impairment at the end of reporting period, irrespective of whether there is any indication of impairment.

# Independent Auditor's Report

## **KEY AUDIT MATTERS** *(Continued)*

### **Impairment assessment of goodwill and intangible assets** *(Continued)*

At 31 December 2025, the Group's intangible assets with finite useful lives, with the carrying amount of approximately HKD14,049,000, were required to be tested for impairment when there is an indication of impairment.

The management concluded that except for the impairment loss on goodwill arising from the acquisition of healthcare products business recognised in the prior years, there was no impairment loss in respect of the rest of goodwill and intangible assets at 31 December 2025. This conclusion was based on the assessment of recoverable amounts of the cash-generating units allocated in the value-in-use calculations performed by independent qualified professional valuers. The assessment of recoverable amounts required management's significant judgement and high level of estimation uncertainty, including long-term growth rates, gross profit margins and discount rates.

We identified the impairment assessment of goodwill and intangible assets as a key audit matter because of the significant judgement and high level of estimation uncertainty involved in the assessment of recoverable amounts and the carrying amounts thereof are significant to the consolidated financial statements.

Our key audit procedures in relation to this key audit matter included:

- Evaluating the competence, capabilities and objectivity of the independent qualified professional valuers used by the management;
- Checking the arithmetic accuracy of the cash flow projections used in the impairment assessment of goodwill and intangible assets;
- Assessing the reasonableness of key inputs used in the cash flow projections, including long-term growth rates, gross profit margins and discount rates; and
- Evaluating the reasonableness of disclosures relating to the impairment assessment of goodwill and intangible assets.

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

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include 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.

# Independent Auditor's Report

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

The directors 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

## **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. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism 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.

# Independent Auditor's Report

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

- 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 group financial statements. We are responsible for the direction, supervision and review of the work performed for the 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.

From the matters communicated with the directors, 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.

### **BDO Limited**

*Certified Public Accountants*

### **Lau Kin Tat, Terry**

Practising Certificate no. P07676

Hong Kong, 31 March 2026

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Notes	2025 HKD'000	2024 HKD'000
Revenue	7	308,750	307,561
Cost of sales		(23,270)	(26,330)
Gross profit		285,480	281,231
Other income and gains	10(a)	51,659	37,939
Distribution and selling expenses		(61,396)	(61,062)
Administrative expenses		(138,766)	(133,796)
Depreciation and amortisation expenses		(86,835)	(92,477)
Finance costs	8	(64,300)	(94,188)
Other expenses	10(b)	(3,995)	(1,101)
Provision of impairment loss on financial assets		(531)	(9,172)
Decrease in fair value of investment properties	15, 27	(31,921)	(34,905)
Share of results of joint ventures	18	(15,092)	(10,031)
Share of results of associates	19	(41)	185
Fair value gain/(loss) on financial assets at fair value through profit or loss	25	34,866	(23,648)
Loss before income tax expense		(30,872)	(141,025)
Income tax expense	9	(4,857)	(4,083)
Loss for the year	10(c)	(35,729)	(145,108)
<b>Loss for the year attributable to:</b>			
– Owners of the Company		(32,945)	(143,119)
– Non-controlling interests		(2,784)	(1,989)
		(35,729)	(145,108)
Loss per share:			
– Basic and diluted	13	HK(1.11) cents	HK(4.81) cents

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	<i>Notes</i>	<b>2025 HKD'000</b>	2024 HKD'000
Loss for the year		<b>(35,729)</b>	(145,108)
<b>Other comprehensive income for the year, net of tax</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Fair value changes arising on revaluation of properties	14	<b>22,742</b>	23,916
Deferred tax charge arising on revaluation of properties	29	<b>(6,838)</b>	(6,350)
		<b>15,904</b>	17,566
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Share of other comprehensive income of a joint venture	18	<b>1,301</b>	(1,286)
Share of other comprehensive income of an associate	19	<b>4</b>	8
Exchange differences arising on translation of foreign operations		<b>81,451</b>	(76,646)
		<b>82,756</b>	(77,924)
Other comprehensive income for the year, net of tax		<b>98,660</b>	(60,358)
<b>Total comprehensive income for the year</b>		<b>62,931</b>	(205,466)
<b>Total comprehensive income for the year attributable to:</b>			
– Owners of the Company		<b>65,808</b>	(203,122)
– Non-controlling interests		<b>(2,877)</b>	(2,344)
		<b>62,931</b>	(205,466)

# Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HKD'000	2024 HKD'000
<b>Non-current assets</b>			
Property, plant and equipment	14	1,815,025	1,808,309
Investment properties	15	633,451	624,385
Right-of-use assets	16	406,494	402,875
Intangible assets	17	107,818	109,583
Interests in joint ventures	18	19,505	33,296
Interests in associates	19	6,535	6,572
Goodwill	20	141,401	141,401
Deferred tax assets	29	16,187	12,760
Club debenture		1,876	1,876
Statutory deposits for financial services business		200	200
Total non-current assets		3,148,492	3,141,257
<b>Current assets</b>			
Inventories	21	30,939	35,176
Trade and other receivables	22	123,887	127,231
Amount due from a related party	32	102	–
Amount due from a director	33	3,113	–
Amounts due from joint ventures	18	43,589	39,222
Amount due from an associate	19	803	652
Advances to customers in margin financing	23	79,727	126,610
Loans receivable	24	53,496	45,734
Financial assets at fair value through profit or loss	25	119,202	81,709
Bank balances and cash – held on behalf of customers	26(a)	117,598	20,265
Bank balances and cash	26(b)	85,596	77,239
Assets classified as held for sale	27	658,052 715,026	553,838 720,866
Total current assets		1,373,078	1,274,704
<b>Current liabilities</b>			
Trade and other payables	28	462,292	349,459
Amount due to a related party	32	–	106
Amounts due to directors	33	6,797	56,555
Lease liabilities	31	12,746	21,526
Bank borrowings	30	734,824	704,534
Tax payable		11,104	30,450
Total current liabilities		1,227,763	1,162,630
Net current assets		145,315	112,074
Total assets less current liabilities		3,293,807	3,253,331

# Consolidated Statement of Financial Position

As at 31 December 2025

	<i>Notes</i>	2025 HKD'000	2024 HKD'000
<b>Non-current liabilities</b>			
Lease liabilities	31	157,346	166,578
Bank borrowings	30	425,321	435,870
Deferred tax liabilities	29	348,795	331,922
Total non-current liabilities		931,462	934,370
<b>NET ASSETS</b>		<b>2,362,345</b>	2,318,961
<b>Equity</b>			
Share capital	34	297,422	297,422
Reserves	36	2,057,843	2,015,594
Total equity attributable to owners of the Company		2,355,265	2,313,016
Non-controlling interests		7,080	5,945
<b>TOTAL EQUITY</b>		<b>2,362,345</b>	2,318,961

The consolidated financial statements on pages 85 to 213 were approved and authorised for issue by the board of directors on 31 March 2026 and were signed on its behalf by:

**Cheng Tun Nei**  
*Director*

**Chan Kar Lee Gary**  
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company									
	Share capital HKD'000 (Note 34)	Contributed surplus HKD'000 (Note 36)	Share premium HKD'000 (Note 36)	Properties revaluation reserve HKD'000 (Note 36)	Translation reserve HKD'000 (Note 36)	Other reserve HKD'000 (Note 36)	Retained profits/ losses HKD'000 (Note 36)	Subtotal HKD'000	Non-controlling interests HKD'000	Total HKD'000
<b>Balance at 1 January 2024</b>	297,422	523,213	1,071,657	791,469	(163,007)	7,749	2,506	2,531,009	8,289	2,539,298
Loss for the year	-	-	-	-	-	-	(143,119)	(143,119)	(1,989)	(145,108)
Fair value changes arising on revaluation of properties	-	-	-	23,916	-	-	-	23,916	-	23,916
Deferred tax charge arising on revaluation of properties	-	-	-	(6,350)	-	-	-	(6,350)	-	(6,350)
Share of other comprehensive income of joint ventures	-	-	-	-	(1,286)	-	-	(1,286)	-	(1,286)
Share of other comprehensive income of an associate	-	-	-	-	8	-	-	8	-	8
Exchange differences arising on translation of foreign operations	-	-	-	-	(76,291)	-	-	(76,291)	(355)	(76,646)
Other comprehensive income for the year, net of tax	-	-	-	17,566	(77,569)	-	-	(60,003)	(355)	(60,358)
Total comprehensive income for the year	-	-	-	17,566	(77,569)	-	(143,119)	(203,122)	(2,344)	(205,466)
Dividend paid (Note 12)	-	-	-	-	-	-	(14,871)	(14,871)	-	(14,871)
<b>Balance at 31 December 2024</b>	297,422	523,213	1,071,657	809,035	(240,576)	7,749	(155,484)	2,313,016	5,945	2,318,961

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company							Subtotal HKD'000	Non- controlling interests HKD'000	Total HKD'000
	Share capital HKD'000 (Note 34)	Contributed surplus HKD'000 (Note 36)	Share premium HKD'000 (Note 36)	Properties revaluation reserve HKD'000 (Note 36)	Translation reserve HKD'000 (Note 36)	Other reserve HKD'000 (Note 36)	Accumulated losses HKD'000 (Note 36)			
<b>Balance at 1 January 2025</b>	297,422	523,213	1,071,657	809,035	(240,576)	7,749	(155,484)	2,313,016	5,945	2,318,961
Loss for the year	-	-	-	-	-	-	(32,945)	(32,945)	(2,784)	(35,729)
Fair value changes arising on revaluation of properties	-	-	-	22,742	-	-	-	22,742	-	22,742
Deferred tax charge arising on revaluation of properties	-	-	-	(6,838)	-	-	-	(6,838)	-	(6,838)
Share of other comprehensive income of joint ventures	-	-	-	-	1,301	-	-	1,301	-	1,301
Share of other comprehensive income of an associate	-	-	-	-	4	-	-	4	-	4
Exchange differences arising on translation of foreign operations	-	-	-	-	81,544	-	-	81,544	(93)	81,451
Other comprehensive income for the year, net of tax	-	-	-	15,904	82,849	-	-	98,753	(93)	98,660
Total comprehensive income for the year	-	-	-	15,904	82,849	-	(32,945)	65,808	(2,877)	62,931
Acquisition of further interests in a subsidiary (Note 45)	-	-	-	-	-	(8,688)	-	(8,688)	4,012	(4,676)
Dividend paid (Note 12)	-	-	-	-	-	-	(14,871)	(14,871)	-	(14,871)
<b>Balance at 31 December 2025</b>	297,422	523,213	1,071,657	824,939	(157,727)	(939)	(203,300)	2,355,265	7,080	2,362,345

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 HKD'000	2024 HKD'000
<b>Cash flows from operating activities</b>			
Loss before income tax expense		(30,872)	(141,025)
Adjustments for:			
Interest income	10(a)	(3,399)	(4,439)
Dividend income from financial assets at fair value through profit or loss	10(a)	(487)	(30)
Finance costs	8	64,300	94,188
Share of results of joint ventures	18	15,092	10,031
Share of results of associates	19	41	(185)
Gain on disposal of property, plant and equipment	10(a)	(4,273)	(138)
Loss on revaluation of property, plant and equipment	10(b)	–	741
Depreciation of property, plant and equipment	10(c)	70,650	76,279
Depreciation of right-of-use assets	10(c)	14,178	14,191
Amortisation of intangible assets	10(c)	2,007	2,007
Write off of property, plant and equipment	10(b)	82	43
Gain on deregistration of subsidiaries	10(a)	(19,249)	–
Decrease in fair value of investment properties		31,921	34,905
Fair value (gain)/loss on financial assets at fair value through profit or loss		(34,866)	23,648
Provision of impairment loss on financial assets		531	9,172
Reversal of allowance of inventories	10(c)	(128)	(1,172)
Operating cash flows before movements in working capital		105,528	118,216
<b>Cash flows from operating activities</b>			
Decrease in inventories		5,630	13,493
Decrease in trade and other receivables		6,062	72,598
Decrease in advances to customers in margin financing		46,883	8,724
(Increase)/decrease in loans receivable		(8,349)	8,064
Increase in financial assets at fair value through profit or loss		(2,470)	(2,742)
(Increase)/decrease in bank balances and cash – held on behalf of customers		(97,333)	3,662
Increase in trade and other payables		95,569	27,180
<b>Cash generated from operations</b>		151,520	249,195
PRC tax paid		(8,310)	(5,379)
Other jurisdictions tax refunded/(paid)		14	(16)
Hong Kong Profits Tax paid		(269)	(767)
<b>Net cash from operating activities</b>		142,955	243,033

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 HKD'000	2024 HKD'000
<b>Cash flows from investing activities</b>			
Advance to a director		(3,113)	–
(Advance to)/repayment from an associate		(148)	650
(Advance to)/repayment from a related party		(213)	2,195
Purchase of intangible assets		(242)	–
Purchases of property, plant and equipment		(5,734)	(3,812)
Proceeds from disposal of property, plant and equipment		12,193	144
Withdrawal in restricted bank deposits		–	49,198
Interest received		1,272	1,477
Dividend received from financial assets at fair value through profit or loss		487	30
<b>Net cash from investing activities</b>		<b>4,502</b>	<b>49,882</b>
<b>Cash flows from financing activities</b>			
Acquisition of further interests in a subsidiary	45	(4,676)	(4,500)
Proceeds from bank borrowings	46(b)	274,853	231,736
Repayments of bank borrowings	46(b)	(263,462)	(464,163)
Repayments to directors	46(b)	(53,988)	(4,846)
Repayments of lease liabilities	46(b)	(14,116)	(10,341)
Dividend paid		(14,871)	(14,871)
Interest paid	46(b)	(45,081)	(80,034)
<b>Net cash used in financing activities</b>		<b>(121,341)</b>	<b>(347,019)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>26,116</b>	<b>(54,104)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	46(a)	<b>77,239</b>	<b>132,594</b>
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>(17,759)</b>	<b>(1,251)</b>
<b>Cash and cash equivalents at the end of the year</b>	46(a)	<b>85,596</b>	<b>77,239</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

Symphony Holdings Limited (the “**Company**”) was incorporated in Bermuda on 24 November 1993 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 1 March 1995. Its ultimate controlling party is Mr. Cheng Tun Nei who is the chairman, chief executive officer and an executive director of the Company. The addresses of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is 10th Floor, Island Place Tower, 510 King’s Road, North Point, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (together the “**Group**”) are mainly consisted of:

- Branding: (i) development and management of “SKINS” trademarks; (ii) sourcing, manufacturing and trading of healthcare products in Hong Kong; and (iii) distribution of Japanese wine;
- Retailing: (i) management and operation of outlet malls; and (ii) property investment and holding; and
- Financial services: provisions of securities brokerage, margin financing, money lending and financial consultancy services.

The principal activities of the Company’s principal subsidiaries are set out in Note 45 to the consolidated financial statements.

## 2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

### (a) Adoption of amendments to HKFRS Accounting Standards – effective 1 January 2025

The Group has adopted the following amendments to HKFRS Accounting Standards, which included Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) relevant to the Group’s accounting policies and business operations adopted for the first time prepared and presented on the consolidated financial statements for the annual period beginning on or after 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
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

The application of the amendments to HKFRS Accounting Standards in the current period has no material impact on the Group’s performance and financial positions for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. ADOPTION OF HKFRS ACCOUNTING STANDARDS *(Continued)*

### (b) New and amendments to HKFRS Accounting Standards that have been issued but are not yet effective

The following new and amendments to HKFRS Accounting Standards, potentially relevant to the Group's accounting policies and business operations, have been issued, but are not yet effective and have not been early adopted by the Group:

HKFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>2</sup>
Amendments to HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment of Demand Clause <sup>2</sup>
Annual Improvements to HKFRS Accounting Standards – Volume 11	HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>1</sup>

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

<sup>2</sup> Effective for the annual period beginning on or after 1 January 2027

<sup>3</sup> Effective for the annual period beginning on or after a date to be determined

The directors of the Company (the “**Directors**”) do not anticipate that the adoption of these new and amendments to HKFRS Accounting Standards that have been issued but not yet effective will have any material impact on these consolidated financial statements, except for the application of HKFRS 18.

#### **HKFRS 18 “Presentation and Disclosure in Financial Statements”**

The new standard was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 *Basis of Preparation of Financial Statements* (renamed from *Accounting Policies, Changes in Accounting Estimates and Errors*). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

### (b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values as explained in the Group’s accounting policies set out in Note 4 to the consolidated financial statements.

### (c) Use of critical accounting judgement and estimation

The preparation of consolidated financial statements in accordance with HKFRS Accounting Standards requires the management to make critical accounting judgement, estimation and assumptions based on historical experience and various factors that are believed to be reasonable in the application of the Group’s accounting policies, which involved key sources of estimation uncertainty and significant risks of causing material adjustments to the carrying amounts of assets and liabilities presented in the consolidated financial statements when those areas have high degree of judgement or complexity of estimation since the actual results may differ from these judgement and estimation when it is not readily apparent from other sources.

As a result, the management review, on an ongoing basis, to revise for any changes of these critical accounting judgement and estimation, and recognise in the period of the revision and the future periods as if the revision affects both periods. For details of the critical accounting judgement and estimation that have significant impact on the consolidated financial statements are further discussed in Note 5 to the consolidated financial statements.

### (d) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars (“**HKD**”), which is the same as the functional currency of the Company.

### (e) Going concern assumption

The Group recorded a loss of HKD35,729,000 for the year ended 31 December 2025. As at 31 December 2025, the Group’s current bank borrowings amounted to HKD734,824,000, which are subject to payable or subject to renewal within twelve months following the end of the reporting period, while its cash and bank balances amounted to HKD85,596,000. Furthermore, the Group’s current assets of HKD1,373,078,000 comprised investment properties classified as held for sale with a carrying amount of HKD715,026,000. Excluding these investment properties held for sale, the Group would be in an adjusted net current liabilities position. These events or conditions may cast significant doubt on the Group’s ability to continue as a going concern.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. BASIS OF PREPARATION *(Continued)*

### (e) Going concern assumption *(Continued)*

In view of above circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors have prepared a cash flow forecast covering a period of 18 months from the end of the reporting period, taking into consideration the following factors:

- cash and cash equivalents of HKD85,596,000 available as at 31 December 2025;
- unutilised credit facilities of HKD384,790,000 as at 31 December 2025;
- collection of the outstanding consideration in connection with the sales of trademarks in prior years of HKD19,461,000;
- the Group has been in active discussions with the banks regarding the renewal of its borrowings and credit facilities, which will mature within 12 months from the end of the reporting period. The Directors expect that, taking into account of Group's past record of compliance with the terms of its borrowings, the availability of sufficient assets as collateral, and the current status of negotiations, the Group will be able to successfully renew its credit facilities; and
- management's ability to adjust the pace of the Group's operational expansion.

Based on the above, the Directors are of the opinion that the Group will have sufficient funds and resources to finance its operations and to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

### (a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (a) Business combination and basis of consolidation *(Continued)*

The carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributable to owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

### (b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at costs less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

### (c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions are eliminated against the carrying amount of the associate. Where unrealised losses provide evidence of impairment of the asset transferred, they are recognised immediately in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (d) Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group accounts for its interests in joint ventures in the same manner as interests in associates (i.e. using the equity method – see Note 4(c) to the consolidated financial statements).

### (e) Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree over the fair value of the identifiable assets and liabilities measured as at the acquisition date.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after reassessment.

Goodwill is measured at cost less impairment losses, if any. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see Note 4(q) to the consolidated financial statements), and whenever there is an indication that the unit may be impaired.

When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit on a pro-rata basis on the carrying amount of each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value-in-use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (f) Revenue recognition

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, excluding those amounts collected on behalf of third parties. Revenue excludes value-added taxes or other sales-related taxes and is after deduction of any trade discounts, volume rebates, rights of return or allowances.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time. Control of the goods or services is transferred over time if the Group's performance included the following criteria:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract with reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

### (i) Sales of goods

Revenue from sales of goods directly to customers is recognised at a point in time when the control of goods have been passed to customers, which is primarily upon the underlying goods are delivered to and have been accepted by customers. There is generally one performance obligation for sales of goods for all categories of customers.

Invoice amounts are net of value-added taxes or other sales-related taxes. Sales contracts normally provide no trade discounts, volume rebates, rights of return or allowances that may give rise to variable consideration in the sales contracts.

### (ii) Commission income from concessionaire sales

Commission income from concessionaire sales is recognised over time when the underlying services are provided to the relevant retail shops located in the outlet malls based on commission rates charged for concessionaire sales generated from retail shops in accordance with the agreed terms and conditions of the underlying services contracts. There is no minimum guarantee income restricted on retail shops to generate concessionaire sales during the contractual period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (f) Revenue recognition *(Continued)*

#### (iii) Royalty income

Royalty income represents licence fees received from the licensees who are granted to access the intellectual property right, not limited to design, manufacture, package, sales, distribution and marketing of "MY LITTLE PONY" and "SKINS" branded products in foreign licensed territories. All licensing agreements include minimum guarantee plus sales-based royalty payments. The management considers that the intellectual property right is significantly affected by the activities committed by the Group. As a result, the minimum guarantee element is recognised over time rateably over licensing periods, any additional sales-based element in excess of the minimum guarantee element would be subject to the royalty exception and recognised in the period accordingly when the usage occurs.

#### (iv) Securities brokerage commission

Securities brokerage income is recognised at a point in time based on the execution date of trade charged at an agreed commission rate of transaction volume of the trade executed in accordance with the terms and conditions specified in account opening agreements.

#### (v) Financial consultancy income

Financial consultancy income is recognised over time as the customers simultaneously receive and consume benefits whenever they request for consultancy services, not limited to, legal and compliance, corporate finance, and merger and acquisition advisory services from the Group. The services performed are normally charged at a fixed monthly fee regardless of any services performed.

The Group provides asset management and investment advisory services on diversified and comprehensive investment products to customers. The asset management fee income is recognised as the services are performed over time and is charged at a fixed percentage of the net asset value of the managed accounts under management of the Group. The Group is also entitled to a performance fee when there is a positive performance for the relevant performance period and it is recognised at the end of the relevant performance period, when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and when the uncertainty associated with the variable consideration is subsequently resolved.

#### (vi) Other services income

Other services income is recognised over time when the underlying services are rendered to customers.

#### (vii) Rental income

Rental income under operating leases is recognised on a straight-line basis over the relevant lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (f) Revenue recognition *(Continued)*

#### (viii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. Interest income is recognised as it accrues by using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost, i.e. the gross carrying amount, net of loss allowance of the asset.

### (g) Property, plant and equipment

Owner-occupied leasehold land and buildings are stated at revaluation less accumulated depreciation. Revaluation is performed with sufficient regularity to ensure that the carrying amount does not differ materially from which would be determined by using fair values at the end of reporting period. Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of "properties revaluation reserve". Decreases in value arising on revaluation are first offset against increases on earlier revaluation in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the properties revaluation reserve. When the use of a property changes from owner-occupied to investment property, the property is also remeasured to fair value prior to the reclassification.

Upon disposal, the relevant portion of the properties revaluation reserve realised in respect of the previous revaluation is released from the properties revaluation reserve to accumulated losses/retained profits on the date of disposal of properties.

Apart from properties and construction in progress, other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Apart from construction in progress, other property, plant and equipment are depreciated so as to write off their cost or revaluation, net of expected residual value, over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted, if appropriate, at the end of each reporting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (g) Property, plant and equipment *(Continued)*

The below items of property, plant and equipment, other than construction in progress, are depreciated over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, their annual depreciation rates are listed as follows:

Leasehold land and buildings in Hong Kong and the People's Republic of China (the "PRC")	Shorter of expected useful lives and remaining lease terms
Buildings	Shorter of expected useful lives and remaining lease terms
Leasehold improvements	Shorter of expected useful lives and remaining lease terms
Plant and machinery	9%–45%
Furniture, fixtures and equipment	9%–20%
Motor vehicles	16%–20%
Vessel	10%

Construction in progress is stated at cost less impairment losses, if any. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

If an item of property, plant and equipment becomes an investment property because its usage has changed as evidenced by the end of owner-occupation, any difference between the carrying amount and the fair value of that item, at the date of transfer, is recognised in other comprehensive income and accumulated in properties revaluation reserve. On the subsequent sales or retirement of the asset, the relevant properties revaluation reserve will be transferred directly to accumulated losses/retained profits on the date of sales or retirement.

An item of property, plant and equipment is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount. For details of the determination of recoverable amount is set out in Note 4(q) to the consolidated financial statements.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected to arise from continuous usage of the asset. Any gain or loss arising from disposal or retirement of the asset is the difference between the net sales proceeds and the carrying amount of the asset, which is recognised in profit or loss on the date of disposal or determined as no future economic benefit.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (h) Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held-for-sales in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include land held for undetermined future use and properties that are constructed or under development for future use as an investment property.

When the Group holds a property interest under an operating lease to earn rental income, which has met the definition of an investment property, the Group should classify the property interest as an investment property by using the fair value model.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values by using the fair value models.

If an investment property becomes an item of property, plant and equipment because of its usage has been changed as evidenced by the commencement of owner-occupation, the property's deemed cost for subsequent accounting is determined with reference to its fair value at the date of change in use.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the investment property, calculated as the difference between the net disposal proceeds and the carrying amount of the investment property, which is included in profit or loss for the period in which the investment property is derecognised or determined as no future economic benefit.

### (i) Leases

#### Accounting as lessee

At the inception of a contract, the Group assesses whether the 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise when leases which are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on a straight-line basis over the lease term.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (i) Leases *(Continued)*

#### **Accounting as lessee** *(Continued)*

##### *Right-of-use asset*

The right-of-use asset is initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for right-of-use asset that meets the definition of an investment property, the Group measures the right-of-use assets by applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses (see Note 4(q) to the consolidated financial statements for the impairment assessment of right-of-use assets), and adjusted for any remeasurement of lease liability.

The Group accounts for leasehold land and buildings that are held for rental or capital appreciation purpose under HKAS 40 "Investment Property" ("**HKAS 40**") and are carried at fair value (see Note 4(h) to the consolidated financial statements). The Group accounts for leasehold land interests and buildings which is held for own use under HKAS 16 "Property, Plant and Equipment" ("**HKAS 16**") and are carried at cost less accumulated depreciation and any impairment losses (see Note 4(g) to the consolidated financial statements).

##### *Lease liability*

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate as an alternative.

In the consolidated statement of financial position, the current portion of long-term lease liability is determined as the present value of lease payments that are due to be settled within twelve months after the end of reporting period.

After the initial recognition, the lease liability is measured at amortised cost and interest expenses is calculated by using the effective interest method.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modification, e.g. a change in future lease payments arising from change in an index or a rate, a change in the lease term, a change in the in-substance of fixed lease payments or a change in assessment to purchase the underlying asset.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (i) Leases *(Continued)*

#### **Accounting as lessee** *(Continued)*

##### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

#### **Accounting as a lessor**

When the Group acts as a lessor, it determines at the lease inception whether each of the lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

The Group has leased out its investment properties to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate leases. The sub-lease is classified as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption criteria as aforementioned, then the Group classifies the sub-lease as an operating lease.

### (j) Intangible assets (other than goodwill)

#### (i) **Acquired intangible assets**

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses and intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses (see Note 4(q) to the consolidated financial statements for the impairment assessment of intangible assets).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (j) Intangible assets (other than goodwill) *(Continued)*

#### (i) Acquired intangible assets *(Continued)*

##### *Intangible assets with finite useful lives*

For intangible assets with finite useful lives, amortisation is provided on a straight-line basis over their useful lives, and the amortisation expenses is recognised in profit or loss. The following intangible assets with finite useful lives are amortised from the date when they are available for use and their estimated useful lives are as follows:

Customer relationships	5–15 years
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Both of the estimated useful lives and method of amortisation are reviewed at the end of each reporting period.

##### *Intangible assets with indefinite useful lives*

For intangible assets with indefinite useful lives comprise of: (i) intellectual property right, not limited to design, manufacture, package, sales, distribution and marketing of “MY LITTLE PONY” and SKINS” branded products, with licensing periods from 7 to 15 years granted by the local government agencies in the foreign licensed territories; (ii) rights to manufacture, market, distribute and sell of healthcare products under patents and trademarks in Hong Kong, with licensing periods from 1 to 2 years; (iii) trading rights granted by Hong Kong Exchanges and Clearing Limited, which allows the Group to trade securities on or through the Stock Exchange and The Hong Kong Futures Exchange Limited; and (iv) trading right of liquor retail business license in Japan acquired.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite useful lives as set above.

#### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as it incurred.

#### (iii) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (j) Intangible assets (other than goodwill) *(Continued)*

#### (iv) Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at the end of each reporting period, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 4(q) to the consolidated financial statements).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount; however, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in the prior years. All reversals are recognised in the profit or loss immediately.

### (k) Foreign currencies

In preparing the financial statements of each individual group entity, transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the “**functional currency**”) are recorded at the exchange rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the exchange rates ruling at the end of each reporting period. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing on the date when the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary assets and liabilities, and on the translation of monetary assets and liabilities, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary assets and liabilities carried at fair value are included in profit or loss for the period, except for exchange differences arising on the retranslation of non-monetary assets and liabilities in respect of which gains and losses are recognised in other comprehensive income, in which cases, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group, i.e. Hong Kong dollars at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the exchange rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as “translation reserve” and attributable to non-controlling interests, as appropriate. Exchange differences recognised in profit or loss of group entities’ separate financial statements on the translation of long-term monetary assets and liabilities forming part of the Group’s net investments in the foreign operations concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the translation reserve.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (l) Employee benefits

#### (i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees rendered to related service.

#### (ii) Defined contribution retirement plans

Mandatory provident fund scheme set up and operated under the Mandatory Provident Fund Schemes Ordinance, Cap. 485 (**'the MPF Schemes Ordinance'**) is categorised as a defined contribution plan.

Contributions to defined contribution plan are charged to the consolidated statement of comprehensive income when the related services are recognised.

### (m) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met: (i) in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or (ii) in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets that are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

#### Current tax

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated by using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Additional income taxes that arise from the distribution of dividend are recognised when the liability to pay the related dividend is recognised.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (m) Income tax *(Continued)*

#### Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising from investments in subsidiaries or interests in joint ventures and associates where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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 profits will be available to allow all or part of the assets to be recovered.

An exception to the general requirement in determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40. Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured by using the tax rates that would apply on sales of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sales. In other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities by using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (n) Club debenture

Club debenture acquired is measured on the initial recognition at cost and its useful life is assessed to be indefinite. The club debenture is tested for impairment at the end of each reporting period and not to be amortised. Its useful life is also reviewed at the end of each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

### (o) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present locations and conditions. Cost is calculated by using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sales.

When the inventories are sold, the carrying amount of inventories is recognised as expenses in the period in which the related revenue is recognised.

The amount of any written down of inventories to net realisable value and all loss of inventories are recognised as an expense in the period when the written down occurs. The amount of any reversal of any written down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The amount of any written down of inventories to net realisable value and all losses of inventories are recognised as expenses in the period in which the written down or loss incurred. The amount of any reversal of any written down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal incurred.

### (p) Financial instruments

#### (i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (“**FVTPL**”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest, if applicable.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (p) Financial instruments *(Continued)*

#### (i) Financial assets *(Continued)*

##### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

##### *Amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

##### *FVTPL*

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

##### *Equity instruments*

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividend and interest income are recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (p) Financial instruments *(Continued)*

#### (ii) Impairment loss on financial assets

The Group recognises loss allowance for expected credit loss (“ECL”) on trade receivables and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-months ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group measured loss allowance for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group’s historical experience, adjusted for forward-looking factors specific to the debtors and the macroeconomic environment where the debtors located.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating the ECLs, the Group considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative information analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

In particular, the following information has taken into account of when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument’s external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor’s ability to meet its obligation to the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (p) Financial instruments *(Continued)*

#### (ii) Impairment loss on financial assets *(Continued)*

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or the financial asset is more than 90 days past due.

The Group considers a financial asset to be credit-impaired when: (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising securities collateral, if applicable; or (ii) the financial asset is more than 180 days past due; or (iii) significant financial difficulty of the issuer or the counterparty; or (iv) a breach of contract, such as a default or past due event; or (v) the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or (vi) it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or (vii) the disappearance of an active market for that financial asset because of financial difficulties.

ECLs are remeasured at the end of each reporting period to reflect changes in the financial asset's credit risk since initial recognition. Any change in the ECLs is recognised as provision or reversal of loss allowance in profit or loss. The Group recognises provision or reversal of loss allowance for financial assets measured at amortised cost with a corresponding adjustment to their carrying amount through the usage of loss allowance account.

Interest income on credit-impaired financial assets is calculated based on the amortised cost, i.e. the gross carrying amount less loss allowance of the financial assets. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount of financial assets.

#### *Write off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, i.e. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account of legal advice where appropriate. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (p) Financial instruments *(Continued)*

#### (iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

#### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost including trade and other payables, amounts due a related party and directors and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expenses is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the financial liabilities are derecognised as well as through the amortisation process.

#### (iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

#### (v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### (vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss when the financial asset is derecognised.

Financial liabilities are derecognised when the obligation specified in the relevant contract is either discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss when the financial liabilities is derecognised.

#### (vii) Offsetting of financial instruments

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (q) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment under cost model;
- intangible assets with definite useful lives;
- right-of-use assets;
- investments in subsidiaries and interests in associates and joint ventures; and
- club debenture

If the recoverable amount, i.e. the greater of the fair value less costs of disposal and value-in-use of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS Accounting Standards, in which case the impairment loss is treated as a revaluation decrease under that HKFRS Accounting Standards.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or cash-generating unit in Note 4(e) to the consolidated financial statements, discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently, i.e. a cash-generating unit.

Except for goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in the prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount under another HKFRS Accounting Standards, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS Accounting Standards.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable to result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (s) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses of the related costs for which the grants are intended to compensate

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other income, rather than reducing the related expense.

### (t) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

### (t) Related parties *(Continued)*

(b) (Continued)

- (v) The entity is a post-employment benefit plan for the benefit of the employees of 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 key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include: (i) that person's children and spouse or domestic partner; (ii) children of that person's spouse or domestic partner; and (iii) dependents of that person or that person's spouse or domestic partner.

### (u) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances, short-term deposits and highly liquid investments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the consolidated statement of cash flows that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

#### **Bank balances held on behalf of customers**

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The Group has classified the clients' monies as "bank balances and cash – held on behalf of customers" under the current assets presented in the consolidated statement of financial position as the Group is allowed to retain some or all of the interest income on the clients' monies and recognised the corresponding amount of trade payables to the respective customers under the current liabilities payable to clients on the grounds that it is liable for any loss or misappropriation of clients' monies. Under the Hong Kong Securities and Futures Ordinance (Cap. 571), the Group is not allowed to use the clients' monies to settle its own financial obligations.

### (v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company that make strategic decisions.

### (w) Assets classified as held for sale

Assets are classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The investment properties, which are classified as held-for-sale, would continue to be measured in accordance with the policies set out in note 4(h) to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### (a) Critical judgement in applying accounting policies

#### (i) Classification between investment properties and owner-occupied properties

The Group has developed criteria required management significant judgement and estimation to determine whether a property qualifies as an investment property. According to the accounting policies set out in Notes 4(g) and 4(h) to the consolidated financial statements, investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the management considers whether a property generates cash flows largely independent 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. The Group may provide ancillary services to the occupants of properties it holds. The management significant judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as an investment property. The property is an investment property only if the ancillary services are insignificant to the arrangement as a whole.

At 31 December 2025, the carrying amounts of right-of-use assets and outlet mall buildings of approximately HKD405,509,000 and HKD1,534,196,000 (2024: HKD401,253,000 and HKD1,480,900,000) related to the leasehold land and building interests of outlet malls, where located in Shenyang and Xiamen, the PRC. Regarding the operation models, the concessionaire sales generated is largely dependent on the sales performance of the retail shops located in the outlet malls, which the Group has the power to exercise significant operating and financing decisions on daily operations of the outlet malls. As a result, the directors are of the opinion that the outlet malls are in the nature of owner-occupied properties and should follow the accounting policies as set out in Note 4(g) to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

### (a) Critical judgement in applying accounting policies *(Continued)*

#### (ii) Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As at 31 December 2025, the Group has recognised deferred taxes on revaluation of investment properties amounted to approximately HKD54,159,000 (2024: HKD57,334,000).

### (b) Key sources of estimation uncertainty

In addition to information disclosed elsewhere in the consolidated financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### (i) Impairment of interests in joint ventures

The management determines whether interests in joint ventures has any impairment indicators with reference to the requirements under HKFRS 11 "Joint Arrangements" ("**HKFRS 11**") and HKAS 36 "Impairment of Assets" involved significant judgement and estimation at the end of each reporting period.

In order to identify the impairment indicators, the management particularly in assessing: (i) whether the carrying amount of the interests can be supported by the recoverable amount, being the higher of fair value less cost of disposal or value-in-use; and (ii) the appropriate key assumptions of inputs to be applied in preparing cash flow projections including whether the projections is discounted by an appropriate rate and projected by an appropriate growth rate. The cash flow projections is therefore used as the value-in-use calculation to estimate the share of future cash flows expected to arise from the business operations held by the joint venture companies with an appropriate discount rate to calculate the share of present value of the interests in joint ventures. The calculation of fair value less cost of disposal of the interests may require the assistance by the independent qualified professional valuer particularly when the joint venture companies operate and manage an outlet mall located in Anyang, the PRC.

Where the actual cash flows are less than the expected cash flow projections, impairment loss may arise in the profit or loss to the extent when the recoverable amounts exceed the carrying amounts of the interests in joint ventures.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

### (b) Key sources of estimation uncertainty *(Continued)*

#### (ii) Useful lives of property, plant and equipment

The management determines the estimated useful lives, residual values and related depreciation expenses for the Group's property, plant and equipment based on the historical experience and expectations of the actual useful lives and residual values of property, plant and equipment with similar nature and functions. The management will revise the depreciation expenses where the useful lives and residual values are different to those previously estimated, or it will write off or write down as if there is any technological obsolescence, changes in market demand or service outputs that has been reduced significantly to abandon or sell the assets.

#### (iii) Useful lives of intangible assets

According to the past experience, all of intangible assets with indefinite useful lives comprising of the intellectual property right of "MY LITTLE PONY" and "SKINS" trademarks, patents and trademarks of healthcare products business, trading rights of securities and trading right of liquor retail business can be renewed indefinitely at little or even no cost and are expected to generate net cash inflow in an indefinite manner.

For "MY LITTLE PONY" and "SKINS" trademarks, the management also considers that a relatively significant amount of marketing and promotion support has been spent providing that the trademarks have considerable and stable economic benefits to the Group. The Group has demonstrated its financial ability to protect the legal rights in the absence of any regulatory, economic or competitive factors that may truncate the useful life assessment. However, the management is aware of any changes of strategic decision, not limited to withdrawal of marketing support or weakening of customers' preference may result changes in the assessment of useful lives from indefinite to finite. If an intangible asset is defined as having a finite useful life, annual amortisation expenses will be recognised to reduce both operating profits and the carrying amount of intangible asset.

The useful lives of intangible assets are reviewed at the end of each reporting period to determine whether the indefinite useful life assessment continue to be supportable. If not, the change in the useful life assessment from indefinite to definite is accounted for prospectively from the date of change.

#### (iv) Impairment of non-financial assets (other than goodwill and intangible assets)

The Group assesses whether there are any indicators of impairment for all categories of 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. For the purpose of impairment testing, a non-financial asset is allocated to its cash-generating unit. It requires management significant judgement and estimation in the area of impairment testing, particularly in assessing: (i) whether the carrying amount of a non-financial asset can be supported by the recoverable amount, being the higher of fair value less cost of disposal or value-in-use; and (ii) the appropriate key assumptions of inputs to be applied in preparing cash flow projections including whether the projection is discounted by an appropriate rate. The cash flow projections is therefore used as the value-in-use calculation to estimate the future cash flows expected to arise from the cash-generating unit with an appropriate discount rate to calculate the present value of a non-financial asset. The calculation of fair value less cost of disposal of a non-financial asset is based on binding sales transactions or market prices less incremental costs for disposing the asset with reference to market data.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

### (b) Key sources of estimation uncertainty *(Continued)*

#### (v) Impairment of goodwill and intangible assets

Goodwill and intangible assets are tested for impairment when indicators exist and irrespective of whether there is any indication of impairment, goodwill is required to be tested annually for impairment. For the purpose of impairment testing, goodwill has been allocated to the cash-generating units operating in financial services and healthcare products businesses.

Determining whether goodwill and intangible assets is impaired requires an estimation an estimation of the recoverable amount of the cash-generating unit to which goodwill or intangible assets has been allocated. For the purpose of impairment testing, goodwill and intangible assets are allocated to their respective cash-generating units. The assessment of recoverable amounts required management's significant judgement and high level of estimation uncertainty, including long-term growth rates, gross profit margins and discount rates.

The management has also taken into account of past performance, future market development, exit prices, marketing costs and related economic parameters affecting the goodwill and intangible assets when preparing cash flow projections. The significant judgement and high level of estimation uncertainty are involved in the assessment of recoverable amounts. These significant assumptions and estimation reflect the management best understanding and prediction to the business but involve inherent uncertainty outside the control by the management.

#### (vi) Fair value measurement of properties and financial instruments

For the leasehold land and buildings, outlet mall buildings, investment properties and unlisted investment are carried at fair at the end of each reporting period. In determining the fair value, the valuers use the most relevant valuation techniques involving certain estimates of market conditions and utilisation of market observable inputs and data as far as possible. The key inputs used in the fair value measurement are categorised into different levels based on how observable of the key inputs used in the valuation techniques are: (i) Level 1: Quoted prices in active markets for identical items (unadjusted); (ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and (iii) Level 3: Unobservable inputs (i.e. not derived from market data). The classification of an item into the above levels is based on the lowest level of the key inputs used that has a significant effect on the fair value measurement. Transfer of items between levels are recognised in the period as they occur. Changes to key assumptions and inputs used in the valuation techniques would result in changes in the fair value and the corresponding adjustments to the amount of gain or loss are reported in profit or loss or other comprehensive income respectively.

The significant judgement and high level of estimation uncertainty involved in the valuation of these assets. Information of the valuation techniques and key inputs used in determining the fair value of properties and financial instruments are set out in Notes 14, 15 and 38(c) to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

### (b) Key sources of estimation uncertainty *(Continued)*

#### (vii) Provision of allowance of inventories

At the end of each reporting period, the management reviews the inventories ageing analysis and provides allowance for slow-moving and obsolete inventory items which are identified as no longer suitable for consumption and saleable. Management significant judgement and estimation is required in determining such allowance. If there is any condition which have an impact on the net realisable value of inventories to be deteriorated, additional allowance of inventories may be required. The management estimates the net realisable value based on the latest invoice amounts and current market conditions on similar inventories. When the actual outcome is different from the original estimation, such difference will impact the provision of allowance to be recognised or reversed in the period when such estimation is changed.

#### (viii) ECL assessment of financial assets measured at amortised cost

The management measures loss allowance of financial assets measured at amortised cost based on 12-months or lifetime ECL assessment. For trade receivables, the loss allowance using HKFRS 9 simplified approach is calculated by lifetime ECL assessment. For other financial assets (including loan commitments issued), the loss allowance is calculated by 12-month ECL assessment. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be calculated by lifetime ECL assessment.

When determining whether the credit risk of a financial asset (including a loan commitment) has increased significantly since initial recognition and when estimating the loss allowance, it involves management significant judgement and high level of estimation uncertainty for the management to consider reasonable and supportable information that is relevant and available without undue costs or effort. This includes key assumptions such as probability of default rates, expected recovery rates in the event of loss-given default and forward-looking information specific to the debtors and the macroeconomic environment where the debtors are located.

In order to determine the most appropriate ECL models in estimating the loss allowance, the significant judgement and high level of estimation uncertainty are involved in the ECL calculations. The management identifies appropriate key drivers of credit risks as well as future movement of different economic drivers and how these drivers affect each other in the contractual period of the financial assets. When the actual outcome is different from the original estimation, such difference will impact the loss allowance to be recognised or reversed in the period when such estimation is changed.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

### (b) Key sources of estimation uncertainty *(Continued)*

#### (ix) Estimation of income taxes and deferred taxes

The Group is subject to taxation exposures mainly in Hong Kong, the PRC and foreign tax jurisdictions. Management significant judgement and estimation is required in determining the anticipated amounts of provisions of taxes and the timing of the related payments. There is a certain extent of transactions and calculations for which the ultimate tax determination is uncertain arising from the ordinary course of business. The Group recognises provisions of taxes only to the extent for the anticipated tax amounts based on prevailing tax regulations and the best estimates whether additional taxes to be due particularly on uncertain tax items. Where the final tax outcome of these matters is different from the tax amounts that were initially recorded, such differences will impact on the provisions of taxes in the period when such determination is made.

Providing that the Group recognised deferred tax assets related to unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised in accordance with business plans and budgets formed in the prior years. Management significant judgement and estimation is required to determine an appropriate amount of deferred tax assets to be recognised based on the likelihood of timing and level of future taxable profits to be generated, together with the consideration of future tax planning strategies. Where the expectation is different from the original estimation, such differences will impact the recognition of deferred tax assets in the period when such estimation is changed.

#### (x) Going concern basis

The directors of the Company consider that the Group has the ability to continue as a going concern. The assessment of the going concern assumption, as disclosed in Note 3(e), involves making judgements by the directors of the Company, at a particular point of the time, about the future outcome of events or conditions which are inherently uncertain. These include the Group's ability to generate sufficient operating cash flows, to exercise management flexibility in adjusting the pace of operational expansion, and to successfully renew or extend its borrowings and credit facilities upon expiry in a timely manner.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting process to both directors and key management personnel of the Company (together the "**Chief Operating Decision Maker**"), the Group's operating segments are broadly classified into different reportable segments based on the categories of products or services provided in different geographical locations with reference to the requirements under HKFRS 8 "Operating Segments" ("**HKFRS 8**").

The classification of reportable segments is determined by the Chief Operating Decision Maker to monitor the results individually for the purpose of making decisions of resources allocation and performance assessment of the reportable segments. Financial information of the reportable segments is disaggregated into segment revenue and results, segment assets, segment liabilities, other segment information, geographical information and information about major customers, which is regularly provided to the Chief Operating Decision Maker to serve the above purpose.

A summary of the reportable segments under HKFRS 8 is classified as follows:

- Branding: (i) development and management of "SKINS" trademarks; (ii) sourcing, manufacturing and trading of healthcare products in Hong Kong; and (iii) distribution of Japanese wine;
- Retailing: (i) management and operation of outlet malls; and (ii) property investment and holding; and
- Financial services: provisions of securities brokerage, margin financing, money lending and financial consultancy services.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION *(Continued)*

### (a) Segment revenue and results (Business segment)

The following table provides an analysis of the reportable segment revenue and reportable segment results of different reportable segments recognised during the year:

#### For the year ended 31 December 2025

	Branding HKD'000	Retailing HKD'000 <i>(Note)</i>	Financial services HKD'000	Inter- segment elimination HKD'000	Consolidated HKD'000
Revenue from external customers	51,100	241,485	16,165	–	308,750
Inter-segment revenue*	1	5,436	–	(5,437)	–
Reportable segment revenue	51,101	246,921	16,165	(5,437)	308,750
Reportable segment (loss)/profit	(19,112)	(6,448)	38,733	–	13,173
<b>Reconciliation:</b>					
Interest income					3,399
Central administrative expenses					(32,311)
Share of results of joint ventures					(15,092)
Share of results of associates					(41)
Loss before income tax expense					(30,872)

Note:

Revenue from commission income from concessionaire sales included in retailing segment is analysed as follows:

	HKD'000
Gross revenue from concessionaire sales	1,121,064
Commission income from concessionaire sales	191,023

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION *(Continued)*

### (a) Segment revenue and results (Business segment) *(Continued)*

For the year ended 31 December 2024

	Branding HKD'000	Retailing HKD'000 <i>(Note)</i>	Financial services HKD'000	Inter- segment elimination HKD'000	Consolidated HKD'000
Revenue from external customers	52,998	236,648	17,915	–	307,561
Inter-segment revenue*	91	5,428	–	(5,519)	–
Reportable segment revenue	53,089	242,076	17,915	(5,519)	307,561
Reportable segment loss	(17,477)	(21,770)	(26,129)	–	(65,376)
<b>Reconciliation:</b>					
Interest income					4,439
Central administrative expenses					(70,242)
Share of results of joint ventures					(10,031)
Share of results of associates					185
Loss before income tax expense					(141,025)

*Note:*

Revenue from commission income from concessionaire sales included in retailing segment is analysed as follows:

	HKD'000
Gross revenue from concessionaire sales	1,074,392
Commission income from concessionaire sales	178,794

\* Inter-segment revenue transactions are priced with reference to prices charged to external parties for similar orders based on similar terms and conditions of sales agreements entered.

The accounting policies across different reportable segments are the same as the Group's accounting policies. The segment results is evaluated based on different reportable segment results, which is a common measure of profit or loss incurred in different reportable segments, with the adjustments of loss before income tax expense. The adjusted loss before income tax expense of each reportable segment is measured consistently with the Group's loss before income tax expense except for the corporate income and expenses, including interest income, central administrative expenses and share of results of joint ventures and associates which are managed by the headquarter for daily monitoring of working capital purpose.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION *(Continued)*

### (b) Segment revenue and results (Disaggregation of revenue)

The following table provides an analysis of reportable segment revenue recognised during the year is disaggregated by primary geographical markets, major products and services lines and timing of revenue recognition. The following table also includes a reconciliation of disaggregated revenue of different reportable segments recognised during the year, mainly into two categories: (i) revenue from contracts with customers within the scope of HKFRS 15; and (ii) revenue from other sources not within the scope of HKFRS 15:

#### For the year ended 31 December 2025

*Revenue from contracts with customers within the scope of HKFRS 15*

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
<b>Primary geographical markets:</b>				
The PRC	6,587	191,835	–	198,422
Hong Kong (Place of domicile)	21,813	–	6,190	28,003
United States of America	4,095	–	–	4,095
Other Asian countries <i>(Note)</i>	6,218	–	–	6,218
Others <i>(Note)</i>	12,387	–	–	12,387
Total	51,100	191,835	6,190	249,125
<b>Major products and services:</b>				
Sales of goods	47,613	–	–	47,613
Commission income from concessionaire sales	–	191,023	–	191,023
Royalty income	3,487	–	–	3,487
Securities brokerage commission	–	–	1,770	1,770
Financial consultancy income	–	–	3,935	3,935
Other services income	–	812	485	1,297
Total	51,100	191,835	6,190	249,125
<b>Timing of revenue recognition:</b>				
At a point in time	47,613	–	1,770	49,383
Transferred over time	3,487	191,835	4,420	199,742
Total	51,100	191,835	6,190	249,125

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION *(Continued)*

### (b) Segment revenue and results (Disaggregation of revenue) *(Continued)*

For the year ended 31 December 2025 *(Continued)*

Revenue from other sources not within the scope of HKFRS 15

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
<b>Primary geographical markets:</b>				
The PRC	–	49,650	–	49,650
Hong Kong (Place of domicile)	–	–	9,975	9,975
Total	–	49,650	9,975	59,625
<b>Major products and services:</b>				
Rental income	–	49,650	–	49,650
Interest income	–	–	9,975	9,975
Total	–	49,650	9,975	59,625

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION *(Continued)*

### (b) Segment revenue and results (Disaggregation of revenue) *(Continued)*

For the year ended 31 December 2024

Revenue from contracts with customers within the scope of HKFRS 15

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
<b>Primary geographical markets:</b>				
The PRC	1,970	179,468	–	181,438
Hong Kong (Place of domicile)	24,303	–	6,292	30,595
United States of America	4,159	–	–	4,159
Other Asian countries <i>(Note)</i>	6,138	–	–	6,138
Others <i>(Note)</i>	16,428	–	–	16,428
<b>Total</b>	<b>52,998</b>	<b>179,468</b>	<b>6,292</b>	<b>238,758</b>
<b>Major products and services:</b>				
Sales of goods	49,313	–	–	49,313
Commission income from concessionaire sales	–	178,794	–	178,794
Royalty income	3,666	–	–	3,666
Securities brokerage commission	–	–	935	935
Financial consultancy income	–	–	5,357	5,357
Other services income	19	674	–	693
<b>Total</b>	<b>52,998</b>	<b>179,468</b>	<b>6,292</b>	<b>238,758</b>
<b>Timing of revenue recognition:</b>				
At a point in time	49,313	–	935	50,248
Transferred over time	3,685	179,468	5,357	188,510
<b>Total</b>	<b>52,998</b>	<b>179,468</b>	<b>6,292</b>	<b>238,758</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION *(Continued)*

### (b) Segment revenue and results (Disaggregation of revenue) *(Continued)*

For the year ended 31 December 2024 *(Continued)*

Revenue from other sources not within the scope of HKFRS 15

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Consolidated HKD'000
<b>Primary geographical markets:</b>				
The PRC	–	50,259	–	50,259
Hong Kong (Place of domicile)	–	6,921	11,623	18,544
<b>Total</b>	<b>–</b>	<b>57,180</b>	<b>11,623</b>	<b>68,803</b>
<b>Major products and services:</b>				
Rental income	–	57,180	–	57,180
Interest income	–	–	11,623	11,623
<b>Total</b>	<b>–</b>	<b>57,180</b>	<b>11,623</b>	<b>68,803</b>

Note: The geographical information for the revenue attributed to each country recognised during the year is not available as the associated costs to capture such information would be excessive.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION *(Continued)*

### (c) Segment assets

The following table provides an analysis of reportable segment assets of different reportable segments recognised as at 31 December 2025 and 2024:

	2025 HKD'000	2024 HKD'000
Branding	216,746	241,604
Retailing	2,994,136	2,956,000
Financial services	418,356	325,874
Total reportable segment assets	3,629,238	3,523,478
Unallocated	177,306	171,617
Assets classified as held for sale	715,026	720,866
Consolidated total assets	4,521,570	4,415,961

The segment assets is evaluated based on different reportable segment assets, which is a common measure of assets held by different reportable segments. The consolidated total assets are allocated to different reportable segments which are measured consistently with the Group's assets except for the corporate assets held by headquarter or inactive subsidiaries, including interests in joint ventures, interests in associates, deferred tax assets, club debenture, amounts due from a related party, a director, joint ventures and an associate, bank balances and cash, and assets classified as held for sale.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION *(Continued)*

### (d) Segment liabilities

The following table provides an analysis of reportable segment liabilities of different reportable segments recognised as at 31 December 2025 and 2024:

	2025 HKD'000	2024 HKD'000
Branding	43,010	43,595
Retailing	459,825	472,271
Financial services	129,539	21,688
Total reportable segment liabilities	632,374	537,554
Unallocated	1,526,851	1,559,446
Consolidated total liabilities	2,159,225	2,097,000

The segment liabilities is evaluated based on different reportable segment liabilities, which is a common measure of liabilities held by different reportable segments. The consolidated total liabilities are allocated to different reportable segments which are measured consistently with the Group's liabilities except for the corporate liabilities held by headquarter or inactive subsidiaries, including amounts due to a related party and directors, bank borrowings, tax payable and deferred tax liabilities.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION *(Continued)*

### (e) Other segment information

For the year ended 31 December 2025

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Corporate and other unallocated HKD'000	Consolidated HKD'000
<b>Amounts included in the measures of segment results, segment assets and segment liabilities:</b>					
Capital expenditure <i>(Note)</i>	51	5,614	24	45	5,734
Depreciation of property, plant and equipment	4,465	65,294	817	74	70,650
Depreciation of right-of-use assets	510	13,668	–	–	14,178
Amortisation of intangible assets	2,007	–	–	–	2,007
Loss/(gain) on disposal of property, plant and equipment	56	10	(4,339)	–	(4,273)
Write off of property, plant and equipment	70	12	–	–	82
Decrease in fair value of investment properties	–	31,921	–	–	31,921
Exchange losses, net	93	(1,182)	16	4,070	2,997
Fair value gain on financial assets at fair value through profit or loss	–	–	(34,866)	–	(34,866)
Provision/(reversal) of impairment loss on financial assets	310	(312)	533	–	531
Reversal of allowance of inventories	(128)	–	–	–	(128)
Dividend income from financial assets at FVTPL	–	–	(487)	–	(487)
Interest income	–	–	(9,975)	(3,399)	(13,374)
Interest expenses	971	24,721	6	38,602	64,300

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION *(Continued)*

### (e) Other segment information *(Continued)*

For the year ended 31 December 2024

	Branding HKD'000	Retailing HKD'000	Financial services HKD'000	Corporate and other unallocated HKD'000	Consolidated HKD'000
<b>Amounts included in the measures of segment results, segment assets and segment liabilities:</b>					
Capital expenditure <i>(Note)</i>	1,695	20,849	–	–	22,544
Depreciation of property, plant and equipment	4,653	69,996	1,630	–	76,279
Depreciation of right-of-use assets	650	13,541	–	–	14,191
Amortisation of intangible assets	2,007	–	–	–	2,007
Gain on disposal of property, plant and equipment	–	(138)	–	–	(138)
Loss on revaluation of property, plant and equipment	–	741	–	–	741
Write off of property, plant and equipment	–	43	–	–	43
Decrease in fair value of investment properties	–	34,905	–	–	34,905
Exchange gains, net	966	426	–	(2,905)	(1,513)
Fair value loss on financial assets at fair value through profit or loss	–	–	23,648	–	23,648
(Reversal)/provision of impairment loss on financial assets	(210)	6,101	3,281	–	9,172
Reversal of allowance of inventories	(1,172)	–	–	–	(1,172)
Dividend income from financial assets at FVTPL	–	–	(30)	–	(30)
Interest income	–	–	(11,623)	(4,439)	(16,062)
Interest expenses	1,049	93,139	–	–	94,188

*Note:* Capital expenditure including purchases of property, plant and equipment and construction costs of outlet malls located in Shenyang, the PRC.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION *(Continued)*

### (f) Geographical information

The following table provides an analysis of revenue from external customers by geographical locations based on the services locations or delivery destinations and non-current assets by geographical locations based on the physical locations of the assets operated (“**Specified non-current assets**”):

	Revenue from external customers		Specified non-current assets <i>(Note)</i>	
	2025 HKD'000	2024 HKD'000	2025 HKD'000	2024 HKD'000
The PRC	248,072	231,697	2,595,826	2,551,538
Hong Kong (Place of domicile)	37,978	49,139	386,241	425,479
United States of America	4,095	4,159	42,091	42,091
Other Asian countries	6,218	6,138	62,083	63,434
Others	12,387	16,428	46,064	45,955
Total	308,750	307,561	3,132,305	3,128,497

*Note:* Non-current assets located in different geographical locations excluding deferred tax assets located across different geographical locations and the costs of capturing such information will be excessive.

### (g) Information about major customers

No revenue from transactions with a single external customer, in aggregate, representing 10% or more of the Group’s total revenue for the years ended 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 7. REVENUE

Revenue from external customers including net invoiced amounts of goods sold, commission income from concessionaire sales, royalty income, securities brokerage commission, financial consultancy income, other services income, rental income and interest income. The amounts of each significant categories of revenue recognised during the year are disaggregated as follows:

	2025 HKD'000	2024 HKD'000
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
Sales of goods	47,613	49,313
Commission income from concessionaire sales	191,023	178,794
Royalty income	3,487	3,666
Securities brokerage commission	1,770	935
Financial consultancy income	3,935	5,357
Other services income	1,297	693
	<b>249,125</b>	<b>238,758</b>
<b>Revenue from other sources not within the scope of HKFRS 15:</b>		
Rental income	49,650	57,180
Interest income	9,975	11,623
	<b>59,625</b>	<b>68,803</b>
Total	<b>308,750</b>	<b>307,561</b>

All contracts with customers within the scope of HKFRS 15 are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

## 8. FINANCE COSTS

An analysis of finance costs recognised during the year is as follows:

	2025 HKD'000	2024 HKD'000
Interest expenses on bank borrowings	49,871	79,266
Interest expenses on lease liabilities	11,593	12,685
Interest expenses on amounts due to directors	2,836	2,237
	<b>64,300</b>	<b>94,188</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 9. INCOME TAX EXPENSE

The amount of income tax expense recognised in the consolidated statement of profit or loss during the year is as follows:

	2025 HKD'000	2024 HKD'000
<b>Current tax:</b>		
Hong Kong		
– Profits Tax		
– Provision for the year	(202)	(410)
– Over-provision in respect of prior years	222	231
	20	(179)
The PRC		
– PRC Enterprise Income Tax		
– Provision for the year	(8,474)	(5,905)
– Under-provision in respect of prior years	–	(112)
	(8,474)	(6,017)
Other jurisdictions		
– Foreign Tax		
– Provision for the year	(32)	(24)
– Over-provision in respect of prior years	30	36
	(2)	12
	(8,456)	(6,184)
<b>Deferred tax: (Note 29)</b>		
Hong Kong and the PRC		
– Profits Tax and PRC Enterprise Income Tax		
– Charge for the year	3,599	2,101
Income tax expense	(4,857)	(4,083)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 9. INCOME TAX EXPENSE *(Continued)*

### Hong Kong Profits Tax

The provision for Hong Kong Profits Tax was calculated by applying the statutory tax rate of 16.5% on the estimated taxable profits arising in Hong Kong for both current and prior year. According to the definition of “connected entity” under the Two-tiered Profits Tax Regime, the management has elected one of the Company’s subsidiaries to apply for the two-tiered profits tax rates to calculate the provision for Hong Kong Profits Tax for both current and prior year in the following manner.

For this elected subsidiary, the first HKD2,000,000 of the estimated taxable profits arising in Hong Kong was taxed at 8.25% and the remaining estimated taxable profits was taxed at 16.5%. The provision for Hong Kong Profits Tax for this elected subsidiary was calculated on the same basis for the prior year.

### PRC Enterprise Income Tax

All of the group entities operating in the PRC were calculated by applying the statutory tax rate of 25% on the estimated taxable profits arising in the PRC for both current and prior year, except for one of the Company’s subsidiary incorporated in Hong Kong engaged in the property investment business in the PRC, which is subject to the withholding tax rate of 10% on its gross rental income, net of value-added tax, earned in the PRC for both current and prior year, based on the existing tax legislation, interpretation and practices in respect thereof.

Up to the date of approval and authorisation for issuance of the consolidated financial statements, the above subsidiary engaged in the property investment business in the PRC has not filed any tax returns for reporting its PRC Enterprise Income Tax in respect of its rental income earned in the PRC. The PRC tax authority has the right to levy penalty for any late filing of tax returns. However, for all newly signed tenancy agreements between the Group and the tenants since the financial year of 2016, a new clause has been added in the agreements to require the tenants to pay the PRC Enterprise Income Tax based on 10% of its gross rental income, net of value-added tax, earned in the PRC on behalf of the Group, based on the existing tax legislation, interpretation and practices in respect thereof. According to the management experience and the above measures adopted, the amount of such potential penalty, if any, will not be material to the consolidated financial statements. In addition, pursuant to the signed sales and purchase agreement in respect of the acquisition of the above subsidiary in the financial year of 2014, both of the vendor and the guarantor have undertaken to indemnify the Group for any tax liability arising from the late filing of tax returns prior to the completion date of the acquisition. As at 31 December 2025 and 2024, no provision of potential tax penalty is made.

### Foreign tax

Taxation arising in other jurisdictions was calculated by applying the statutory tax rates that were expected to be applicable in the relevant jurisdictions, where those overseas subsidiaries operate, on the estimated taxable profits for both current and prior year.

### Pillar Two Rules

The Group is operating in certain jurisdictions where the Pillar Two Rules are effective or enacted but not effective. However, as the Group’s estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management’s best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 9. INCOME TAX EXPENSE *(Continued)*

The amount of income tax expense recognised during the year can be reconciled to loss before income tax expense in the consolidated statement of profit or loss as follows:

	2025 HKD'000	2024 HKD'000
Loss before income tax expense	<b>(30,872)</b>	(141,025)
Tax credit calculated at the statutory tax rate	<b>5,094</b>	23,269
Tax effect of expenses not deductible for tax purpose	<b>(11,600)</b>	(17,971)
Tax effect of revenue not taxable for tax purpose	<b>14,254</b>	4,764
Tax effect of share of results of joint ventures	<b>(2,490)</b>	(1,655)
Tax effect of share of results of associates	<b>(7)</b>	30
Tax effect of tax losses not recognised	<b>(19,619)</b>	(22,049)
Tax effect of temporary differences not recognised	<b>405</b>	(448)
Tax effect of utilisation of tax losses previously not recognised	<b>13,090</b>	14,232
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(4,236)</b>	(4,410)
Over provision in respect of prior years	<b>252</b>	155
Income tax expense	<b>(4,857)</b>	(4,083)

In addition to the amount charged to the profit or loss, deferred tax liability relating to deferred tax charge arising on revaluation of properties of approximately HKD6,838,000 (2024: HKD6,350,000) has been charged to other comprehensive income during the year as set out in Note 29 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. LOSS FOR THE YEAR

### (a) Other income and gains

	2025 HKD'000	2024 HKD'000
Dividend income from financial assets at FVTPL	487	30
Exchange gains, net	–	1,513
Interest income	3,399	4,439
Gain on disposal of property, plant and equipment	4,273	138
Government grants ( <i>Note</i> )	4,157	12,979
Reimbursement income of operating outlet malls	16,154	14,570
Gain on deregistration of subsidiaries	19,249	–
Others	3,940	4,270
	<b>51,659</b>	<b>37,939</b>

*Note:* For the years ended 31 December 2025 and 2024, government grants were received from the PRC local authorities which provide financial support on the retailing business in the PRC and the Japan local authorities in respect of the Sake business in Japan. There was no unfulfilled condition to receive both government grants at the end of reporting period.

### (b) Other expenses

	2025 HKD'000	2024 HKD'000
Loss on revaluation of property, plant and equipment	–	741
Compensation expenses	2,271	–
Write off of property, plant and equipment	82	43
Penalty expense	1,604	255
Others	38	62
	<b>3,995</b>	<b>1,101</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. LOSS FOR THE YEAR (Continued)

### (c) Loss for the year is arrived at:

	2025 HKD'000	2024 HKD'000
<b>After charging:</b>		
Directors' emoluments (Note 11(a))	8,376	8,319
Employees' costs (excluding directors' emoluments) comprise:		
– Salaries	44,337	45,286
– Welfare and other expenses	1,918	2,142
– Contributions to defined contribution retirement plans	6,362	6,507
	<b>60,993</b>	62,254
Auditor's remuneration	1,380	1,380
Amortisation of intangible assets	2,007	2,007
Cost of inventories recognised as expenses	23,270	26,330
Depreciation of property, plant and equipment	70,650	76,279
Depreciation of right-of-use assets	14,178	14,191
Decrease in fair value of investment properties	31,921	34,905
Exchange losses, net	2,997	–
Short-term leases expenses (Note 16)	1,809	2,776
<b>After crediting:</b>		
Reversal of allowance of inventories (Note (i))	(128)	(1,172)
Gain on disposal of property, plant and equipment	(4,273)	(138)
Exchange gains, net	–	(1,513)
Gross rental income from investment properties	(49,650)	(57,180)
Less: Direct operating expenses related to:		
– Investment properties that generate rental income	15,328	16,312
– Investment properties that did not generate rental income	96	90
	<b>(34,226)</b>	(40,778)

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 10. LOSS FOR THE YEAR (Continued)

### (c) Loss for the year is arrived at: (Continued)

	2025 HKD'000	2024 HKD'000
<b>Interest income from:</b>		
– Bank deposits	(492)	(1,473)
– Loans receivable and advances to customers in margin financing	(9,975)	(11,623)
– Others	(2,907)	(2,966)
Dividend income from financial assets at FVTPL	(487)	(30)
Reimbursement income of operating outlet malls	(16,154)	(14,570)

Note:

- (i) The reversal of allowance of inventories arising from increase in net realisable value caused by the increase in estimated scrap value.

## 11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

### (a) Directors' and Chief Executive's emoluments

Directors' and Chief Executive's emoluments paid or payable by the Group during the year are disclosed as follows:

#### For the year ended 31 December 2025

	Executive Directors				Independent Non-executive Directors				Total HKD'000
	Cheng Tun Nei HKD'000 (Note (i))	Chan Kar Lee Gary HKD'000	Lee Cheung Ming HKD'000	Fung Kim Wan Ewim HKD'000 (Note (ii))	Shum Pui Kay HKD'000	Wah Wang Kei Jackie HKD'000	Chow Yu Chun Alexander HKD'000 (Note (iii))	Ma Yin Fan HKD'000 (Note (iv))	
Directors' fees	–	–	–	–	170	170	80	90	510
<b>Other emoluments:</b>									
Salaries, welfare and other expenses	2,400	1,980	1,812	1,026	–	–	–	–	7,218
Discretionary bonus (Note (v))	200	165	120	88	–	–	–	–	573
Contributions to defined contribution retirement plans	18	–	32	25	–	–	–	–	75
<b>Total emoluments</b>	<b>2,618</b>	<b>2,145</b>	<b>1,964</b>	<b>1,139</b>	<b>170</b>	<b>170</b>	<b>80</b>	<b>90</b>	<b>8,376</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

### (a) Directors' and Chief Executive's emoluments (Continued)

For the year ended 31 December 2024

	Executive Directors				Independent Non-executive Directors			Total HKD'000
	Cheng Tun Nei HKD'000 (Note (i))	Chan Kar Lee Gary HKD'000	Lee Cheung Ming Wan Ewim HKD'000 (Note (ii))	Fung Kim	Shum Pui Kay HKD'000	Wah Wang Kei Jackie HKD'000	Chow Yu Chun Alexander HKD'000 (Note (iii))	
Directors' fees	-	-	-	-	170	170	170	510
<b>Other emoluments:</b>								
Salaries, welfare and other expenses	2,400	1,980	1,736	1,051	-	-	-	7,167
Discretionary bonus (Note (v))	200	165	128	88	-	-	-	581
Contributions to defined contribution retirement plans	18	-	18	25	-	-	-	61
<b>Total emoluments</b>	<b>2,618</b>	<b>2,145</b>	<b>1,882</b>	<b>1,164</b>	<b>170</b>	<b>170</b>	<b>170</b>	<b>8,319</b>

Notes:

- (i) Mr. Cheng Tun Nei acts as Chairman and Chief Executive Officer of the Company.
- (ii) Ms. Fung Kim Wan Ewim was appointed as an executive director on 6 December 2024.
- (iii) Mr. Chow Yu Chun Alexander was retired as an independent non-executive director on 20 June 2025.
- (iv) Ms. Ma Yin Fan was appointed as an independent non-executive director on 20 June 2025.
- (v) The distribution amounts of discretionary bonus was determined based on the individual's performance during the year after the review and approval from the remuneration committee of the Company.

No actual or accrued compensation was recognised for any loss of office as a director in connection with the management of affairs towards the Group for both current and prior year.

No actual or accrued payment to any of the director in respect of an inducement to accept office as the director or paid as the consideration to any third parties for making available of directors' services for both current and prior year.

No loans, quasi-loans and other dealing arrangements in favour of the directors, controlled bodies corporate by or connected entities with any of the directors at 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

### (a) Directors' and Chief Executive's emoluments *(Continued)*

Except for the contributions to defined contribution retirement plans, no other retirement benefits were paid or payable to and received or receivable by the directors for the management of affairs towards the Group. None of the Directors has waived any emoluments for both current and prior year.

Salaries, welfare and other expenses paid or payable to the Executive Directors of the Company are general emoluments in respect of their services rendered in connection with the management of affairs towards the Group.

### (b) Employees' emoluments

Among the five individuals of the Group with the highest emoluments during the year, which included the Chief Executive Officer and three directors (2024: the Chief Executive Officer and three directors) of the Company. Their emoluments are disclosed in Note 11(a) to the consolidated financial statements. The emoluments of the remaining one (2024: one) individual during the year is disclosed as follows:

	2025 HKD'000	2024 HKD'000
Salaries, welfare and other expenses	1,440	1,290
Discretionary bonus	120	120
Contributions to defined contribution retirement plans	18	18
	<b>1,578</b>	1,428

The emoluments in respect of the remaining one (2024: one) individual with the highest emoluments paid or payable during the year were within the following bands:

	2025 Number of employees	2024 Number of employees
Below HKD1,000,000	–	–
HKD1,000,001 to HKD1,500,000	–	1
HKD1,500,001 to HKD2,000,000	1	–

No actual or accrued compensation was recognised for any loss of office in connection with the management of affairs towards the Group for both current and prior year.

No actual or accrued payment to any of the individuals in respect of an inducement to accept office or paid as the consideration to any third parties for making available of individuals' services for both current and prior year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. DIVIDEND

	2025 HKD'000	2024 HKD'000
2024 final dividend of HKD0.005 (2024: 2023 final dividend of HKD0.005) per ordinary share declared and paid	14,871	14,871

No interim dividend was declared and paid to the shareholders of the Company for both current and prior year.

The board of directors recommended the payment of a final dividend to the shareholders of the Company in respect of the financial year ended 31 December 2025 of HKD0.005 (2024: HKD0.005) per ordinary share of the Company, in total of approximately HKD14,871,000 (2024: HKD14,871,000). The final dividend proposed after the end of reporting period was not reflected as dividend payable in the consolidated financial statements as at 31 December 2025 and 2024.

## 13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2025 HKD'000	2024 HKD'000
<b>Loss:</b>		
Loss for the year attributable to owners of the Company	(32,945)	(143,119)
	2025 Number of shares ( '000)	2024 Number of shares ( '000)
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating the basic and diluted loss per share	2,974,225	2,974,225
	HK cents	HK cents
<b>Loss per share:</b>		
Basic and diluted	(1.11)	(4.81)

The Company did not have any dilutive potential ordinary shares for the years ended 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings in Hong Kong HKD'000	Leasehold land and buildings in the PRC HKD'000	Outlet mall buildings HKD'000	Leasehold improvements HKD'000	Plant and machinery HKD'000	Furniture, fixtures and equipment HKD'000	Motor vehicles HKD'000	Vessel HKD'000	Total HKD'000
<b>At cost or revaluation:</b>									
At 1 January 2024	250,000	10,731	1,532,925	169,912	21,687	31,015	4,150	16,176	2,036,596
Additions	-	-	18,571	1,857	1,305	780	31	-	22,544
Disposal	-	-	-	-	-	(13)	(733)	-	(746)
Fair value changes arising on revaluation of properties	(15,000)	(924)	(20,624)	-	-	-	-	-	(36,548)
Write off	-	-	-	-	-	(306)	-	-	(306)
Exchange realignment	-	(336)	(49,972)	(8,900)	(1,979)	(718)	(116)	-	(62,021)
At 31 December 2024	235,000	9,471	1,480,900	162,869	21,013	30,758	3,332	16,176	1,959,519
<b>Representing:</b>									
At cost	-	-	-	162,869	21,013	30,758	3,332	16,176	234,148
At revaluation	235,000	9,471	1,480,900	-	-	-	-	-	1,725,371
	235,000	9,471	1,480,900	162,869	21,013	30,758	3,332	16,176	1,959,519

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold land and buildings in Hong Kong HKD'000	Leasehold land and buildings in the PRC HKD'000	Outlet mall buildings HKD'000	Leasehold improvements HKD'000	Plant and machinery HKD'000	Furniture, fixtures and equipment HKD'000	Motor vehicles HKD'000	Vessel HKD'000	Total HKD'000
<b>At cost or revaluation:</b>									
At 1 January 2025	235,000	9,471	1,480,900	162,869	21,013	30,758	3,332	16,176	1,959,519
Additions	-	-	3,124	1,927	24	243	416	-	5,734
Disposal	-	-	-	(1,493)	(27)	(1,301)	(680)	(16,176)	(19,677)
Fair value changes arising on revaluation of properties	(24,000)	-	(14,908)	-	-	-	-	-	(38,908)
Transfer to investment properties	-	(9,790)	-	-	-	-	-	-	(9,790)
Write off	-	-	-	(855)	(1,020)	(938)	-	-	(2,813)
Exchange realignment	-	319	65,080	5,948	75	630	132	-	72,184
At 31 December 2025	211,000	-	1,534,196	168,396	20,065	29,392	3,200	-	1,966,249
<b>Representing:</b>									
At cost	-	-	-	168,396	20,065	29,392	3,200	-	221,053
At revaluation	211,000	-	1,534,196	-	-	-	-	-	1,745,196
	211,000	-	1,534,196	168,396	20,065	29,392	3,200	-	1,966,249

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold land and buildings in Hong Kong HKD'000	Leasehold land and buildings in the PRC HKD'000	Outlet mall buildings HKD'000	Leasehold improvements HKD'000	Plant and machinery HKD'000	Furniture, fixtures and equipment HKD'000	Motor vehicles HKD'000	Vessel HKD'000	Total HKD'000
<b>Accumulated depreciation:</b>									
At 1 January 2024	-	-	-	102,744	2,544	26,018	4,000	5,926	141,232
Provided for the year	10,638	186	50,102	10,059	1,967	1,680	29	1,618	76,279
Eliminated on disposal	-	-	-	-	-	(7)	(733)	-	(740)
Write back on revaluation of properties	(10,638)	(184)	(48,901)	-	-	-	-	-	(59,723)
Eliminated on write off	-	-	-	-	-	(263)	-	-	(263)
Exchange realignment	-	(2)	(1,201)	(3,700)	(121)	(440)	(111)	-	(5,575)
At 31 December 2024	-	-	-	109,103	4,390	26,988	3,185	7,544	151,210
Provided for the year	10,444	172	51,342	4,712	1,931	1,127	113	809	70,650
Eliminated on disposal	-	-	-	(1,493)	(27)	(1,240)	(644)	(8,353)	(11,757)
Transfer to investment properties	-	(174)	-	-	-	-	-	-	(174)
Write back on revaluation of properties	(10,444)	-	(51,206)	-	-	-	-	-	(61,650)
Eliminated on write off	-	-	-	(855)	(965)	(911)	-	-	(2,731)
Exchange realignment	-	2	(136)	5,178	(16)	534	114	-	5,676
At 31 December 2025	-	-	-	116,645	5,313	26,498	2,768	-	151,224
<b>Net book value:</b>									
At 31 December 2025	211,000	-	1,534,196	51,751	14,752	2,894	432	-	1,815,025
At 31 December 2024	235,000	9,471	1,480,900	53,766	16,623	3,770	147	8,632	1,808,309

At 31 December 2025 and 2024, the Group's leasehold land and buildings, and outlet mall buildings were valued by independent qualified professional valuers. The management will have discussions with the valuers regarding the key assumptions and methodologies when the fair value measurements is performed at the end of the reporting period. Except for the loss on revaluation of a property that was recognised in profit or loss, all of the remaining revaluation surplus/deficit net of applicable deferred taxes was credited/charged to the properties revaluation reserve for both current and prior year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The following table provides the fair value of the leasehold land and buildings, and outlet mall buildings held by the Group as at 31 December 2025 and 2024:

	2025 HKD'000	2024 HKD'000
<b>Fair value:</b>		
Leasehold land and buildings located in Hong Kong	211,000	235,000
Leasehold land and buildings located in the PRC	–	9,471
Outlet mall buildings	1,534,196	1,480,900
At 31 December	<b>1,745,196</b>	1,725,371

The fair values of the above properties were based on the highest and best use, which did not differ from their actual usage for both current and prior year.

Reconciliations of the opening and closing fair values of the leasehold land and buildings, and outlet mall buildings at Level 3 recurring fair value measurements are provided as follows:

	2025 HKD'000	2024 HKD'000
<b>Level 3 recurring fair value:</b>		
At 1 January	1,725,371	1,793,656
Additions	3,124	18,571
Transfer to investment properties	(9,616)	–
Fair value changes arising on revaluation of properties	22,742	23,175
Depreciation	(61,958)	(60,926)
Exchange realignment	65,533	(49,105)
At 31 December	<b>1,745,196</b>	1,725,371

At 31 December 2025 and 2024, all of the fair values of leasehold land and buildings, and outlet mall buildings of approximately HKD1,745,196,000 (2024: HKD1,725,371,000) were classified as Level 3 recurring fair value measurements in accordance with the definition set out in Note 5(b)(vi) to the consolidated financial statements. There was no transfer between different levels of the fair value hierarchy for both current and prior year as the key inputs used by the independent qualified professional valuers were remained as unobservable with significant adjustments before deriving the appropriate fair values of the properties.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

### Information about fair value measurements using significant unobservable inputs

Properties	Valuation approach	Notes	Significant unobservable inputs	Range of estimates	
				2025	2024
Hong Kong	Capitalisation of rental receivables approach	(i)	Term yield	2.9%	2.8%
			Reversionary yield	3.2%	3.0%
			Market unit rent per month (HKD/sq. feet)	40	43
Shanghai, the PRC*	Direct comparison approach	(ii)	(Discount)/premium on characteristics of the properties	N/A	-10% to -2%
			Average market prices of similar properties (RMB/sq. metre)	N/A	23,800
Shenyang, the PRC	Capitalisation of rental receivables approach	(i)	Term yield	5.5%	5.5%
			Rental yield	6.0%	6.0%
			Market unit rent per month (RMB/sq. metre)	62–89	62–88
Xiamen, the PRC	Capitalisation of rental receivables approach	(i)	Term yield	3.5%	3.5%
			Rental yield	4.0%	4.0%
			Market unit rent per month (RMB/sq. metre)	110–184	108–180

\* *Transfer to investment properties*

Notes:

(i) The capitalisation of rental receivables approach takes into account of the rental receivables outstanding during the residual period of the existing tenancy, which is then capitalised at an appropriate capitalisation rate with due allowance for the reversionary interests after the expiry of the tenancy.

A significant increase/(decrease) in both term yield and reversionary yield of the property, or a significant (decrease)/increase in the average market unit rent of the property would result in a significant (decrease)/increase in the fair value of the leasehold land and buildings.

(ii) The direct comparison approach takes into account of the characteristics of the properties, which included the location, size, timing, floor level, view, age and quality against comparable sales evidence available in the market nearby.

A significant increase/(decrease) in the discount on characteristics of the properties, or a significant (decrease)/increase in the premium on characteristics of the properties or market prices of similar land or properties, would result in a significant (decrease)/increase in the fair value of the leasehold land and buildings.

There were changes in the valuation techniques during the year as disclosed in the above table. In the opinion of the directors, the changes can better reflect how the market perceive the fair value of the properties based on the market data available.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

### Information about fair value measurements using significant unobservable inputs *(Continued)*

Had the leasehold land and buildings, and outlet mall buildings not been revalued and stated at historical cost less accumulated depreciation and impairment loss, if any, their net book value would have been approximately HKD860,400,000 (2024: HKD859,971,000).

	2025 HKD'000	2024 HKD'000
Leasehold land and buildings located in Hong Kong	61,683	64,552
Leasehold land and buildings located in the PRC	–	12,300
Outlet mall buildings	798,717	783,119
	<b>860,400</b>	859,971

At 31 December 2025, the leasehold land and buildings located in Hong Kong and outlet mall buildings located in Shenyang and Xiamen, the PRC with total carrying amount of approximately HKD1,745,196,000 (2024: HKD1,715,900,000) were pledged to secure banking facilities granted to the Group as set out in Note 30 to the consolidated financial statements.

## 15. INVESTMENT PROPERTIES

	HKD'000
<b>At fair value:</b>	
At 1 January 2024	657,623
Decrease in fair value	(12,674)
Exchange realignment	(20,564)
At 31 December 2024	624,385
Decrease in fair value	(4,081)
Transfer from property, plant and equipment	9,616
Lease modification	(23,528)
Exchange realignment	27,059
At 31 December 2025	633,451

The Group's investment properties located in Hong Kong, Beijing, Shanghai, Chongqing and Tianjin, the PRC are held either medium or long-term leases and for the purpose of either earning rental income or capital appreciation.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. INVESTMENT PROPERTIES *(Continued)*

The Group classified the operating lease arrangement related to the community mall located in Tianjin, the PRC as an investment property under the definition of HKAS 40, i.e. held for the purpose of earning rental income.

At 31 December 2025 and 2024, the Group's investment properties were valued by independent qualified professional valuers. The management will have discussions with the valuers regarding the key assumptions and methodologies when the fair value measurements is performed at the end of each reporting period. All of the changes in fair value net of applicable deferred taxes was recognised in profit or loss for both current and prior year.

The fair values of the above properties were based on the highest and best use, which did not differ from their actual usage for both current and prior year.

Reconciliations of the opening and closing fair values of the investment properties at Level 3 recurring fair value measurements are provided as follows:

	2025 HKD'000	2024 HKD'000
<b>At Level 3 recurring fair value:</b>		
At 1 January	624,385	657,623
Decrease in fair value	(4,081)	(12,674)
Transfer from property, plant and equipment	9,616	–
Lease modification	(23,528)	–
Exchange realignment	27,059	(20,564)
At 31 December	633,451	624,385

At 31 December 2025 and 2024, all of the fair values of investment properties of approximately HKD633,451,000 (2024: HKD624,385,000) were classified as Level 3 recurring fair value measurements in accordance with the definition set out in Note 5(b)(vi) to the consolidated financial statements. There was no transfer between different levels of the fair value hierarchy for both current and prior year as the key inputs used by the independent qualified professional valuers were remained as unobservable with significant adjustments before deriving the appropriate fair values of the properties.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. INVESTMENT PROPERTIES (Continued)

### Information about fair value measurements using significant unobservable inputs:

Properties	Valuation approach	Notes	Significant unobservable inputs	Range of estimates	
				2025	2024
Shanghai, the PRC*	Direct comparison approach	(ii)	(Discount)/premium on characteristics of the properties	0% to 6%	N/A
			Average market prices of similar properties (RMB/sq. metre)	21,400	N/A
Shanghai, the PRC	Capitalisation of rental receivables approach	(i)	Term yield	5.5%	5.5%
			Reversionary yield	6.5%	6.5%
			Market unit rent per month (RMB/sq. metre)	120	133
Chongqing, the PRC	Capitalisation of rental receivables approach	(i)	Term yield	5%	2%–4%
			Reversionary yield	5.3%	3%–5%
			Market unit rent per month (RMB/sq. metre)	51–254 (Commercial)	92–307 (Commercial)
Tianjin, the PRC	Capitalisation of rental receivables approach	(i)	Term yield	2.5%–4.5%	2.5%–4.5%
			Reversionary yield	3.0%–5.5%	3.0%–5.5%
			Market unit rent per month (RMB/sq. metre)	23–78 (Commercial)	35–87 (Commercial)
Hong Kong	Direct comparison approach	(ii)	(Discount)/premium on characteristics of the properties	-14% to -11%	-9% to 3%
			Average market prices of similar properties (HKD/sq. feet)	3,084	3,380
Beijing, the PRC#	Capitalisation of rental receivables approach	(i)	Term yield	4.8%	4.5%
			Reversionary yield	5.0%	5.0%
			Market unit rent per month (RMB/sq. metre)	180–182	233
Hong Kong#	Capitalisation of rental receivables approach	(i)	Term yield	2.9%	2.8%
			Reversionary yield	3.2%	3.0%
			Market unit rent per month (HKD/sq. feet)	40	43

\* Transfer from property, plant and equipment

# Properties included in assets classified as held for sale

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. INVESTMENT PROPERTIES *(Continued)*

### Information about fair value measurements using significant unobservable inputs: *(Continued)*

Notes:

- (i) The capitalisation of rental receivables approach takes into account of the rental receivables outstanding during the residual period of the existing tenancy, which is then capitalised at an appropriate capitalisation rate with due allowance for the reversionary interests after the expiry of the tenancy.

A significant increase/(decrease) in both term yield and reversionary yield of the property, or a significant (decrease)/increase in the average market unit rent of the property would result in a significant (decrease)/increase in the fair value of the investment properties.

- (ii) The direct comparison approach takes into account of the characteristics of the properties, which included the location, size, timing, floor level, view, age and quality against comparable sales evidence available in the market nearby.

A significant increase/(decrease) in the discount on characteristics of the properties, or a significant (decrease)/increase in the premium on characteristics of the properties or market prices of similar land or properties, would result in a significant (decrease)/increase in the fair value of the investment properties.

At 31 December 2025, the investment properties (including investment properties classified as held for sale) located in Hong Kong, Beijing and Chongqing, the PRC with total carrying amount of approximately HKD1,212,348,000 (2024: HKD1,198,631,000) were pledged to secure banking facilities granted to the Group as set out in Note 30 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets categorised by class of underlying assets at 31 December 2025 and 2024 was as follows:

	<b>Leasehold land interests</b> HKD'000	<b>Properties leased for own use</b> HKD'000	<b>Motor vehicles</b> HKD'000	<b>Total</b> HKD'000
At 1 January 2024	428,258	835	–	429,093
Additions	–	413	1,059	1,472
Depreciation	(13,506)	(650)	(35)	(14,191)
Exchange realignment	(13,499)	–	–	(13,499)
At 31 December 2024	401,253	598	1,024	402,875
Additions	–	85	–	85
Depreciation	(13,456)	(510)	(212)	(14,178)
Exchange realignment	17,712	–	–	17,712
At 31 December 2025	405,509	173	812	406,494

The right-of-use assets comprise of: (i) upfront lease payments paid for acquiring leasehold land interests located in Shenyang and Xiamen, the PRC under medium lease terms; (ii) right-to-use of office premises and warehouses, where located in Hong Kong under non-cancellable tenancy agreements, with lease terms from one to two years (2024: one to two years); (iii) a motor vehicle held under a hire purchase arrangement.

The Group does not have any options to renew or terminate the existing tenancy agreements and no major lease incentives was received from the lessors or landlords for both current and prior year.

At 31 December 2025, the leasehold land interests located in Shenyang and Xiamen, the PRC with total carrying amount of approximately HKD405,509,000 (2024: HKD401,253,000) were pledged to secure banking facilities granted to the Group as set out in Note 30 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. RIGHT-OF-USE ASSETS (Continued)

The analysis of expense items in relation to leases recognised in profit or loss during the year is as follows:

	2025 HKD'000	2024 HKD'000
Depreciation charge of right-of-use assets by class of underlying assets:		
– Leasehold land interests	13,456	13,506
– Properties leased for own use	510	650
– Motor vehicles	212	35
	14,178	14,191
Interest expenses on lease liabilities (Note 8)	11,593	12,685
Short-term leases expenses (Note 10(c))	1,809	2,776

Details of the total cash outflows for leases and the maturity analysis of lease liabilities (including fixed and variable lease payments) are set out in Notes 46(c) and 31 to the consolidated financial statements.

## 17. INTANGIBLE ASSETS

	Trading rights HKD'000	Trademarks HKD'000	Customer relationships HKD'000	Total HKD'000
<b>Cost:</b>				
At 1 January 2024 and 2025, 31 December 2024	3,113	90,414	53,946	147,473
Additions	–	242	–	242
31 December 2025	3,113	90,656	53,946	147,715
<b>Accumulated amortisation:</b>				
At 1 January 2024	–	–	35,883	35,883
Provided for the year	–	–	2,007	2,007
At 31 December 2024	–	–	37,890	37,890
Provided for the year	–	–	2,007	2,007
At 31 December 2025	–	–	39,897	39,897
<b>Net book value:</b>				
At 31 December 2025	3,113	90,656	14,049	107,818
At 31 December 2024	3,113	90,414	16,056	109,583

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 17. INTANGIBLE ASSETS *(Continued)*

As at 31 December 2025 and 2024, the intangible assets consisted of the "MY LITTLE PONY" and "SKINS" trademarks, patents and trademarks of healthcare products and trading rights, which are considered by the management as having indefinite useful lives required to be tested for impairment at the end of each reporting period, plus the customer relationships of healthcare products business which is considered by the management as having estimated useful lives of 5 to 15 years (2024: 5 to 15 years).

For the impairment testing, the intangible assets have been allocated to their respective cash-generating units. Their recoverable amounts are determined based on the higher of fair value less costs of disposal or value-in-use. The value-in-use calculations are derived from the most recent financial budgets approved by the management. The key inputs implemented in the value-in-use calculations reflect the best estimate of the past performance, expectation of market development and specific risks encountered in the underlying businesses.

For the "MY LITTLE PONY" trademark, it covers a detailed budget plan, plus an extrapolated cash flow projection by applying a long-term growth rate subsequent to the budget plan, with a pre-tax discount rate of 14.8% (2024: 18.0%).

The key assumptions used in the budget plan are:

- i. Cash flows beyond the budget plan are extrapolated by using an estimated 2.2% (2024: 2.1%) long-term growth rate; and
- ii. Gross profit margins will be maintained at its current level throughout the budget plan.

For the "SKINS" trademark, it covers a detailed budget plan, plus an extrapolated cash flow projection by applying a long-term growth rate subsequent to the budget plan, with a pre-tax discount rate of 16.7% (2024: 17.4%).

The key assumptions used in the budget plan are:

- i. Cash flows beyond the budget plan are extrapolated by using an estimated 3.0% (2024: 2.5%) long-term growth rate; and
- ii. Gross profit margins will be maintained at its current level throughout the budget plan.

For the patents and trademarks of healthcare products business, it covers a detailed budget plan, plus an extrapolated cash flow projection by applying a long-term growth rate subsequent to the budget plan, with a pre-tax discount rate of 14.4% (2024: 15.1%).

The key assumptions used in the budget plan are:

- i. Cash flows beyond the budget plan are extrapolated by using an estimated 2.5% (2024: 2.4%) long-term growth rate; and
- ii. Gross profit margins will be maintained at its current level throughout the budget plan.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 17. INTANGIBLE ASSETS (Continued)

The management concluded that except for the “MY LITTLE PONY” trademark, all other cash-generating units identified in their respective business operations were sufficiently demonstrated, in any reasonable changes in key inputs used in the value-in-use calculations, the recoverable amounts exceeded the carrying amounts of the cash-generating units. As a result, no provision of impairment was recognised for both current and prior year.

For the “MY LITTLE PONY” trademark, the carrying amount exceeded the recoverable amount during impairment testing. While a potential impairment loss was identified, it was deemed immaterial to the consolidated financial statements and therefore no provision of impairment was recognised during the year.

## 18. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM JOINT VENTURES

	2025 HKD'000	2024 HKD'000
At 1 January	33,296	44,613
Share of results for the year	(15,092)	(10,031)
Exchange realignment	1,301	(1,286)
At 31 December	19,505	33,296

Details of the Company's interests in joint ventures at 31 December 2025 and 2024 are as follows:

Name of joint ventures	Place of incorporation/ registration and operation	Particulars of registered share capital	Effective interest in registered/share capital indirectly held by the Company		Principal activities
			2025	2024	
武漢喬尚實業發展有限公司	The PRC (natural person investment or holding)	Registered paid-up shares of RMB50,000,000	25%	25%	Investment holding
安陽喬尚柏奧萊商業管理有限公司	The PRC (Taiwan, Hong Kong or Macau and domestic joint venture)	Registered paid-up shares of RMB10,000,000	25%	25%	Operation and management of outlet malls
安陽國旅尚柏奧萊置業有限公司	The PRC (domestic and foreign joint venture)	Registered paid-up shares of RMB60,000,000	25%	25%	Property investment

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 18. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM JOINT VENTURES *(Continued)*

The above joint venture companies are unlisted entities whose quoted market prices are not available to the Group.

The contractual arrangements provide the Group joint controls in the joint arrangements with the rights to the net assets to share the net income generated by the business operations from the joint ventures, whereas the rights to the assets and obligations for the liabilities under the joint arrangements rested primarily on the joint ventures. Under the requirement of HKFRS 11, the equity interests in these joint arrangements are classified as interests in joint ventures and accounted for using the equity method in the consolidated financial statements at 31 December 2025 and 2024.

### Aggregate financial information of the joint ventures that are not individually material

	2025 HKD'000	2024 HKD'000
Share of results for the year	(15,092)	(10,031)
Share of other comprehensive income for the year	1,301	(1,286)
Share of total comprehensive income for the year	(13,791)	(11,317)

	2025 HKD'000	2024 HKD'000
Amounts due from joint ventures	43,589	39,222

The above summarised financial information has been adjusted for any differences in accounting policies between the Group and the joint ventures. There are no contingent liabilities nor capital commitments to be shared with the joint ventures at 31 December 2025 and 2024.

At 31 December 2025, the carrying amount of the amounts due from joint ventures of approximately HKD43,589,000 (2024: HKD39,222,000) was unsecured, interest-bearing and repayable on demand.

Movements of loss allowance of amounts due from joint ventures during the year were as follows:

	2025 HKD'000	2024 HKD'000
At 1 January	2,988	2,531
(Reversal)/provision of loss allowance	(323)	457
At 31 December	2,665	2,988

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM AN ASSOCIATE

	2025 HKD'000	2024 HKD'000
At 1 January	6,572	6,379
Share of results for the year	(41)	185
Exchange realignment	4	8
At 31 December	6,535	6,572

Details of the Company's interests in associates at 31 December 2025 and 2024 are as follows:

Name of associates	Place of incorporation and operation	Particulars of share capital	Effective interest in share capital indirectly held by the Company		Principal activities
			2025	2024	
Just Dawn Limited	The BVI	Ordinary paid-up shares of USD30	– (Note)	45%	Investment holding
Yoshida Brewery Limited	Japan	Ordinary paid-up shares of JPY85,000,000	20%	20%	Manufacturing, developing and retailing of sake

Note: During the year ended 31 December 2025, the associate was dissolved.

The above associate companies are unlisted entities and the directors considered that the Group has the ability to exercise significant influence in accordance with the rights stated in the articles of association. Therefore, the associate companies are accounted for using the equity method in the consolidated financial statements at 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 19. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM AN ASSOCIATE *(Continued)* Aggregate financial information of the associates that are not individually material

	2025 HKD'000	2024 HKD'000
Share of results for the year	(41)	185
Share of other comprehensive income for the year	4	8
Share of total comprehensive income for the year	(37)	193
	2025 HKD'000	2024 HKD'000
Accumulative unrecognised share of loss of an associate	–	(4,817)
Amount due from an associate	803	652

At 31 December 2025, the carrying amount of amount due from an associate of approximately HKD803,000 (2024: HKD652,000) was unsecured, interest-free and repayable on demand. No provision of loss allowance on the amount due from an associate was recognised for both current and prior year.

## 20. GOODWILL

	2025 HKD'000	2024 HKD'000
<b>Cost:</b>		
At 1 January and 31 December	147,501	147,501
<b>Accumulated impairment loss:</b>		
At 1 January and 31 December	6,100	6,100
<b>Net book value:</b>		
At 31 December	141,401	141,401

At 31 December 2025 and 2024, the carrying amount of goodwill is allocated to the business combinations of financial services business and healthcare products business under the branding segment of approximately HKD33,796,000 and HKD107,605,000 respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 20. GOODWILL (Continued)

For the impairment testing, the goodwill has been allocated to the respective cash-generating units of financial services business and healthcare products business separately. Their recoverable amounts are determined based on the higher of fair value less costs of disposal or value-in-use. The value-in-use calculations are derived from the most recent financial budgets approved by the management. The key inputs implemented in the value-in-use calculations reflect the best estimate of the past performance, expectation of market development and specific risks encountered in the underlying businesses.

The management assessed the recoverable amount of cash-generating units and as a result the carrying amount was written down to the recoverable amount, with an impairment loss of approximately HKD6,100,000 was recognised in profit or loss in prior years.

### (i) Financial services business

For the financial services business, it covers a detailed budget plan, plus an extrapolated cash flow projection by applying a long-term growth rate subsequent to the budget plan, with a pre-tax discount rate of 13.0% (2024: 9.5%).

The key assumptions used in the budget plan are:

- i. Cash flows beyond the budget plan are extrapolated by using an estimated 2.5% (2024: 3.0%) long-term growth rate; and
- ii. Gross profit margins will be maintained at its current level throughout the budget plan.

### (ii) Healthcare products business

For the healthcare products business, it covers a detailed budget plan, plus an extrapolated cash flow projection by applying a long-term growth rate subsequent to the budget plan, with a pre-tax discount rate of 14.4% (2024: 15.1%).

The key assumptions used in the budget plan are:

- i. Cash flows beyond the budget plan are extrapolated by using an estimated 2.5% (2024: 2.4%) growth rate; and
- ii. Gross profit margins will be maintained at its current level throughout the budget plan.

Except as described above in respect of the impairment of the goodwill of the healthcare products business in prior years, the management concluded that for all of the cash-generating units for both financial services and healthcare products business were sufficiently demonstrated, in any reasonable changes in key inputs used in the value-in-use calculations, the recoverable amounts exceeded the carrying amounts of the cash-generating units, and no further provision of impairment was recognised for both current and prior year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 21. INVENTORIES

	2025 HKD'000	2024 HKD'000
Raw materials	2,858	3,125
Work-in-progress	726	566
Finished goods	34,592	38,883
Goods-in-transit	2,721	2,333
	<b>40,897</b>	44,907
Provision of allowance	<b>(9,958)</b>	(9,731)
	<b>30,939</b>	35,176

Movements of provision of allowance of inventories during the year were as follows:

	2025 HKD'000	2024 HKD'000
At 1 January	9,731	11,369
Reversal of allowance	(128)	(1,172)
Write off	–	(113)
Exchange realignment	355	(353)
At 31 December	<b>9,958</b>	9,731

A reversal of allowance of inventories of approximately HKD128,000 (2024: HKD1,172,000) was recognised in profit or loss during the year due to the increase (2024: increase) in estimated net realisable value of certain categories of inventories as a result of increase (2024: increase) in estimated scrap value.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 22. TRADE AND OTHER RECEIVABLES

	2025 HKD'000	2024 HKD'000
<b>Trade receivables arising from:</b>		
– Other than financial services segment	23,229	24,728
– Financial services segment	12,093	6,696
Total gross carrying amount	35,322	31,424
Less: Loss allowance	(6,035)	(5,611)
Total net carrying amount after loss allowance	29,287	25,813
<b>Prepayments, deposits and other receivables:</b>		
Total gross carrying amount	103,265	110,677
Less: Loss allowance	(8,665)	(9,259)
Total net carrying amount after loss allowance	94,600	101,418
Total trade and other receivables	123,887	127,231

The following is an ageing analysis of trade receivables, net of loss allowance, which is presented based on the invoice date or transaction date, where applicable, at the end of reporting period:

	2025 HKD'000	2024 HKD'000
0 to 30 days	19,589	15,218
31 to 60 days	1,297	1,045
61 to 90 days	413	631
Over 90 days	7,988	8,919
	29,287	25,813

The management measures the loss allowance of trade receivables through HKFRS 9 simplified approach by assuming all of the trade debtors share a similar credit risk characteristic under the lifetime ECL calculation. Provision matrix is used to measure the loss allowance of trade receivables. The default rates are based on the past due days by grouping of customers arising from different reportable segments with similar loss patterns. The ECL calculation reflects the probability-weighted outcome based on the Group's historical experience, adjusted for forward-looking factors specific to the debtors and the macroeconomic environment where the debtors located. Generally, the balance of trade receivables is written off in full if it is past due more than one year without any credit enhancement.

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 38(b)(iii) to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 22. TRADE AND OTHER RECEIVABLES *(Continued)*

### Trade receivables arising from other than financial services segment

The Group allows an average credit period ranged from 60 to 90 days (2024: 60 to 90 days) for its trade debtors arising from other than financial services segment.

Movements of loss allowance of trade receivables arising from other than financial services segment during the year were as follows:

	2025 HKD'000	2024 HKD'000
At 1 January	4,604	2,210
Provision of loss allowance	407	2,405
Write off	–	(96)
Exchange realignment	–	85
At 31 December	5,011	4,604

### Trade receivables arising from financial services segment

	2025 HKD'000	2024 HKD'000
<b>Trade receivables arising from the ordinary course of business of dealing in securities:</b>		
– Cash clients	254	291
– Clearing house	4,249	22
– Others	744	–
	5,247	313
<b>Trade receivables arising from the ordinary course of business of the provision of:</b>		
– Money lending	6,846	6,383
Total gross carrying amount	12,093	6,696
Less: Loss allowance	(1,024)	(1,007)
Total net carrying amount after loss allowance	11,069	5,689

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 22. TRADE AND OTHER RECEIVABLES (Continued)

### Trade receivables arising from financial services segment (Continued)

Movements of loss allowance of trade receivables arising from financial services segment during the year were as follows:

	2025 HKD'000	2024 HKD'000
At 1 January	1,007	805
Provision of loss allowance	17	202
At 31 December	1,024	1,007

Save for the credit period allowed by the Group, the settlement terms of trade receivables arising from the ordinary course of business of dealing in securities are either one or two trading days after the trade date depending on the categories of the underlying securities transactions are executed. The Group did not hold any securities collateral or other credit enhancement over the cash clients. In the view of the fact that those receivables related to a number of diversified cash clients and clearing house and there is no significant increase in credit risk since initial recognition and not credit-impaired at the end of reporting period, the amount of loss allowance under lifetime ECL assessment was immaterial to be recognised for both current and prior year.

### Prepayments, deposits and other receivables

Movements of loss allowance of other receivables during the year were as follows:

	Stage 1 HKD'000	Stage 2 HKD'000	Stage 3 HKD'000	Total HKD'000
<b>Loss allowance:</b>				
At 1 January 2024	1,982	–	4,077	6,059
Provision of allowance, net	728	2,641	–	3,369
Exchange realignment	(169)	–	–	(169)
At 31 December 2024	2,541	2,641	4,077	9,259
Provision/(reversal) of allowance, net	333	(489)	–	(156)
Exchange realignment	(438)	–	–	(438)
At 31 December 2025	2,436	2,152	4,077	8,665

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 22. TRADE AND OTHER RECEIVABLES *(Continued)*

### Prepayments, deposits and other receivables *(Continued)*

As at 31 December 2025, the gross carrying amount of other receivables of approximately HKD65,905,000 (2024: HKD76,076,000) was classified as stage 1, and the provision for 12-month ECL was approximately HKD2,436,000 (2024: HKD2,541,000).

Other receivables with aggregate gross carrying amount of approximately HKD18,528,000 (2024: HKD17,990,000) was classified as stage 2 due to significant increase in credit risk since initial recognition but not deemed to be credit-impaired at the end of reporting period. As at 31 December 2025, the provision for lifetime ECL of other receivables classified as stage 2 was approximately HKD2,152,000 (2024: HKD2,641,000).

The loss allowance of other receivables is related to certain counterparties who are slow in settlement and none of the balances are expected to be recovered in the remaining lifetime of the balances. As at 31 December 2025, the gross carrying amount of other receivables of approximately HKD4,077,000 (2024: HKD4,077,000) was credit-impaired and classified as stage 3, the provision for lifetime ECL was approximately HKD4,077,000 (2024: HKD4,077,000).

The definition of stages of default is set out in Note 38(b)(iii) to the consolidated financial statements.

As at 31 December 2025, included in the other receivables was consideration receivables for disposal of PONY trademark in prior years with gross carrying amount of approximately HKD19,461,000 (2024: HKD34,949,000) and the ECL recognised was approximately HKD215,000 (2024: HKD425,000).

## 23. ADVANCES TO CUSTOMERS IN MARGIN FINANCING

	2025 HKD'000	2024 HKD'000
Directors and their associates	26,096	26,033
Other margin clients	53,631	100,577
	<b>79,727</b>	126,610

At 31 December 2025 and 2024, the carrying amount of advances to customers in margin financing arising from the margin financing business in Hong Kong was secured by listed equity securities, carried at average interest rates from Hong Kong Dollar Prime Rate ("**Prime Rate**") to Prime Rate plus 3% per annum and repayable on demand.

The amounts of credit facilities granted to the margin clients are determined by the discounted market value of listed equity securities accepted by the Group. The Group maintains a list of approved stocks for margin lending at certain specified loan-to-collateral ratios. Any excess in the ratios will trigger margin calls for the margin clients to settle the margin shortfalls.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 23. ADVANCES TO CUSTOMERS IN MARGIN FINANCING *(Continued)*

At 31 December 2025, the total undiscounted market value of listed equity securities pledged in respect of the margin lending to the margin clients was approximately HKD388,234,000 (2024: HKD384,261,000). According to the client account opening agreements signed between the Group and margin clients, the Group is allowed to dispose of the listed equity securities pledged by the margin clients to settle their outstanding loan balances due to the Group.

Based on the result of the ECL calculation with reference to the discounted market value of listed equity securities, no provision of loss allowance was recognised for both current and prior year given that no significant default events of failure to repay the margin calls from any margin clients and the discounted market value of listed equity securities pledged were sufficiently covered the outstanding loan balances as at 31 December 2025 and 2024.

No ageing analysis is disclosed for advances to customers in margin financing, as in the opinion of the directors, an ageing analysis is not meaningful in the view of the business nature of margin financing. The maximum exposure of credit risk against the Group is the carrying amount at the end of reporting period.

## 24. LOANS RECEIVABLE

	2025 HKD'000	2024 HKD'000
<b>Secured:</b>		
Total gross carrying amount	59,536	51,187
Less: Loss allowance	(6,040)	(5,453)
	<b>53,496</b>	45,734

Movement of loss allowance of loans receivable during the year is as follows:

	2025 HKD'000	2024 HKD'000
At 1 January	5,453	2,714
Provision of loss allowance	587	2,739
At 31 December	<b>6,040</b>	5,453

At 31 December 2025 and 2024, the carrying amount of loans receivable arising from the money lending business in Hong Kong was secured by mortgages over the borrowers' properties in Hong Kong, carried at interest rates from 5% to 18% (2024: 5% to 18%) per annum and repayable within one year from the dates of advances to the borrowers or on demand.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 24. LOANS RECEIVABLE (Continued)

Analysis of the gross carrying amount and loss allowance of loans receivable under different stages of default as at 31 December 2025 and 2024 were as follows:

	Stage 1 HKD'000	Stage 2 HKD'000	Stage 3 HKD'000	Total HKD'000
<b>Gross carrying amount:</b>				
At 1 January 2024	13,059	1,100	45,092	59,251
Transfer to Stage 3	–	(1,100)	1,100	–
Proceeds from new loans	7,675	–	–	7,675
Repayments of loans	(13,059)	–	(2,680)	(15,739)
At 31 December 2024	7,675	–	43,512	51,187
Transfer to Stage 2	(7,675)	7,675	–	–
Proceeds from new loans	9,300	–	–	9,300
Repayments of loans	–	–	(951)	(951)
At 31 December 2025	9,300	7,675	42,561	59,536
<b>Loss allowance:</b>				
At 1 January 2024	–	198	2,516	2,714
Transfer to Stage 3	–	(198)	198	–
Provision of allowance, net	158	–	2,581	2,739
At 31 December 2024	158	–	5,295	5,453
Transfer to Stage 2	(158)	158	–	–
Provision/(reversal) of allowance, net	342	1,645	(1,400)	587
At 31 December 2025	342	1,803	3,895	6,040

Loans receivable with aggregate gross carrying amount of approximately HKD9,300,000 (2024: HKD7,675,000) was classified as stage 1 due to limited exposure of credit risk and there is no significant increase in credit risk since initial recognition and not credit-impaired at the end of reporting period. As at 31 December 2025, the provision for 12-month ECL for stage 1 loans receivable was approximately HKD342,000 (2024: HKD158,000).

Loans receivable with aggregate gross carrying amount of approximately HKD7,675,000 (2024: HKD nil) was classified as stage 2 due to significant increase in credit risk since initial recognition but not deemed to be credit-impaired at the end of reporting period. As at 31 December 2025, the provision for lifetime ECL of loans receivable classified as stage 2 was approximately HKD1,803,000 (2024: HKD nil).

Loans receivable with aggregate gross carrying amount of approximately HKD42,561,000 (2024: HKD43,512,000) was classified as stage 3 due to significant increase in credit risk since initial recognition and credit-impaired at the end of reporting period. As at 31 December 2025, the provision for lifetime ECL of stage 3 loans receivable was approximately HKD3,895,000 (2024: HKD5,295,000).

The definition of stages of default is set out in Note 38(b)(iii) to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

	2025 HKD'000	2024 HKD'000
Listed equity securities in Hong Kong	17,137	12,602
Unlisted investment	102,065	69,107
	<b>119,202</b>	81,709

Both of the listed equity securities in Hong Kong and unlisted investment are classified as financial assets at FVTPL under the requirement of HKFRS 9. The key inputs of fair value measurements are disclosed in Note 38(c) to the consolidated financial statements.

During the year, fair value gain on financial assets at FVTPL of approximately HKD34,866,000 (2024: fair value loss on financial assets at FVTPL of approximately HKD23,648,000) was recognised in profit or loss.

## 26. BANK BALANCES AND CASH

### (a) Bank balances and cash – held on behalf of customers

The Group maintains trust and segregated account with a bank to hold bank balances on behalf of cash and margin clients arising from the regulated activities governed under the Securities and Futures Commission (the "SFC"). The Group has recognised the related bank balances as "bank balances and cash – held on behalf of customers" in the current assets and the related payables due to timing difference between trade date and settlement date as "trade payables" in the current liabilities (refer to Note 28 to the consolidated financial statements) given that the Group is liable for any loss or misappropriation of clients' bank balances under the "Securities and Futures Ordinance (Cap. 571)" (the "SFO") governed by the SFC.

At 31 December 2025, the balance of bank balances and cash held on behalf of customers was approximately HKD117,598,000 (2024: HKD20,265,000).

### (b) Bank balances and cash

At 31 December 2024, the bank balances and cash comprised of time deposits with original maturity date less than 3 months with banks of approximately HKD5,337,000, which carried at fixed interest rates from 2.93% to 3.39% per annum, and were withdrawn upon their respective dates of maturities.

At 31 December 2025, the bank balances of approximately HKD85,596,000 (2024: approximately HKD77,239,000) carried at market interest rates from 0.86% to 3.40% (2024: 0.50% to 6.00%) per annum.

At 31 December 2025, the bank balances and cash located in the PRC and denominated in RMB were approximately HKD39,102,000 (2024: HKD46,533,000). RMB is not freely convertible into any of the foreign currencies in the PRC. Under the "Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations" governed by the State Administration of Foreign Exchange in the PRC, the Group is permitted to exchange RMB into foreign currencies through the respective bank authorisation to conduct the foreign exchange businesses.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 27. ASSETS CLASSIFIED AS HELD FOR SALE

	2025 HKD'000	2024 HKD'000
<b>Investment properties</b>		
Hong Kong ( <i>Note (i)</i> )	208,000	231,000
Beijing ( <i>Note (ii)</i> )	507,026	489,866
	<b>715,026</b>	720,866

Notes:

- (i) As at 31 December 2025, the Group had committed a plan of disposal of an investment property in Hong Kong. As at 31 December 2025, the carrying value of the investment property was HKD208,000,000 (2024: HKD231,000,000). The Group had actively solicited but yet received reasonable offer. In response, the Group further reduced the price so that the investment property continued to be actively marketed at a price that was reasonable. As at 31 December 2025, the sales of the property was not yet completed and as a result, it remained presented as assets classified as held for sale in the consolidated financial statements. As a result of the valuation, a decrease in fair value of the investment property, net of tax, of approximately HKD23,000,000 (2024: HKD6,000,000), and deferred tax charge thereon, of approximately HKD3,795,000 (2024: HKD990,000), have been recognised in profit or loss included in "decrease in fair value of investment properties" during the year.
- (ii) As at 31 December 2025, the Group had committed another plan of disposal of the investment property in Beijing with carrying value of HKD507,026,000 (2024: HKD489,866,000). The Group had actively solicited but yet received reasonable offer. In response, the Group further reduced the price so that the investment property continued to be actively marketed at a price that was reasonable. As at 31 December 2025, the sales of the property was not yet completed and as a result, it remained presented as assets classified as held for sale in the consolidated financial statements. As a result of the valuation, a decrease in fair value of the investment property, net of tax, of approximately HKD4,840,000 (2024: HKD16,231,000), and deferred tax charge thereon, of approximately HKD484,000 (2024: HKD1,623,000), have been recognised in profit or loss included in "decrease in fair value of investment properties" during the year.

## 28. TRADE AND OTHER PAYABLES

	2025 HKD'000	2024 HKD'000
<b>Trade payables arising from:</b>		
– Other than financial services segment	174,273	172,419
– Financial services segment	122,195	20,224
Total trade payables	<b>296,468</b>	192,643
Accruals, receipts in advance, temporary receipts and other payables	<b>165,824</b>	156,816
Total trade and other payables	<b>462,292</b>	349,459

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. TRADE AND OTHER PAYABLES (Continued)

The following is an ageing analysis of trade payables arising from other than financial services segment, which is presented based on the invoice date or transaction date, where applicable, at the end of reporting period:

	2025 HKD'000	2024 HKD'000
0 to 30 days	99,057	136,600
31 to 60 days	72,220	31,792
61 to 90 days	2,885	3,310
Over 90 days	111	717
	<b>174,273</b>	<b>172,419</b>

The average credit period granted by the suppliers or service providers arising from other than financial services segment is approximately 90 days (2024: 90 days).

### Trade payables arising from financial services segment

	2025 HKD'000	2024 HKD'000
<b>Trade payables arising from the ordinary course of business of dealing in securities:</b>		
– Cash clients	118,717	18,764
– Margin clients	3,478	1,460
	<b>122,195</b>	<b>20,224</b>

The balances of trade payables arising from financial services segment represented the outstanding balance due to cash and margin clients in respect of the bank balances temporarily received in the trust and segregated account held on behalf of cash and margin clients arising from the regulated activities governed under the SFC (refer to Note 26(a) to the consolidated financial statements). At 31 December 2025, the balance of the trust and segregated account was approximately HKD117,598,000 (2024: HKD20,265,000).

The settlement terms of trade payables arising from the ordinary course of business of dealing in securities are either one or two trading days after the trade date depending on the categories of the underlying securities transactions are executed. No ageing analysis is disclosed for the trade payables arising from financial services segment, as in the opinion of the directors, an ageing analysis is not meaningful in the view of the business nature of dealing in securities and margin financing.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 29. DEFERRED TAXATION

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities are offset when there is a legally enforceable right to offset under the same tax authorities. The following table is the analysis of the deferred tax balances for financial reporting purpose at 31 December 2025 and 2024:

	2025 HKD'000	2024 HKD'000
Deferred tax assets	(16,187)	(12,760)
Deferred tax liabilities	348,795	331,922
	<b>332,608</b>	319,162

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the related movements during the year were as follows:

	Revaluation of leasehold land and buildings HKD'000	Revaluation of investment properties HKD'000	Accelerated tax depreciation HKD'000	Undistributed profits of the PRC subsidiaries HKD'000	Tax loss HKD'000	Fair value adjustment on intangible assets HKD'000	Total HKD'000
<b>At 1 January 2024</b>	261,405	62,036	16,719	73	(33,241)	15,342	322,334
Charged/(credited) to profit or loss (Note 9)	(185)	(3,116)	(337)	-	1,868	(331)	(2,101)
Charged to other comprehensive income	6,350	-	-	-	-	-	6,350
Exchange realignment	(5,868)	(1,586)	(87)	-	120	-	(7,421)
<b>At 31 December 2024</b>	261,702	57,334	16,295	73	(31,253)	15,011	319,162
Charged/(credited) to profit or loss (Note 9)	-	(5,212)	195	-	1,749	(331)	(3,599)
Charged to other comprehensive income	6,838	-	-	-	-	-	6,838
Exchange realignment	8,229	2,037	34	-	(93)	-	10,207
<b>At 31 December 2025</b>	276,769	54,159	16,524	73	(29,597)	14,680	332,608

At 31 December 2025, a total amount of unused tax losses of approximately HKD1,078,071,000 (2024: HKD1,061,270,000) arising from different group entities is available to be offset against the future taxable profits available in the relevant tax jurisdictions. To the extent of approximately HKD176,422,000 (2024: HKD183,044,000) in respect of the unused tax losses was recognised as deferred tax assets at 31 December 2025 due to the future taxable profits and tax planning opportunities can be foreseen. For the year ended 31 December 2025, the Group had utilised the deferred tax asset arising from the unused tax losses of approximately HKD1,749,000 (2024: HKD1,868,000) and did not write off or impair the balance of deferred tax assets for both current and prior year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 29. DEFERRED TAXATION *(Continued)*

### Deferred tax assets not recognised

In accordance with the Group's accounting policy as set out in Note 4(m) to the consolidated financial statements, the Group has not recognised deferred tax assets in respect of the remaining unused tax losses of approximately HKD901,649,000 (2024: HKD878,226,000) due to the unpredictability of future taxable profits against the unused tax losses that can be utilised in the relevant tax jurisdictions. All of the unused tax losses can be carried forward indefinitely under the tax regulations, except for those arising from the PRC subsidiaries of approximately HKD118,036,000 (2024: HKD163,378,000), which can be carried forward only for five years from the recognition date of unused tax losses.

## 30. BANK BORROWINGS

	2025 HKD'000	2024 HKD'000
<b>Current portion:</b>		
Secured with variable interest-rate bank borrowings that are repayable:		
– within one year	734,824	704,534
<b>Non-current portion:</b>		
Secured with variable interest-rate bank borrowings that are repayable:		
– over one year but within two years	60,937	250,115
– over two years but within five years	211,831	148,770
– over five years	152,553	36,985
	425,321	435,870
Total bank borrowings	1,160,145	1,140,404

At 31 December 2025, the Group had secured with variable interest-rate bank borrowings, carried at interest rates from approximately 1.92% to 6.81% (2024: 1.92% to 7.11%) per annum. The weighted average effective interest rate charged during the year was approximately 4.22% (2024: 5.44%) per annum.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. BANK BORROWINGS *(Continued)*

At 31 December 2025, the Group's the bank borrowings were secured by:

- (i) mortgages over the leasehold land and buildings, outlet mall buildings, investment properties (including investment properties in assets classified as held for sale) and right-of-use assets, with the respective carrying amounts of approximately HKD211,000,000, HKD1,534,196,000, HKD1,212,348,000 and HKD405,509,000 (2024: HKD235,000,000, HKD1,480,900,000, HKD1,198,631,000 and HKD401,253,000);
- (ii) shares of certain of the Company's subsidiaries;
- (iii) corporate guarantees provided by the Company and certain of its subsidiaries and a related party;
- (iv) personal guarantees provided by certain directors of the Company and its subsidiaries; and
- (v) certain properties owned by the directors of the Company and a director of its subsidiary.

At 31 December 2025 and 2024, all of the bank borrowings are repayable in accordance with the agreed repayment schedules subject to the fulfilment of covenants. If the Group breaches any of the covenants, the associated bank borrowings will become repayable on demand. Further details of the liquidity risk management is set out in Note 38(b)(iv) to the consolidated financial statements. At 31 December 2025 and 2024, none of the covenants had been breached.

At 31 December 2025, the Group was offered a total amount of banking facilities of approximately HKD1,544,935,000 (2024: HKD1,720,029,000) for the usage of bank borrowings available to the Group. At 31 December 2025, the Group had utilised bank borrowings of approximately HKD1,160,145,000 (2024: HKD1,140,404,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. LEASE LIABILITIES

The following table shows the remaining future minimum lease payments under non-cancellable tenancy agreements recognised as lease liabilities at 31 December 2025 and 2024, which were fall due as follows:

	2025		2024	
	Present value of minimum lease payments HKD'000	Total minimum lease payments HKD'000	Present value of minimum lease payments HKD'000	Total minimum lease payments HKD'000
Within one year	12,746	13,303	21,526	22,506
Over one year but within two years	7,564	8,628	14,170	16,183
Over two years but within five years	46,220	60,583	44,906	58,549
Over five years	103,562	187,238	107,502	201,129
	157,346	256,449	166,578	275,861
	170,092	269,752	188,104	298,367
Less: Total future interest expenses		(99,660)		(110,263)
Present value of lease liabilities		170,092		188,104

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. LEASE LIABILITIES (Continued)

The analysis of the carrying amount of lease liabilities at 31 December 2025 and 2024 was as follows:

	<b>Investment property</b> HKD'000	<b>Properties leased for own use</b> HKD'000	<b>Motor vehicles</b> HKD'000	<b>Total</b> HKD'000
At 1 January 2024	189,635	845	–	190,480
Additions	–	413	1,059	1,472
Interest expenses	12,583	70	32	12,685
Repayments	(9,482)	(718)	(141)	(10,341)
Exchange realignment	(6,192)	–	–	(6,192)
At 31 December 2024	186,544	610	950	188,104
Additions	–	85	–	85
Interest expenses	11,502	46	45	11,593
Repayments	(13,313)	(562)	(241)	(14,116)
Lease modification	(23,528)	–	–	(23,528)
Exchange realignment	7,954	–	–	7,954
At 31 December 2025	169,159	179	754	170,092

The present value of the remaining future minimum lease payments under non-cancellable tenancy agreements is analysed as follows:

	<b>2025</b> HKD'000	2024 HKD'000
Current liabilities	<b>12,746</b>	21,526
Non-current liabilities	<b>157,346</b>	166,578
	<b>170,092</b>	188,104

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 32. AMOUNT DUE FROM/(TO) A RELATED PARTY

	2025 HKD'000	2024 HKD'000
Amount due from a related party	102	–
Amount due to a related party	–	106

The related party is an entity commonly controlled by Mr. Cheng Tun Nei, who acts as Chairman, Chief Executive Officer and a substantial shareholder of the Company. At 31 December 2025 and 2024, the balance of amount due from/(to) a related party was unsecured, interest-free and repayable on demand.

## 33. AMOUNTS DUE FROM/(TO) DIRECTORS

	2025 HKD'000	2024 HKD'000
Amount due from a director	3,113	–
Amounts due to directors	6,797	56,555

At 31 December 2025 and 2024, the balance of amounts due from/(to) directors was unsecured, interest bearing and repayable on demand.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 34. SHARE CAPITAL

	Number of shares (‘000)	Nominal value HKD’000
<b>Authorised:</b>		
Ordinary shares of HKD0.10 (2024: HKD0.10) each		
At 1 January 2024 and 2025, 31 December 2024 and 2025	20,000,000	2,000,000
<b>Issued and fully paid:</b> (Note (i))		
Ordinary shares of HKD0.10 (2024: HKD0.10) each		
At 1 January 2024 and 2025, 31 December 2024 and 2025	2,974,225	297,422

Note:

- (i) All of the ordinary shares issued by the Company credited as fully paid and ranked *pari passu* with the issued ordinary shares of the Company in all respects, except for not entitled to any distribution of dividend.

## 35. SHARE OPTION SCHEME

On 23 June 2023, shareholders of the Company have approved and adopted a share option scheme (the “**2023 Scheme**”) for the purpose of providing eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

Pursuant to the 2023 Scheme, shares which may be issued upon exercise of all options to be granted under the 2023 Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of adoption. The Company may renew this 10% limit with shareholders’ approval provided that each such renewal may not exceed 10% of shares in the Company in issue as at the date of the shareholders’ approval.

Under the 2023 Scheme, the Directors may at their discretion grant options to eligible participants (“**Eligible Participants**”) including: (i) the directors, chief executive and employees of the Company or any of its subsidiaries; (ii) the directors, chief executive and employees of the holding companies, fellow subsidiaries or associated companies of the Company; and (iii) any person(s) (whether a natural person, a corporate entity or otherwise) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interest of the long-term growth of the Group, including (a) suppliers of services to any member of the Group; and (b) advisors (professional or otherwise) or consultants to any area of business or business development of any member of the Group, but for the avoidance of doubt excludes placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity (“**Service Providers**”).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. SHARE OPTION SCHEME *(Continued)*

The total number of Shares which may be issued upon the exercise of all options to be granted under the 2023 Scheme and all options and awards to be granted under any other share option scheme(s) and share award scheme(s) of the Company shall not exceed 297,422,523, representing approximately 10.0% of the issued Shares ("**Scheme Mandate Limit**"). Within the Scheme Mandate Limit, the total number of Shares which may be issued upon exercise of all options to be granted to Service Providers shall not exceed 29,742,252 Shares, representing approximately 1.0% of the total issued Shares ("**Service Provider Sublimit**").

The total number of Shares issued and to be issued upon exercise of the options and awards granted to each Eligible Participant or grantee (including exercised and outstanding options but excluding any options and awards lapsed in accordance with the terms of such schemes) in any 12-month period up to the date of grant shall not exceed 1% of the total issued Shares at the date of grant ("**Individual Limit**"). Where it is proposed that any offer is to be made to an Eligible Participant (or where appropriate, an existing grantee) which would result in the Shares issued and to be issued upon exercise of all options and awards granted and to be granted to such person (including exercised, cancelled and outstanding options and awards) in the 12-month period up to and including the relevant date of grant to exceed his, her or its Individual Limit, such offer and any acceptance thereof must be conditional upon approval by the Shareholders in the general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting.

Unless approved by the shareholders of the Company in a general meeting with the issue of a circular to the shareholders specifying the identity of the eligible participants, the number and terms of the share options to be granted or previously granted to the eligible participants, the board of directors shall not grant any share options to any eligible participants which, if exercised, would result the eligible participants becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares of the Company already issued or to be issued upon the exercise of the share options granted to the eligible participants (including those exercised or unexercised share options) under the 2023 Scheme or any other share option scheme adopted by the Company in any 12-month period would exceed 1% of the shares of the Company for issue on the date of approval.

The period within which the share options must be exercised will be specified by the Company when the share options was granted. The offer of a grant of options may be accepted within 30 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 options granted is determined by the Board, save that such a period shall not be more than 10 years from the date of offer of the options subject to the provisions for early termination as set out in the 2023 Scheme.

The subscription price of the shares of the Company to be issued upon the exercise of share options shall be no less than the higher of: (i) the closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange on the date of offer of the options which must be a trading day; and (ii) the average closing price of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediate preceding the date of offer. The subscription price of the shares of the Company will be approved by the board of directors at the time when the share options is offered to the eligible participants.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. SHARE OPTION SCHEME *(Continued)*

The details of the principal terms and conditions of the 2023 Scheme were summarised in the circular of the Company dated 28 April 2023.

No options have been granted under the 2023 Scheme since its adoption. The remaining life of the scheme is 7 years (2024: 8 years).

No share option was granted, exercised, cancelled, or lapsed and, there was no outstanding share option under the 2023 Scheme adopted by the Company.

The number of options available for grant under the Scheme Mandate Limit of the 2023 Scheme as at 1 January 2025 and 31 December 2025 were 297,422,522. The number of options available for grant under the Service Provider Sublimit of the 2023 Scheme as at 1 January 2025 and 31 December 2025 were 29,742,252.

## 36. RESERVES

The movements of the Group's reserves for the year are presented in the consolidated statement of changes in equity.

The movements of the Company's reserves for the year are set out below:

	<b>Share premium</b> HKD'000	<b>Contributed surplus</b> HKD'000	<b>Accumulated losses</b> HKD'000	<b>Total</b> HKD'000
At 1 January 2024	1,071,657	586,774	(245,895)	1,412,536
Loss for the year	–	–	(77,860)	(77,860)
Dividend paid ( <i>Note 12</i> )	–	–	(14,871)	(14,871)
At 31 December 2024	1,071,657	586,774	(338,626)	1,319,805
Loss for the year	–	–	(51,003)	(51,003)
Dividend paid ( <i>Note 12</i> )	–	–	(14,871)	(14,871)
At 31 December 2025	1,071,657	586,774	(404,500)	1,253,931

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. RESERVES (Continued)

The following describes the nature and purpose of each reserve within the equity attributable to owners of the Company:

Name of reserve	Nature and purpose of reserve
Contributed surplus	Contributed surplus of approximately HKD63,561,000 represents the excess of fair value of shares of the subsidiaries acquired and the nominal value of the shares of the Company issued for the acquisition at the time of the group reorganisation on 9 February 1995. The remaining balance of approximately HKD523,213,000 represents the implementation of capital reduction in the prior year of 2012 in connection with the par value of each existing share as if HKD0.50 each in the issued capital of the Company was reduced by HKD0.40 each.
Share premium	A premium amount subscribed for the shares of the Company in excess of the nominal value of the shares of the Company and any excess of consideration shares of the Company issued over the carrying amount of the acquired non-controlling interests, less the amount of expenses incurred in connection with the issue.
Properties revaluation reserve	Fair value gains/(losses) arising on revaluation of properties (other than investment properties) and the accumulated balance is not distributable.
Translation reserve	Foreign exchange gains/(losses) arising from translation of net assets of foreign operations into the presentation currency of the Company at the end of reporting period.
Other reserve	Other reserve represents the difference between the consideration and the carrying amount of the net assets attributable to the additional and reduction of interests in subsidiaries being acquired from and disposed to non-controlling equity holders respectively.
Retained profits/ (accumulated losses)	Accumulated net gains/(losses) recognised in profit or loss.

The above reserves cannot be used for any purpose other than those for which they are created. Details of the movements of the Group's reserves are disclosed in the consolidated statement of changes in equity.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 37. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders' return that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure to reduce cost of capital and risks associated with each class of capital, including the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, raising new debts or sell assets to reduce debts in light of changes in economic conditions. The Group's overall strategy and capital structure remained similar against the prior year of 2024.

The Group monitors its capital structure on the basis of an adjusted net debt-to-equity ratio. For this purpose, the adjusted net debt is defined as total debt (which includes trade and other payables, amounts due to a related party and directors, lease liabilities and bank borrowings), less bank balances and cash. The total equity attributable to owners of the Company comprised of share capital and reserves.

The adjusted net debt-to-equity ratio at 31 December 2025 and 2024 were as follows:

	2025 HKD'000	2024 HKD'000
Trade and other payables	462,292	349,459
Amount due to a related party	–	106
Amounts due to directors	6,797	56,555
Lease liabilities	170,092	188,104
Bank borrowings	1,160,145	1,140,404
Total debt	1,799,326	1,734,628
Less: Bank balances and cash	(85,596)	(77,239)
Net debt	1,713,730	1,657,389
Total equity attributable to owners of the Company	2,355,265	2,313,016
Net debt-to-equity ratio	73%	72%

One of the Company's subsidiaries is registered with the SFC to conduct regulated activities governed under the SFC. The subsidiary is required to comply with the minimum liquid capital requirement under the Securities and Futures (Financial Resources) Rules (the "SF(FR)R") of the SFO. Under the SF(FR)R, the subsidiary must maintain at a certain level of liquid capital, being calculated by the assets and liabilities adjusted as determined by the SF(FR)R, in excess of the statutory floor requirement of HKD3,000,000 or 5% of the total adjusted liabilities, whichever is higher, and also maintain a 20% buffer of the required liquid capital. The directors monitor, on a daily basis, the required liquid capital of the subsidiary to ensure that it satisfies the minimum liquid capital requirement for both current and prior year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

The following table provides the carrying amounts and fair values of the financial instruments, comprised of financial assets and financial liabilities, at 31 December 2025 and 2024:

	2025		2024	
	Carrying amount HKD'000	Fair value HKD'000	Carrying amount HKD'000	Fair value HKD'000
<b>Financial assets:</b>				
At fair value through profit or loss:				
– Listed equity securities in Hong Kong	17,137	17,137	12,602	12,602
– Unlisted investment	102,065	102,065	69,107	69,107
At amortised cost:				
– Trade and other receivables	109,132	(Note)	114,697	(Note)
– Amount due from a related party	102	(Note)	–	–
– Amount due from a director	3,113	(Note)	–	–
– Amounts due from joint ventures	43,589	(Note)	39,222	(Note)
– Amount due from an associate	803	(Note)	652	(Note)
– Advances to customers in margin financing	79,727	(Note)	126,610	(Note)
– Loans receivable	53,496	(Note)	45,734	(Note)
– Bank balances and cash	85,596	(Note)	97,504	(Note)
<b>Financial liabilities:</b>				
At amortised cost:				
– Trade and other payables	456,398	(Note)	344,167	(Note)
– Amount due to a related party	–	(Note)	106	(Note)
– Amounts due to directors	6,797	(Note)	56,555	(Note)
– Bank borrowings	1,160,145	(Note)	1,140,404	(Note)
<b>Financial instrument:</b>				
– Lease liabilities	170,092	(Note)	188,104	(Note)

*Note:* The directors consider the carrying amounts of financial instruments measured at amortised cost were approximate to their fair values on the grounds that either of their maturity periods are short or their effective interest rates for interest-bearing financial instruments as disclosed in Note 38(b)(ii) to the consolidated financial statements were approximate to the relevant discount rates used to reflect the credit risks of the borrowers or the Group at 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies

The Group's financial instruments as defined in Note 4(p) to the consolidated financial statements included financial assets at FVTPL, trade and other receivables, amounts due from joint ventures, an associate, a related party and a director, advances to customers in margin financing, loans receivable, bank balances and cash, trade and other payables, amounts due to a related party and directors, bank borrowings and lease liabilities.

Details of these financial instruments are disclosed in the respective notes to the consolidated financial statements. The risks associated with these financial instruments mainly include foreign currency risk, interest rate risk, credit risk, liquidity risk and equity price risk. The policies on how to mitigate these risks are further disclosed as below. The management regularly reviews these exposures to ensure appropriate policies are implemented on a timely and effective manner to minimise the potential adverse impact on the financial position and financial performance of the Group.

#### (i) Foreign currency risk

At 31 December 2025 and 2024, there were subsidiaries of the Company exposed to foreign currency risk primarily through sales and purchases which give rise to monetary assets and liabilities that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily those monetary assets and liabilities denominated in RMB and USD.

The Group did not enter into any financial derivatives to hedge against its foreign currency risk, as in the view of the directors, the associated foreign currency risk is not significant to the Group based on the result of the sensitivity analysis for both current and prior year.

The foreign currency risk exposure arising from the possible movement of exchange rate between HKD and USD on those monetary assets and liabilities denominated in USD was insignificant since HKD is pegged to USD for both current and prior year.

At 31 December 2025 and 2024, the carrying amounts of monetary assets and liabilities that were denominated in RMB mainly exposed the Group to foreign currency risk were as follows:

	Liabilities		Assets	
	2025 HKD'000	2024 HKD'000	2025 HKD'000	2024 HKD'000
RMB	10,237	29,600	36,238	32,504

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

#### (i) Foreign currency risk *(Continued)*

##### *Sensitivity analysis*

The following table details the sensitivity analysis of RMB/HKD. 5% is the sensitivity rate used when reporting the foreign currency risk internally to key management personnel and represents the management best estimate of the possible change of RMB/HKD in the foreseeable future. The sensitivity analysis includes only the monetary assets and liabilities that are denominated in RMB exposed the Group to foreign currency risk, with the adjustments arising from the translation of RMB/HKD at the end of each reporting period for a 5% change determined in the possible change of RMB/HKD. A positive (2024: positive) number below indicates a decrease in loss (2024: a decrease in loss) for the year, net of tax, and an increase (2024: increase) in retained profits when RMB strengthens 5% against HKD at the end of reporting period. For a 5% weakening of RMB against HKD, there would be an equal and opposite impact against net loss (2024: net loss) for the year, net of tax, and retained profits, and the balances below would be negative (2024: negative).

For the purpose of presentation, the amount of foreign currency risk exposure are shown in HKD, being translated by using the spot rate of RMB/HKD at the end of reporting period.

	2025 HKD'000	2024 HKD'000
Decrease in loss for the year, net of tax	1,300	145

The above sensitivity analysis was determined by assuming that the possible change of RMB/HKD had been occurred at the end of reporting period and applied to those subsidiaries with foreign currency risk exposure in existence, and all other risk variables, in particular the market interest rate remained constant for both current and prior year.

The stated changes represent the best estimate by the management on the possible change of RMB/HKD over the period until the next annual reporting date. In this respect, it is assumed that the pegged USD/HKD would be materially unaffected by any changes in movement of RMB/HKD. The sensitivity analysis represents an aggregation of the effect on the affected subsidiaries during the year, being translated into HKD from RMB at the prevailing exchange rate at the end of reporting period for the purpose of presentation.

The key assumptions used in the sensitivity analysis is performed on the same basis for the prior year of 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

#### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will be fluctuated under the changes in market interest rate.

The Group is exposed to fair value interest rate risk mainly arises from fixed interest-rate bank deposits, loans receivable and lease liabilities. The directors consider that the associated fair value interest rate risk is insignificant due to the bank deposits and loans receivable are within short maturity periods for both current and prior year.

The Group is also exposed to cash flow interest rate risk mainly arises from variable interest-rate bank deposits, advances to customers in margin financing, cash clients including in trade receivables and bank borrowings. It is the Group's policy to keep certain of the bank deposits at floating interest rates in order to minimise the associated fair value interest rate risk for both current and prior year.

The Group's cash flow interest rate risk is mainly concentrated on the possible change of Hong Kong Interbank Offered Rate ("**HIBOR**"), Loan Prime Rate and the PBOC benchmark interest rate arising from the bank borrowings denominated in HKD, USD and RMB.

The Group did not enter into any financial derivatives to hedge against its exposure to interest rate risk. The management monitors the interest rate risk exposure on an ongoing basis.

#### *Sensitivity analysis*

The following details the sensitivity analysis for the possible change in net loss (2024: net loss) for the year, net of tax, and retained profits that would arise by assuming that the possible changes in the interest rates had been occurred at the end of reporting period and applied to remeasure the interest-bearing financial instruments held by the Group which expose to fair value interest rate risk at the end of reporting period. In respect of the cash flow interest rate risk arising from variable interest-rate financial instruments held by the Group, the impact on net loss (2024: net loss) for the year, net of tax, and retained profits is estimated as an annualised impact on interest expenses or income of such a change of interest rates.

The key assumptions used in the sensitivity analysis is performed on the same basis for the prior year of 2024.

A 50 basis point increase or decrease used when reporting the interest rate risk internally to key management personnel and represents the management best estimate of the possible change of interest rates in the foreseeable future.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

#### (ii) Interest rate risk *(Continued)*

##### *Sensitivity analysis (Continued)*

If the interest rates on bank deposits, advances to customers in margin financing and cash clients including in trade receivables were 50 basis points (2024: 50 basis points) higher/lower, with all other variables held constant, the net loss (2024: net loss) for the year, net of tax, would decrease/increase and retained profits would increase/decrease by approximately HKD665,000 (2024: HKD901,000) attributable to the cash flow interest rate risk exposure on variable interest-rate bank deposits, advances to customers in margin financing and cash clients including in trade receivables.

In addition, if the interest rates on bank borrowings were 50 basis points (2024: 50 basis points) higher/lower, with all other variables held constant, the net loss (2024: net loss), net of tax, would increase/decrease and retained profits would decrease/increase by approximately HKD4,844,000 (2024: HKD4,761,000) attributable to the cash flow interest rate risk exposure on variable interest-rate bank borrowings.

The stated changes represent the best estimate by the management on the possible changes of interest rates over the period until the next annual reporting date.

#### (iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's credit risk is primarily attributable to trade and other receivables, advances to customers in margin financing and loans receivable. The Group does not provide any financial guarantee which would expose the Group to credit risk for both current and prior year. The management has an appropriate credit policy and monitors the credit risk exposure on an ongoing basis.

In order to minimise the credit risk, the management has delegated a team who is responsible for determination of credit limits, credit approvals and other monitoring procedures on trade debtors who required individual credit evaluation to ensure that follow-up actions are taken immediately to recover overdue trade debts. To be specific, the evaluation focuses on the trade debtors' past history of making repayments when due and current ability to pay, market value of pledged securities, and taken into account of information specific to the trade debtors as well as pertaining to the macroeconomic environment where the trade debtors located. Ongoing credit evaluation is performed on the financial condition of trade debtors. Trade debtors with balances that are more than a reasonable period of past due are requested to settle all outstanding balances before any further credit is granted.

Except for the balances of advances to customers in margin financing and loans receivable, the Group does not obtain any securities collateral from trade debtors. However, the Group regularly reviews the recoverable amount of each individual trade debts at the end of each reporting period to ensure that adequate loss allowance is made for irrecoverable amounts.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

#### (iii) Credit risk *(Continued)*

##### *Concentration of credit risk*

##### (a) Other than financial services segment

The Group had a concentration of credit risk in relation to trade receivables arising from the trade debtors other than financial services segment was approximately 12% (2024: 13%) and 40% (2024: 40%) of gross trade receivables of these segments were due from the largest customer and top five customers respectively. These trade receivables were mainly for those trade debtors with sounded credit standing or with whom the Group had no default repayment history. The credit risk of trade debtors was limited because they are with good repayment history and the default risk arising from the market and geographical location where the trade debtors located has an influence on the credit risk but to a lesser extent.

##### (b) Financial services segment

Financial services segment has put in place a well-established credit policy governing the credit limits granted to customers. Customers were generally required to deposit listed equity securities, properties or other appropriate assets with the Group for securing their borrowings. The credit risks arising from these customers are regularly monitored by the management with reference to the realisable values of the securities collateral and individual credit risk assessments. For the default risk of the market and geographic location where the customers located also has an influence on the credit risk but to a lesser extent. For the trade receivables arising from the clearing house is at a high credit standing and the management does not expect the clearing house will fail to meet any of its obligations.

The Group had a concentration of credit risk in relation to advances to customers in margin financing and loans receivable was 16% (2024: 15%) and 64% (2024: 61%) of gross receivables of this segment were due from the largest customer and top five customers respectively. These receivables were mainly for those customers with sounded credit standing or with whom the Group possessed the ownership over their securities collateral. Details of the credit quality and the maximum exposure to credit risk in terms of the advances to customers in margin financing and loans receivable are set out in Notes 23 and 24 to the consolidated financial statements, respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

#### (iii) Credit risk *(Continued)*

##### *Trade receivables*

The Group adopted the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime ECLs for all of the trade receivables balances. At 31 December 2025 and 2024, the loss allowance of trade receivables was determined in the following provision matrix on the basis of the ageing analysis as disclosed in Note 22 to the consolidated financial statements. The ECLs below also incorporated forward-looking information and groupings of various customers' segments with similar loss patterns in the ECLs calculations, which reflected the probability-weighted outcome, time value of money and reasonable and supportable information that is available at the reporting date. The loss allowance calculated on the Group's trade receivables using provision matrix is set out below:

	Weighted average expected loss rate %	Gross carrying amount HKD'000	Loss allowance HKD'000
<b>Gross carrying amount of trade debtors subject to provision matrix:</b>			
0 to 30 days	6.1	20,867	1,278
31 to 60 days	27.9	1,800	503
61 to 90 days	37.0	655	242
91 to 180 days	30.5	3,805	1,162
More than 180 days	34.8	8,195	2,850
<b>At 31 December 2025</b>		<b>35,322</b>	<b>6,035</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

#### (iii) Credit risk *(Continued)*

##### Trade receivables *(Continued)*

	Weighted average expected loss rate %	Gross carrying amount HKD'000	Loss allowance HKD'000
<b>Gross carrying amount of trade debtors subject to provision matrix:</b>			
0 to 30 days	6.1	16,202	984
31 to 60 days	22.1	1,341	296
61 to 90 days	29.0	889	258
91 to 180 days	25.4	4,867	1,237
More than 180 days	34.9	8,125	2,836
At 31 December 2024		31,424	5,611

##### *Deposits, other receivables and loans receivable*

Deposits, other receivables and loans receivable are assessed for impairment individually by debtor, considering external credit ratings based on the countries and industries in which the Group's trade debtors operate, along with forward-looking information such as the future economic prospects of those regions. The credit risk of these receivables is classified into three stages for ECL assessment.

Definition of stage 1, stage 2 and stage 3, collectively known as "stages of default" under the requirement of HKFRS 9 is as follows:

Stage 1: Exposure where the outstanding balance has not been recorded a significant increase in credit risk since the initial recognition and is not deemed to be credit-impaired at the end of reporting period, the proportion of lifetime ECL calculation associated with the probability of default events occurring within the next 12-months after the end of reporting period is recognised in profit or loss when it incurred.

Stage 2: Exposure where the outstanding balance has been recorded a significant increase in credit risk since the initial recognition but is not deemed to be credit-impaired at the end of reporting period, the lifetime ECL calculation which reflects the remaining lifetime of the associated balance is recognised in profit or loss when it incurred.

Stage 3: Exposure where the outstanding balance is credit-impaired at the end of reporting period, the lifetime ECL calculation is implemented when there is one or more events identified that has/have a detrimental impact against the repayment of interest and/or principal in the remaining lifetime of the associated balance, being the net amount after loss allowance, is recognised in profit or loss when it incurred.

The loss allowance recognised on other receivables and loans receivable are set out in Notes 22 and 24 to the consolidated financial statements respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

#### (iii) Credit risk *(Continued)*

##### *Amounts due from joint ventures*

Amounts due from joint ventures were assessed individually for ECL and classified as Stage 1 due to limited exposure of credit risk and there is no significant increase in credit risk since initial recognition and not credit-impaired at the end of reporting period. As at 31 December 2025, loss allowance of HKD2,665,000 (2024: HKD2,988,000) was recognised. Movements in loss allowance are set out in Note 18 to the consolidated financial statements.

##### *Amounts due from an associate and a director*

The Group has considered the consistently low historical default rate in connection with payments and concluded that credit risk inherent in the amounts due from an associate and a director are insignificant, and no loss allowances were recognised for both current and prior year.

##### *Advances to customers in margin financing*

Advances to customers in margin financing are classified as Stage 1 financial assets, as there has been no significant increase in credit risk since initial recognition. Given their low historical default rates, supported by robust collateral coverage, no loss allowance has been recognised for both current and prior year.

##### *Bank balances*

The credit risks on bank balances are limited because they are placed with reputable banks.

#### (iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting of its obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the business operations and investments.

In the management of the liquidity risk, the management regularly monitors and maintains an optimal level of cash and cash equivalents and undrawn borrowing facilities deemed adequate by the management to finance the Group's business operations for meeting its liquidity requirement and mitigate the effects of fluctuations in cash flows at all times.

In addition, there is a minimum liquid capital requirement under the SF(FR)R and a constant need of funding for the financial services segment. The management aims to maintain flexibility in funding for the settlement of securities transactions, margin financing and loans to customers.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### (iv) Liquidity risk (Continued)

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities based on their agreed repayment terms. The table illustrated below is based on the undiscounted cash flows of financial liabilities according to the earliest date on which the Group can be required to pay. The table includes both principals and interests cash flows:

	Weighted average interest rate %	On demand or less than 1 month HKD'000	1-3 months HKD'000	3-12 months HKD'000	More than 1 year HKD'000	Total contractual undiscounted cash flows HKD'000	Carrying amount HKD'000
<b>As at 31 December 2025</b>							
<b>Non-derivative financial liabilities</b>							
Trade and other payables	-	456,398	-	-	-	456,398	456,398
Amounts due to directors	6.9	6,797	-	-	-	6,797	6,797
Bank borrowings	4.2	60,286	32,413	672,605	536,236	1,301,540	1,160,145
Lease liabilities	6.8	5,558	1,327	6,418	256,449	269,752	170,092
		529,039	33,740	679,023	792,685	2,034,487	1,793,432

	Weighted average interest rate %	On demand or less than 1 month HKD'000	1-3 months HKD'000	3-12 months HKD'000	More than 1 year HKD'000	Total contractual undiscounted cash flows HKD'000	Carrying amount HKD'000
<b>As at 31 December 2024</b>							
<b>Non-derivative financial liabilities</b>							
Trade and other payables	-	344,167	-	-	-	344,167	344,167
Amount due to a related party	-	106	-	-	-	106	106
Amounts due to directors	1.8	57,545	-	-	-	57,545	56,555
Bank borrowings	5.4	26,969	142,737	579,232	559,944	1,308,882	1,140,404
Lease liabilities	6.8	8,947	2,524	11,035	275,861	298,367	188,104
		427,734	145,261	590,267	835,805	2,009,067	1,729,336

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

#### (v) Equity price risk

Equity price risk is the risk that the fair values of financial assets at FVTPL decrease as a result of the adverse changes of market prices.

The Group's listed equity securities in Hong Kong are listed in the Stock Exchange. Decisions to buy or sell the securities are based on daily monitoring of their performance compared to that of the Hang Seng Index, other market factors and the liquidity needs of the Group.

The Group's unlisted investment was held for trading purposes. The performance of the Group's unlisted investment is assessed regularly against the performance of investment.

The following table demonstrates the sensitivity analysis to every 10% (2024: 10%) change in the fair values of which the directors expect the possible changes of financial assets at FVTPL, with all other variables held constant and before tax, based on their carrying amounts at the end of reporting period.

	Increase/ (decrease) in fair value %	Decrease/ (increase) in loss before income tax expense HKD'000	Increase/ (decrease) in retained profits HKD'000
<b>2025</b>			
Listed equity securities in Hong Kong	10	1,713	1,713
Unlisted Investment	10	10,207	10,207

	Increase/ (decrease) in fair value %	Decrease/ (increase) in loss before income tax expense HKD'000	Increase/ (decrease) in retained profits HKD'000
<b>2024</b>			
Listed equity securities in Hong Kong	10	1,260	1,260
Unlisted Investment	10	6,911	6,911

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies (Continued)

#### (vi) Offsetting financial assets and financial liabilities

The following tables represent details of the Group's financial assets and liabilities subject to offsetting, restricted by the enforceable master netting arrangements or similar agreements between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC") at 31 December 2025 and 2024.

	Financial assets subject to offsetting					
	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities offset in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments other than cash collateral	Cash collateral received	
HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
<b>At 31 December 2025</b>						
Trade receivables from HKSCC	33,019	(28,770)	4,249	-	-	4,249
<b>At 31 December 2024</b>						
Trade receivables from HKSCC	11,890	(11,868)	22	-	-	22

	Financial liabilities subject to offsetting					
	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets offset in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments other than cash collateral	Cash collateral received	
HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
<b>At 31 December 2025</b>						
Trade payables from HKSCC	28,770	(28,770)	-	-	-	-
<b>At 31 December 2024</b>						
Trade payables from HKSCC	11,868	(11,868)	-	-	-	-

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS *(Continued)*

### (b) Financial risk management objectives and policies *(Continued)*

#### (vi) Offsetting financial assets and financial liabilities *(Continued)*

The tables below reconcile the amounts of trade and other receivables, and trade and other payables as presented in the consolidated statement of financial position as at 31 December 2025 and 2024:

	2025 HKD'000	2024 HKD'000
<b>Trade and other receivables</b>		
Net amount of trade receivables from HKSCC	4,249	22
Trade and other receivables not within the scope of offsetting disclosure	119,638	127,209
Trade and other receivables as disclosed in the consolidated statement of financial position	123,887	127,231
	2025 HKD'000	2024 HKD'000
<b>Trade and other payables</b>		
Trade and other payables not within the scope of offsetting disclosure	462,292	349,459
Trade and other payables as disclosed in the consolidated statement of financial position	462,292	349,459

#### (c) Fair value measurements

The following table presents the fair value of the Group's financial instruments measured at the end of reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the key inputs used in the respective valuation techniques by the Group as follows:

- Level 1 valuation: Fair value measured using only Level 1 key inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuation: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuation: Fair value measured using significant unobservable inputs.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS *(Continued)*

### (c) Fair value measurements *(Continued)*

The directors consider that the carrying amounts of financial instruments measured at amortised cost at 31 December 2025 and 2024 approximated to their fair values on the grounds that either of their maturity periods are short or their effective interest rates approximated to the relevant discount rates.

There was no change in the valuation techniques and transfers between Level 1 and Level 2, or transfers into or out of Level 3 fair value hierarchy for both current and prior year. The Group's accounting policy is to recognise transfers between levels of fair value hierarchy at the end of reporting period in which they occur.

The following table provides an analysis of financial instruments measured at fair value. The listed equity securities in Hong Kong was classified as Level 1 and the unlisted investment is classified as Level 3. The classification was based on the degree to which the key inputs used in the fair value measurements are observable and the significance of adjustments to the key inputs used in the fair value measurements.

	2025 HKD'000	2024 HKD'000
<b>Level 1</b>		
– Listed equity securities in Hong Kong	17,137	12,602
<b>Level 3</b>		
– Unlisted investment	102,065	69,107

#### Information about Level 1 fair value measurements

For the listed equity securities in Hong Kong classified as Level 1, the Group's management uses the closing market prices of the identical securities as at 31 December 2025 and 2024 to perform the fair value measurement.

#### Information about Level 3 fair value measurements

In April 2018, the Group entered into an agreement with a third party investor for the purpose of forming two special purpose acquisition companies (the "SPAC 1" and "SPAC 2") by raising sizeable capital to acquire potential business targets through listing on NASDAQ. According to the agreement, the Group will share the proceeds from the disposal equally with the third party investor. The SPAC 1 was successfully listed on NASDAQ and had completed the lock-up period in prior years. In 2021, the third party investor had exchanged the underlying SPAC 1 investment into a security listed in Hong Kong. Up to the date of approval and authorisation for issuance of these consolidated financial statements, the SPAC 2 has not yet launched.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL INSTRUMENTS *(Continued)*

### (c) Fair value measurements *(Continued)*

#### Information about Level 3 fair value measurements *(Continued)*

The fair value of the investment was previously determined by adjusting the closing market price with certain significant unobservable inputs, including risk-free rate and discount of lack of marketability (“DLOM”) before the completion of the lock-up period. The fair value was negatively correlated to both risk-free rate and DLOM. After the lock-up period, the risk-free rate and DLOM inputs no longer exist. As at 31 December 2025 and 2024, the probability of default of this investment is considered to be minimal. The Group’s management estimated that with other variables held constant, an increase in probability of default in 5% would have decreased the fair value of the investment by approximately HKD5,103,000 for the year ended 31 December 2025 (2024: HKD3,455,000).

Reconciliations of the opening and closing balance of financial instruments classified as level 3 fair value hierarchy are provided as follows:

	2025 HKD'000	2024 HKD'000
<b>Unlisted investment</b>		
At 1 January	69,107	71,096
Increase/(decrease) in fair value	32,958	(1,989)
At 31 December	102,065	69,107

The fair value gain of the unlisted investment of approximately HKD32,958,000 (2024: fair value loss of approximately HKD1,989,000) was mainly attributable to an appreciation (2024: a reduction) of market price of the underlying investment.

## 39. CONTINGENT LIABILITIES

Except for the potential tax liabilities with respect to the potential tax penalty arising from the late filing of the PRC tax returns for reporting the PRC Enterprise Income Tax to the PRC tax authority as disclosed in Note 9 to the consolidated financial statements, the Group had no other contingent assets or contingent liabilities required to be recognised or disclosed in the consolidated financial statements at 31 December 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 40. OPERATING LEASES COMMITMENTS

### As a lessee

During the year, the Group incurred minimum and contingent lease payments in respect of its office premises, staff quarters, warehouses and retail shops under non-cancellable tenancy agreements for those qualified under the recognition exemptions of HKFRS 16, which were recognised as short-term leases expenses in profit or loss disclosed as follows:

	2025 HKD'000	2024 HKD'000
<b>Operating lease expenses comprised of:</b>		
Minimum lease payments		
– Office premises	1,107	949
– Staff quarters	122	132
– Warehouses	83	290
– Retail shops	497	1,256
	<b>1,809</b>	2,627
Contingent lease payments	–	149
	<b>1,809</b>	2,776

Among the contingent lease payments, the Group leased a number of retail shops which contain contingent lease payment terms that are calculated based on the relevant shops' revenue generated and minimum lease payment terms that are fixed for prior year. The amount of such contingent lease payments to be incurred in the future cannot be readily estimated in advance and is excluded in the calculation of lease commitment as disclosed above.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 40. OPERATING LEASES COMMITMENTS (Continued)

### As a lessor

Rental income generated by leasing the investment properties held by the Group during the year was approximately HKD49,650,000 (2024: HKD57,180,000). Tenants who located in those investment properties were committed with the Group for leasing the properties for the next one to twelve years (2024: one to thirteen years). Rental income arising from the sub-leasing of retail shops in the community mall located in Tianjin, the PRC, during the year was approximately HKD14,252,000 (2024: HKD12,510,000).

The Group had the following future minimum lease receivables under non-cancellable tenancy agreements, which were entitled to be received at 31 December 2025 and 2024:

	2025 HKD'000	2024 HKD'000
Within 1 year	40,884	40,395
After 1 year but within 2 years	26,156	34,349
After 2 years but within 3 years	17,282	19,476
After 3 years but within 4 years	10,426	11,530
After 4 years but within 5 years	8,208	10,201
After 5 years	50,857	55,644
	<b>153,813</b>	<b>171,595</b>

## 41. CAPITAL COMMITMENTS

At 31 December 2025 and 2024, the Group had the following material contractual capital commitments not provided for in the consolidated financial statements:

	2025 HKD'000	2024 HKD'000
<b>Contracted for but not provided</b>		
– Construction costs of outlet mall buildings located in Shenyang, the PRC	5,739	8,113

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 42. RETIREMENT BENEFITS SCHEME

The Group operates a defined contribution retirement plan under the Mandatory Provident Fund Scheme (the “**MPF Scheme**”) applied for all of its qualifying employees in Hong Kong, who are eligible to participate. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group under the control of the independent trustees. Under the rules of the MPF Scheme, both employer and its employees are required to contribute for the MPF Scheme on a specific percentage of the qualifying employees’ basic salaries. The only obligation of the Group with respect to the MPF Scheme, which is to contribute 5% of the employees’ basic salaries or HKD1,500 per month in maximum under the MPF Scheme and charged to profit or loss.

The Company’s subsidiaries operate in the PRC are the members of the state-managed retirement benefits scheme, namely the Central Provident Fund operated by the relevant PRC tax authorities. The related contributions are determined based on a certain percentage of the monthly salaries of the relevant subsidiaries’ employees, and charged to profit or loss once the amount of contributions become payable by these subsidiaries with the rules specified in the scheme. The Group has no other obligations under the scheme other than the contributions to the Central Provident Fund for both current and prior year.

In addition, the Group also participates in defined contribution retirement schemes organised by the relevant local government authorities in other jurisdictions where the Group operates. Certain employees of the Group are eligible for participating in the retirement benefits schemes are entitled to the retirement benefits from the relevant schemes. As a result, the Group is required to contribute to the retirement schemes upon the retirement of the eligible employees, excluding those employees who resigned before their respective retirements, at a percentage that is specified by the local governments.

During the year of 2025 and 2024, no forfeited contributions made by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions may be used by the Group, as the employer, to reduce existing level of contributions. As at 31 December 2025 and 2024, the Group had no significant obligation apart from the contributions as stated above.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 43. RELATED PARTY DISCLOSURES

### (a) Related party transactions

During the year, the Group had entered into the following transactions with the related parties:

	2025 HKD'000	2024 HKD'000
<b>Mr. Cheng Tun Nei and his associates:</b>		
Commission income from securities brokerage	12	12
Interest income from margin financing	1,397	913
Motor vehicle expenses	78	78
Total amount of margin financing facilities granted ( <i>Note (i)</i> )	15,000	17,000
Maximum outstanding balance of margin loans issued	14,809	16,596
<b>Mr. Lee Cheung Ming and his associates:</b>		
Interest income from margin financing	1,104	1,036
Total amount of margin financing facilities granted ( <i>Note (i)</i> )	15,000	15,000
Maximum outstanding balance of margin loans issued	12,280	11,558
<b>Other related parties:</b>		
Interest income from a joint venture	1,632	1,629
Purchase of goods from an associate	–	199
Sales of goods to an associate	3,673	2,572

Note:

- (i) Mr. Lee Cheung Ming ("**Mr. Lee**") who is the Executive Director of the Company entered into a margin financing agreement with the Group, with a facility amount of HKD15,000,000 (2024: HKD15,000,000) granted to Mr. Lee for securities trading transaction. The balance of margin financing granted to Mr. Lee was secured by a cash deposit of HKD15,000,000 (2024: HKD15,000,000) or assets of equivalent value in his securities account maintained with the Group, interest-bearing at Prime Rate plus 3% (2024: Prime Rate plus 3%) per annum.

Margin financing agreement granted to Mr. Cheng Tun Nei ("**Mr. Cheng**") and a company wholly-owned by Mr. Cheng, which is secured by a cash deposit of HKD15,000,000 (2024: HKD17,000,000) or assets of equivalent value in their securities accounts in aggregate maintained with the Group, interest-bearing at Prime Rate plus 3% (2024: Prime Rate plus 3%) per annum.

The related party transactions disclosed in Note (i) above are constituted as continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section headed "Continuing Connected Transactions" of the Directors' Report for both current and prior year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 43. RELATED PARTY DISCLOSURES *(Continued)*

### (b) Key management personnel's emoluments

Regarding to Note 11 to the consolidated financial statements, the emoluments of the directors and the senior management who are defined as the key management personnel during the year were as follows:

	2025 HKD'000	2024 HKD'000
Salaries, welfare and other expenses	13,053	12,897
Contributions to defined contribution retirement plans	194	180
	<b>13,247</b>	13,077

The emoluments of the directors and the senior management was reviewed and approved by the remuneration committee of the Company after taking into account of their relevant experience, qualifications, business performance, market practices and competitive market conditions as further disclosed in the Directors' Report and Corporate Governance Report.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 44. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2025 HKD'000	2024 HKD'000
<b>Non-current assets</b>			
Investments in subsidiaries	45	32,106	27,430
Intangible assets		45,855	45,613
Amounts due from subsidiaries		2,240,688	2,286,022
Total non-current assets		2,318,649	2,359,065
<b>Current assets</b>			
Other receivables		776	885
Bank balances and cash		5,120	2,586
Total current assets		5,896	3,471
<b>Current liabilities</b>			
Other payables		8,239	8,028
Amounts due to directors		254,041	36,409
Bank borrowings		510,912	483,960
Total current liabilities		773,192	528,397
Net current liabilities		(767,296)	(524,926)
Total assets less current liabilities		1,551,353	1,834,139
<b>Non-current liabilities</b>			
Bank borrowings		–	216,912
<b>NET ASSETS</b>		<b>1,551,330</b>	<b>1,617,227</b>
<b>Equity</b>			
Share capital	34	297,422	297,422
Reserves	36	1,253,931	1,319,805
<b>TOTAL EQUITY</b>		<b>1,551,353</b>	<b>1,617,227</b>

Approved and authorised for issue by the board of directors and were signed on its behalf by:

**Cheng Tun Nei**  
Director

**Chan Kar Lee Gary**  
Director

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 45. INVESTMENTS IN SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2025 and 2024 were as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued share capital/ registered capital paid up	Effective interest in issued share capital/ registered capital paid up held by the Company				Principal activities
			2025		2024		
			Directly	Indirectly	Directly	Indirectly	
Cosmo Group Holdings Limited	The BVI	Ordinary paid-up shares of USD10,000	100%	–	100%	–	Investment holding
Tak Jin Management Services Limited	Hong Kong	Ordinary paid-up share of HKD1	–	100%	–	100%	Provision of accountancy, secretarial and management services
Kwan Tai Resources Limited	Hong Kong	Ordinary paid-up shares of HKD10	–	100%	–	100%	Property investment
Yue Hing Holdings Limited	Hong Kong	Ordinary paid-up shares of HKD2	–	100%	–	100%	Property investment
新聆步(上海)國際貿易有限公司	The PRC (wholly-owned foreign enterprise)	Registered paid-up capital of USD2,885,000	–	100%	–	100%	Property investment
Worldwide Properties Limited	Hong Kong	Ordinary paid-up shares of HKD10,000	–	100%	–	100%	Property investment
SYM Development Limited	Hong Kong	Ordinary paid-up shares of HKD2	–	100%	–	100%	Property investment
Chung Wah Elite Company Limited	Hong Kong	Ordinary paid-up shares of HKD100	–	100%	–	100%	Investment holding
Premier Ever Group Limited	The BVI	Ordinary paid-up shares of USD63,068,127	–	100%	–	100%	Investment holding
Frontlead Holdings Limited	The BVI	Ordinary paid-up share of USD1	–	100%	–	100%	Investment holding
Rivergold International Limited	The BVI	Ordinary paid-up shares of USD78,364,080	–	100%	–	100%	Investment holding

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 45. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued share capital/ registered capital paid up	Effective interest in issued share capital/ registered capital paid up held by the Company				Principal activities
			2025		2024		
			Directly	Indirectly	Directly	Indirectly	
Orton Holdings Limited	Hong Kong	Ordinary paid-up share of HKD1	-	100%	-	100%	Investment holding
Good Developments Limited	Hong Kong	Ordinary paid-up shares of HKD2	-	100%	-	100%	Investment holding
瀋陽奧特萊斯房地產開發有限公司	The PRC (wholly-owned foreign enterprise)	Registered paid-up capital of USD70,766,000	-	100%	-	100%	Property investment
瀋陽尚柏百貨有限公司	The PRC (wholly-owned foreign enterprise)	Registered paid-up capital of USD12,000,000	-	100%	-	100%	Operation and management of outlet malls
China Rise Finance Group Company Limited	Hong Kong	Ordinary paid-up shares of HKD10,000	-	100%	-	100%	Investment holding
China Rise Securities Asset Management Company Limited	Hong Kong	Ordinary paid-up shares of HKD143,000,000	-	100%	-	100%	Provisions of securities brokerage, margin financing and financial consultancy services
China Rise Finance Co., Limited	Hong Kong	Ordinary paid-up shares of HKD10,000	-	100%	-	100%	Provision of money lending service
Giant Fortune International Limited	The BVI	Ordinary paid-up share of USD1	-	100%	-	100%	Investment in unlisted investment
JFT Holdings Limited	Hong Kong	Ordinary paid-up shares of HKD316,000,000	-	100%	-	100%	Provision of information technology, corporate services and portfolio management and investment of listed equity securities

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 45. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued share capital/ registered capital paid up	Effective interest in issued share capital/ registered capital paid up held by the Company				Principal activities
			2025		2024		
			Directly	Indirectly	Directly	Indirectly	
Profit Guaranteed Assets Limited	Hong Kong	Ordinary paid-up shares of HKD2	–	100%	–	100%	Provisions of accountancy, legal, secretarial and cruiser services
JFT China Limited	The PRC (wholly-owned foreign enterprise)	Registered paid-up capital of RMB23,611,365	–	100%	–	100%	Trading, retailing and distribution of swimming apparel and accessories
杭州朗旌網絡科技有限公司	The PRC (wholly-owned foreign enterprise)	Registered paid-up capital of RMB2,000,000	–	100%	–	100%	Trading, retailing and distribution of swimming apparel and accessories
Yifeng (Xiamen) Trading Limited	The PRC (wholly-owned foreign enterprise)	Registered paid-up capital of USD1,000,000	–	100%	–	100%	Operation and management of fashion stores
Pony International Limited	Hong Kong	Ordinary paid-up shares of HKD2	–	100%	–	100%	Sublicensing of trademark rights, trading and wholesales of sportswear
Super Jumbo Holdings Limited	The BVI	Ordinary paid-up share of USD1	–	100%	–	100%	Development and management of "MY LITTLE PONY" trademarks
Symphony Trademark Inc.	The United States	Ordinary paid-up share of USD1	–	100%	–	100%	Sublicensing of trademark rights
Symphony Singapore Enterprise Pte. Ltd. (Note (iii))	Singapore	Ordinary paid-up shares of SGD100	–	N/A	–	100%	Sublicensing of trademark rights
Aggressive Resources Limited	The BVI	Ordinary paid-up shares of USD50,000	–	85.65%	–	85.65%	Investment holding

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 45. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued share capital/ registered capital paid up	Effective interest in issued share capital/ registered capital paid up held by the Company				Principal activities
			2025		2024		
			Directly	Indirectly	Directly	Indirectly	
Supremium Bio-Technology Limited	Hong Kong	Ordinary paid-up shares of HKD10,000	–	85.65%	–	85.65%	Manufacturing, developing and retailing of healthcare products
Kingxin International Investment Limited	The BVI	Ordinary paid-up shares of USD50,000	–	100%	–	100%	Investment holding
HK Asia Gain International Investment Limited	Hong Kong	Ordinary paid-up shares of HKD28,000,000	–	100%	–	100%	Investment holding
重慶雲太美每家商業運營管理有限公司	The PRC (wholly-owned foreign enterprise)	Registered paid-up shares of RMB260,000,000	–	100%	–	100%	Property investment
Majestic City Group Limited	The BVI	Ordinary paid-up share of USD1	–	100%	–	100%	Investment holding
Majestic City (Hong Kong) Limited	Hong Kong	Ordinary paid-up share of HKD1	–	100%	–	100%	Investment holding
Xiamen Park Outlets Property Co., Ltd.	The PRC (wholly-owned foreign enterprise)	Registered paid-up shares of USD75,000,000	–	100%	–	100%	Property investment
廈門尚柏奧萊商業管理有限公司	The PRC (wholly-owned foreign enterprise)	Registered paid-up shares of RMB50,000,000	–	100%	–	100%	Operation and management of outlet malls

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 45. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued share capital/ registered capital paid up	Effective interest in issued share capital/ registered capital paid up held by the Company				Principal activities
			2025		2024		
			Directly	Indirectly	Directly	Indirectly	
Grand Galatica Limited	The British Virgin Islands	Ordinary paid-up shares of USD100	-	100%	-	100%	Holding of club debenture
State Glory (Hong Kong) Trading Limited (Note (iii))	Hong Kong	Ordinary paid-up share of HKD1	-	N/A	-	100%	Investment holding
SYM ITO Sales & Distribution Company Limited ("SYM ITO") (Note (iv))	Hong Kong	Ordinary paid-up shares of USD4,000,000	100%	-	85%	-	Trading and wholesales of "SKINS" products
State Glory (UK) Trading Limited	United Kingdom (wholly owned foreign enterprise)	Ordinary paid-up share of GBP1	-	100%	-	85%	Trading and wholesales of "SKINS" products
State Glory (Aus) Trading Pty Ltd	Australia (wholly owned foreign enterprise)	Ordinary paid-up share of AUD1	-	100%	-	85%	Trading and wholesales of "SKINS" products
Symphony Yoshida Brewery Co., Ltd.	Japan (wholly-owned foreign enterprise)	Registered paid-up shares of JYP10,000,000	-	52.15%	-	52.15%	Manufacture and sale of alcoholic beverages and food

### Notes:

- (i) None of the Company's principal subsidiaries listed above issued or had any debt securities outstanding at the end of reporting period.
- (ii) The Company's principal subsidiaries listed above of which, in the opinion of the directors, principally affected either the Group's financial position or financial performance for the year. In addition, in order to give details of other subsidiaries of the Company will be, in the opinion of the directors, resulted in excessive length of particulars to be shown after an extensive level of efforts exerted.
- (iii) During the year ended 31 December 2025, the entity was deregistered.
- (iv) During the year ended 31 December 2025, the Group acquired 15% equity interest in SYM ITO from ITOCHU Corporation (a company incorporated in Japan and the issued shares of which are listed on the Tokyo Stock Exchange) ("ITOCHU") at a cash consideration of USD600,000 (equivalent to approximately HKD4,680,000). The Group's equity interest in SYM ITO increased from 85% to 100%.

The transaction was accounted for as transaction within the shareholders of SYM ITO in their capacity as equity holder. The difference between the consideration paid and the carrying value of net assets acquired of in an equity transaction with non-controlling interest resulted from the change in the Group's ownership interest in a subsidiary, amounting to approximately HKD8,688,000 was charged in equity of other reserve and an increase of approximately HKD4,012,000 in non-controlling interest. Details of which were disclosed in the announcement of the Company dated 25 February 2025.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

### (a) Cash and cash equivalent comprised of

	2025 HKD'000	2024 HKD'000
Bank balances and cash available on demand	45,319	21,126
Bank balances and cash restricted in the PRC	40,277	50,776
Time deposits	–	5,337
	<b>85,596</b>	77,239
<b>Significant non-cash transactions arising from:</b>		
<u>Investing activities</u>		
Effect of lease modification	(23,528)	–
Additions of right-of-use assets arising from lease arrangement for properties	85	413
Transfer from property, plant and equipment to investment property	9,616	–
Additions of right-of-use assets arising from hire purchase arrangement for motor vehicles	–	1,059

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 46. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

### (b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings HKD'000 <i>(Note 30)</i>	Amounts due to directors HKD'000 <i>(Note 33)</i>	Lease liabilities HKD'000 <i>(Note 31)</i>	Total HKD'000
<b>At 1 January 2025</b>	1,140,404	56,555	188,104	1,385,063
<b>Changes from financing cash flows:</b>				
Proceeds from bank borrowings	274,853	–	–	274,853
Repayments of bank borrowings	(263,462)	–	–	(263,462)
Repayments to directors	–	(53,988)	–	(53,988)
Repayments of lease liabilities	–	–	(14,116)	(14,116)
Interest paid	(45,081)	–	–	(45,081)
Total changes from financing cash flows	(33,690)	(53,988)	(14,116)	(101,794)
<b>Other changes:</b>				
Exchange realignment	8,350	1,394	7,954	17,698
Interest expenses	49,871	2,836	11,593	64,300
Accrued interest	(4,790)	–	–	(4,790)
New leases	–	–	85	85
Lease modification	–	–	(23,528)	(23,528)
Total other changes	53,431	4,230	(3,896)	53,765
<b>At 31 December 2025</b>	1,160,145	6,797	170,092	1,337,034

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 46. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

### (b) Reconciliation of liabilities arising from financing activities *(Continued)*

	Bank borrowings HKD'000 <i>(Note 30)</i>	Amounts due to directors HKD'000 <i>(Note 33)</i>	Lease liabilities HKD'000 <i>(Note 31)</i>	Total HKD'000
<b>At 1 January 2024</b>	1,386,846	59,892	190,480	1,637,218
<b>Changes from financing cash flows:</b>				
Proceeds from bank borrowings	231,736	–	–	231,736
Repayments of bank borrowings	(464,163)	–	–	(464,163)
Repayments to directors	–	(4,846)	–	(4,846)
Repayments of lease liabilities	–	–	(10,341)	(10,341)
Interest paid	(79,266)	–	–	(79,266)
<b>Total changes from financing cash flows</b>	<b>(311,693)</b>	<b>(4,846)</b>	<b>(10,341)</b>	<b>(326,880)</b>
<b>Other changes:</b>				
Exchange realignment	(14,015)	(728)	(6,192)	(20,935)
Interest expenses	79,266	2,237	12,685	94,188
New leases	–	–	1,472	1,472
<b>Total other changes</b>	<b>65,251</b>	<b>1,509</b>	<b>7,965</b>	<b>74,725</b>
<b>At 31 December 2024</b>	<b>1,140,404</b>	<b>56,555</b>	<b>188,104</b>	<b>1,385,063</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 46. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

### (c) Total cash outflows for leases

Included in the consolidated statement of cash flows, the total cash outflows for leases comprised the following activities:

	2025 HKD'000	2024 HKD'000
Within cash flows used in operating activities	1,809	2,776
Within cash flows used in financing activities	14,116	10,341
Total net cash outflows for leases	15,925	13,117

## 47. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2026.

# Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	<b>For the year ended 31 December</b>				
	<b>2025</b> HKD'000	2024 HKD'000	2023 HKD'000	2022 HKD'000	2021 HKD'000 (re-presented)
<b>OPERATING RESULTS</b>					
<b>Continuing operations</b>					
Revenue	<b>308,750</b>	307,561	304,725	279,153	323,498
(Loss)/profit before income tax expense	<b>(30,872)</b>	(141,025)	(213,423)	(87,533)	37,061
Income tax expense	<b>(4,857)</b>	(4,083)	(543)	(5,185)	(10,638)
(Loss)/profit for the year from continuing operations	<b>(35,729)</b>	(145,108)	(213,966)	(92,718)	26,423
<b>Discontinued operation</b>					
Profit for the year from discontinued operation	–	–	–	3,757	9,299
(Loss)/profit for the year	<b>(35,729)</b>	(145,108)	(213,966)	(88,961)	35,722
<b>(Loss)/profit for the year attributable to:</b>					
Owners of the Company					
– From continuing operations	<b>(32,945)</b>	(143,119)	(205,913)	(85,392)	26,612
– From discontinued operation	–	–	–	4,114	9,889
	<b>(32,945)</b>	(143,119)	(205,913)	(81,278)	36,501
Non-controlling interests					
– From continuing operations	<b>(2,784)</b>	(1,989)	(8,053)	(7,326)	(189)
– From discontinued operation	–	–	–	(357)	(590)
	<b>(2,784)</b>	(1,989)	(8,053)	(7,683)	(779)

# Five-Year Financial Summary

	As at 31 December				
	2025 HKD'000	2024 HKD'000	2023 HKD'000	2022 HKD'000	2021 HKD'000
<b>ASSETS AND LIABILITIES</b>					
Total assets	4,521,570	4,415,961	4,881,440	5,138,087	5,769,797
Total liabilities	(2,159,225)	(2,097,000)	(2,342,142)	(2,292,493)	(2,599,526)
<b>Net assets</b>	<b>2,362,345</b>	2,318,961	2,539,298	2,845,594	3,170,271
Total equity attributable to owners of the Company	2,355,265	2,313,016	2,531,009	2,825,062	3,144,565
Non-controlling interests	7,080	5,945	8,289	20,532	25,706
<b>Total equity</b>	<b>2,362,345</b>	2,318,961	2,539,298	2,845,594	3,170,271

# Particulars of Major Properties and Property Interests

## (A) PROPERTIES HELD AS PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

Location	Lease term	Area (sq.m.)	Site area (sq.m.)	Use	Effective % held by the Group
Units 1 to 10 on 10th Floor, Island Place Tower, No. 510 King's Road, North Point, Hong Kong	Medium	1,283 (saleable)	N/A	Commercial	100
Nos. 98-1, 98-2 and 98-3, Puhe Road, Shenbei New District, Shenyang, Liaoning Province, PRC	Medium	92,798 (gross floor)	100,146	Commercial	100
No. 99, Pufeng Road, Shenbei New District, Shenyang, Liaoning Province, PRC	Medium	N/A	45,166	Industrial	100
North crossroad of Haixiang Avenue and Tianshui Road, Jimei District, Xiamen, Fujian Province, PRC	Medium	104,411 (gross floor)	60,273	Wholesale and retail (commercial)	100

# Particulars of Major Properties and Property Interests

## (B) PROPERTIES HELD AS INVESTMENT PROPERTIES

Location	Lease term	Area (sq.m.)	Site area (sq.m.)	Use	Effective % held by the Group
Unit C on 2nd Floor, Hop Ming Factory Building, No. 8 On Yip Street, Chai Wan, Hong Kong	Long	381 (saleable)	N/A	Industrial	100
Units 1 and 2 on 6th Floor, Unit 2 on 7th Floor, Jiuge Business Centre, No. 2301 Yi Shan Lu, Minhang District, Shanghai, PRC	Long	1,122 (gross floor)	N/A	Commercial	100
Various retail units, car parking spaces and ancillary facilities of "Meiyue Xingdao", No. 70 Shancha Road, Yubei District, Chongqing City, PRC	Medium	39,548 (gross floor)	N/A	Commercial	100
Various retail units, car parking spaces and ancillary facilities of "Supermarket C04", No. 91 Second Street, Economic- Technological Development Area, Tianjin, PRC	Medium	33,287 (gross floor)	N/A	Commercial	100

# Particulars of Major Properties and Property Interests

## (C) PROPERTIES HELD AS ASSETS CLASSIFIED AS HELD FOR SALE

Location	Lease term	Area (sq.m.)	Site area (sq.m.)	Use	Effective % held by the Group
Units 1 to 10 on 3rd Floor, Island Place Tower, No. 510 King's Road, North Point, Hong Kong	Medium	1,283 (saleable)	N/A	Commercial	100
12th, 14th, 16th and 18th Floors, Central Tower, Beijing Junefield Plaza, 10th Building, Nos. 6, 8, 10, 12, 16, 18 Xuan Wu Men Outer Street, Xi Cheng District, Beijing, PRC	Medium	10,472 (gross floor)	N/A	Commercial	100

“Annual General Meeting”	the annual general meeting of the Company to be held on Friday, 12 June 2026 at 11:00 a.m. or any adjournment thereof
“Annual Report”	the annual report of the Company for the Year
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors of the Company
“Bye-laws”	the bye-laws of the Company
“CG Code”	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	the chairman of the Board
“Chief Executive Officer”	the chief executive officer of the Company
“Chief Operating Officer”	the chief operating officer of the Company
“Company”	Symphony Holdings Limited, a company incorporated in Bermuda on 24 November 1993 as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its shares have been listed on the Main Board of the Stock Exchange (Stock code: 1223)
“Comparable Year”	the financial year ended 31 December 2024
“Director(s)”	the director(s) of the Company
“ESG Report”	the environmental, social and governance report of the Company
“Executive Director(s)”	the executive Director(s)
“Group” or “Symphony Group”	the Company and its subsidiaries
“HKD” or “HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Non-executive Director(s)”	the independent non-executive Director(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules

# Glossary

“Nomination Committee”	the nomination committee of the Company
“PRC”	the People’s Republic of China excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HKD0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$” or “USD” or “US Dollars”	United States Dollars, the lawful currency of the United States of America
“Year”	the financial year ended 31 December 2025
“%”	per cent