TR Example Group

Generic Company Number XXX XXX XXX

Annual financial reporting - for the year ended 31 December 2024

TR Example Group

Generic Company Number XXX XXX XXX

Annual financial reporting - for the year ended 31 December 2025

CONTENTS

	Pages
Independent auditor's report	1
Audited consolidated financial statements	
Consolidated statement of profit or loss	2
Consolidated statement of comprehensive income	3
Consolidated statement of financial position	4-6
Consolidated statement of changes in equity	7-9
Consolidated statement of cash flows	10-11
Notes to consolidated financial statements	13-171
Appendices	171-231

Contents

	Pages
Directors' report	1
Consolidated financial statements	
Consolidated statement of profit or loss	2
Consolidated statement of comprehensive income	3
Consolidated statement of financial position	4-6
Consolidated statement of changes in equity	7-9
Consolidated statement of cash flows	10-11
Notes to consolidated financial statements	13-166
Appendices	166-223
Independent auditor's report	224

Independent auditor's report
To the members of TR Example Group
(Incorporated in Hong Kong with limited liability)

[Independent auditor's report should be provided by independent auditor appointed by the company]

Directors' report
The Group is principally engaged in <insert description of the business activities>. Information on the Group’s structure is provided in Note 6. Information on other related party relationships of the Group is provided in Note 34.

ON BEHALF OF THE BOARD

.....
Mr. A
Title 1

12 March 2026

Consolidated statement of profit or loss
for the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated) (Note 2.5)
Continuing operations			
Revenue from contracts with customer	4	179,058	159,088
Rental income	16	1,404	1,377
Revenue		**180,462**	**160,465**
Cost of sales		(136,569)	(128,386)
Gross profit		**43,893**	**32,079**
Other operating income	12.1	2,435	2,548
Selling and distribution expenses		(14,001)	(12,964)
Administrative expenses	12.9	(18,290)	(12,011)
Other operating expenses	12.2	(2,554)	(353)
Operating profit		**11,483**	**9,299**
Finance costs	12.3	(1,366)	(1,268)
Finance income	12.4	202	145
Other income	12.5	98	66
Share of profit of an associate and a joint venture	10, 9	671	638
Profit before tax from continuing operations		**11,088**	**8,880**
Income tax expense	14	(3,092)	(2,233)
Profit for the year from continuing operations		**7,996**	**6,647**
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations	13	220	(188)
Profit for the year		**8,216**	**6,459**
Attributable to:			
Equity holders of the parent		7,928	6,220
Non-controlling interests		288	239
		8,216	**6,459**

Consolidated statement of profit or loss
for the year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000 Restated (Note 2.5)
Continuing operations			
Revenue from contracts with customer	4	179,058	159,088
Rental income	16	1,404	1,377
Revenue		**180,462**	**160,465**
Cost of sales		(136,569)	(128,386)
Gross profit		**43,893**	**32,079**
Other operating income	12.1	2,435	2,548
Selling and distribution expenses		(14,001)	(12,964)
Administrative expenses	12.9	(18,290)	(12,011)
Other operating expenses	12.2	(2,554)	(353)
Operating profit		**11,483**	**9,299**
Finance costs	12.3	(1,366)	(1,268)
Finance income	12.4	202	145
Other income	12.5	98	66
Share of profit of an associate and a joint venture	9, 10	671	638
Profit before tax from continuing operations		**11,088**	**8,880**
Income tax expense	14	(3,092)	(2,233)
Profit for the year from continuing operations		**7,996**	**6,647**
Discontinued operations			
Profit/(loss) after tax for the year from discontinued operations	13	220	(188)
Profit for the year		**8,216**	**6,459**
Attributable to:			
Equity holders of the parent		7,928	6,220
Non-controlling interests		288	239
		8,216	**6,459**

Consolidated statement of comprehensive income
for the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated) (Note 2.5)
Profit for the year		**8,216**	**6,459**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Net gain on hedge of a net investment		195	-
Exchange differences on translation of foreign operations	19.3, 24	(246)	(117)
Net gain/(loss) on cash flow hedges	19.3, 24	(618)	24
Net change in costs of hedging	19.3, 24	(22)	-
Net loss on debt instruments at fair value through other comprehensive income	19.3, 24	(15)	(1)
Share of other comprehensive loss of an associate	10	(30)	-
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(736)**	**(94)**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	24	(18)	7
Remeasurement gain/(loss) on defined benefit plans	31	257	(273)
Revaluation of office properties in <insert country>	15	592	-
Share of other comprehensive income of an associate	10	30	-
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**861**	**(266)**
Other comprehensive income/(loss) for the year, net of tax		**125**	**(360)**
Total comprehensive income for the year, net of tax		**8,341**	**6,099**
Attributable to:			
Equity holders of the parent		8,053	5,860
Non-controlling interests		288	239
		8,341	**6,099**

Consolidated statement of comprehensive income
for the year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000 Restated (Note 2.5)
Profit for the year		**8,216**	**6,459**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Net gain on hedge of a net investment		195	-
Exchange differences on translation of foreign operations	19.3, 24	(246)	(117)
Net gain/(loss) on cash flow hedges	19.3, 24	(618)	24
Net change in costs of hedging	19.3, 24	(22)	-
Net loss on debt instruments at fair value through other comprehensive income	19.3, 24	(15)	(1)
Share of other comprehensive loss of an associate	10	(30)	-
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(736)**	**(94)**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	24	(18)	7
Remeasurement gain/(loss) on defined benefit plans	31	257	(273)
Revaluation of office properties in <insert country>	15	592	-
Share of other comprehensive income of an associate	10	30	-
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**861**	**(266)**
Other comprehensive income/(loss) for the year, net of tax		**125**	**(360)**
Total comprehensive income for the year, net of tax		**8,341**	**6,099**
Attributable to:			
Equity holders of the parent		8,053	5,860
Non-controlling interests		288	239
		8,341	**6,099**

Consolidated statement of financial position
as at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated) (Note 2.5)	2022 HK$'000 (Restated) (Note 2.5)
Assets				
Non-current assets				
Property, plant and equipment	15	32,979	24,329	18,940
Investment properties	16	8,893	7,983	7,091
Intangible assets and goodwill	17	6,019	2,461	2,114
Right-of-use assets	30	2,908	2,732	2,915
Investment in an associate and a joint venture	9, 10	3,187	2,516	1,878
Non-current financial assets	19	3,761	2,816	2,273
Deferred tax assets	14	389	365	321
Non-current trade and other receivables		-	-	-
		58,136	**43,202**	**35,532**
Current assets				
Inventories	20	26,027	23,830	24,296
Right of return assets	4	1,124	929	856
Trade receivables	4, 21	25,672	22,290	25,537
Contract assets	4, 21	4,541	5,180	3,450
Prepayments	22	244	165	226
Other current financial assets	19	551	153	137
Cash and short-term deposits	23	17,528	14,916	11,066
		75,687	**67,463**	**65,568**
Assets held for sale	13	13,554	-	-
		89,241	**67,463**	**65,568**
Total assets		**147,377**	**110,665**	**101,100**
Equity and liabilities				
Equity				
Issued capital	24	26,160	18,814	18,614
Other capital reserves	24	1,171	864	566
Retained earnings		31,622	25,929	21,582
Other components of equity		(642)	(505)	(418)
Reserves of a disposal group held for sale	13	46	-	-
Equity attributable to equity holders of the parent		**58,357**	**45,102**	**40,344**
Non-controlling interests		2,410	740	208
Total equity		**60,767**	**45,842**	**40,552**
Non-current liabilities				
Interest-bearing loans and borrowing	19	22,147	23,313	21,358
Other non-current financial liabilities	19	806	-	-
Provisions	26	1,898	19	15
Government grants	27	3,300	1,400	1,300
Contract liabilities	4, 28	2,962	888	692
Net employee defined benefit liabilities	31	3,050	2,977	2,526
Deferred tax liabilities	14	2,454	607	780
		36,617	**29,204**	**26,671**

Consolidated statement of financial position
as at 31 December 2025

	Notes	[As at] 31 December 2025	31 December 2024	1 January 2024
		HK$'000	HK$'000	HK$'000
			Restated (Note 2.5)	Restated (Note 2.5)
Assets				
Non-current assets				
Property, plant and equipment	15	32,979	24,329	18,940
Investment properties	16	8,893	7,983	7,091
Intangible assets and goodwill	17	6,019	2,461	2,114
Right-of-use assets	30	2,908	2,732	2,915
Investment in an associate and a joint venture	9, 10	3,187	2,516	1,878
Non-current financial assets	19	3,761	2,816	2,273
Deferred tax assets	14	389	365	321
Non-current trade and other receivables		-	-	-
		58,136	**43,202**	**35,532**
Current assets				
Inventories	20	26,027	23,830	24,296
Right of return assets	4	1,124	929	856
Trade receivables	4, 21	25,672	22,290	25,537
Contract assets	4, 21	4,541	5,180	3,450
Prepayments	22	244	165	226
Other current financial assets	19	551	153	137
Cash and short-term deposits	23	17,528	14,916	11,066
		75,687	**67,463**	**65,568**
Assets held for sale	13	13,554	-	-
		89,241	**67,463**	**65,568**
Total assets		**147,377**	**110,665**	**101,100**
Equity and liabilities				
Equity				
Issued capital	24	26,160	18,814	18,614
Other capital reserves	24	1,171	864	566
Retained earnings		31,622	25,929	21,582
Other components of equity		(642)	(505)	(418)
Reserves of a disposal group held for sale	13	46	-	-
Equity attributable to equity holders of the parent		**58,357**	**45,102**	**40,344**
Non-controlling interests		2,410	740	208
Total equity		**60,767**	**45,842**	**40,552**
Non-current liabilities				
Interest-bearing loans and borrowing	19	22,147	23,313	21,358
Other non-current financial liabilities	19	806	-	-
Provisions	26	1,898	19	15
Government grants	27	3,300	1,400	1,300
Contract liabilities	4, 28	2,962	888	692
Net employee defined benefit liabilities	31	3,050	2,977	2,526
Deferred tax liabilities	14	2,454	607	780
		36,617	**29,204**	**26,671**

Consolidated statement of financial position (continued)
as at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated) (Note 2.5)	2022 HK$'000 (Restated) (Note 2.5)
Current liabilities				
Trade and other payables	29	16,969	20,023	18,248
Contract liabilities	4, 28	2,880	2,486	1,836
Refund liabilities	4	6,242	5,844	3,796
Interest-bearing loans and borrowings	19	2,832	3,142	4,834
Other current financial liabilities	19	2,953	254	303
Government grants	27	149	151	150
Income tax payable		3,511	3,563	4,625
Provisions	26	922	156	85
Dividends payable	25	410	-	-
		36,868	**35,619**	**33,877**
Liabilities directly associated with the assets held for sale	13	13,125	-	-
		49,993	**35,619**	**33,877**
Total liabilities		**86,610**	**64,823**	**60,548**
Total equity and liabilities		**147,377**	**110,665**	**101,100**

Consolidated statement of financial position (continued)
as at 31 December 2025

	Notes	[As at] 31 December 2025	31 December 2024	1 January 2024
		HK$'000	HK$'000 Restated (Note 2.5)	HK$'000 Restated (Note 2.5)
Current liabilities				
Trade and other payables	29	16,969	20,023	18,248
Contract liabilities	4, 28	2,880	2,486	1,836
Refund liabilities	4	6,242	5,844	3,796
Interest-bearing loans and borrowings	19	2,832	3,142	4,834
Other current financial liabilities	19	2,953	254	303
Government grants	27	149	151	150
Income tax payable		3,511	3,563	4,625
Provisions	26	922	156	85
Dividends payable	25	410	-	-
		36,868	**35,619**	**33,877**
Liabilities directly associated with the assets held for sale	13	13,125	-	-
		49,993	**35,619**	**33,877**
Total liabilities		**86,610**	**64,823**	**60,548**
Total equity and liabilities		**147,377**	**110,665**	**101,100**

.....
Mr. A
Title 1

12 March 2025

.....
Mr. A
Title 1

12 March 2026

Consolidated statement of changes in equity
for the year ended 31 December 2024

		Attributable to the equity holders of the parent							
	Notes	Issued capital Note 24	Other capital reserves Note 24	Retained earnings	Cash flow hedge reserve	Cost of hedging reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2024		**18,814**	**864**	**25,929**	**(70)**	**-**	**9**	**(444)**	**-**
Profit for the period		-	-	7,928	-	-	-	-	-
Other comprehensive income	24	-	-	257	(618)	(22)	(63)	(51)	622
Depreciation transfer for office properties in <insert country>		-	-	80	-	-	-	-	(80)
Discontinued operations	13	-	-	-	-	-	(46)	-	-
Issue of share capital	24	7,203	-	-	-	-	-	-	-
Exercise of options	24	175	-	-	-	-	-	-	-
Share based payments	32	-	307	-	-	-	-	-	-
Transaction costs	7	(32)	-	-	-	-	-	-	-
Cash dividends		-	-	(2,389)	-	-	-	-	-
Transfer of fair value reserve of equity instruments designated at FVOCI		-	-	7	-	-	(7)	-	-
Transfer of cash flow hedge reserve to inventories		-	-	-	126	2	-	-	-
Acquisition of a subsidiary	7	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	7	-	-	(190)	-	-	-	-	-
At 31 December 2024		**26,160**	**1,171**	**31,622**	**(562)**	**(20)**	**(107)**	**(495)**	**542**

Consolidated statement of changes in equity
for the year ended 31 December 2025

		Attributable to the equity holders of the parent								
	Notes	Issued capital Note 24	Other capital reserves Note 24	Retained earnings	Cash flow hedge reserve	Cost of hedging reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus	Reserve of disposal group held for sale
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2025		**18,814**	**864**	**25,929**	**(70)**	**-**	**9**	**(444)**	**-**	**-**
Profit for the period		-	-	7,928	-	-	-	-	-	-
Other comprehensive income	24	-	-	257	(618)	(22)	(63)	(51)	622	-
Depreciation transfer for office properties in <insert country>		-	-	80	-	-	-	-	(80)	-
Discontinued operations	13	-	-	-	-	-	(46)	-	-	46
Issue of share capital	24	7,203	-	-	-	-	-	-	-	-
Exercise of options	24	175	-	-	-	-	-	-	-	-
Share based payments	32	-	307	-	-	-	-	-	-	-
Transaction costs	7	(32)	-	-	-	-	-	-	-	-
Cash dividends	25	-	-	(2,389)	-	-	-	-	-	-
Transfer of fair value reserve of equity instruments designated at FVOCI		-	-	7	-	-	(7)	-	-	-
Transfer of cash flow hedge reserve to inventories		-	-	-	126	2	-	-	-	-
Acquisition of a subsidiary	7	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	7	-	-	(190)	-	-	-	-	-	-
At 31 December 2025		**26,160**	**1,171**	**31,622**	**(562)**	**(20)**	**(107)**	**(495)**	**542**	**46**

Consolidated statement of changes in equity (continued)
for the year ended 31 December 2024

		Attributable to the equity holders of the parent			
	Notes	Reserve of disposal group held for sale	Total	Non-controlling interests	Total equity
		HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2024		-	**45,102**	**740**	**45,842**
Profit for the period		-	7,928	288	8,216
Other comprehensive income	24	-	125	-	125
Depreciation transfer for office properties in <insert country>		-	-	-	-
Discontinued operations	13	46	-	-	-
Issue of share capital	24	-	7,203	-	7,203
Exercise of options	24	-	175	-	175
Share based payments	32	-	307	-	307
Transaction costs	7	-	(32)	-	(32)
Cash dividends		-	(2,389)	(30)	(2,419)
Transfer of fair value reserve of equity instruments designated at FVOCI		-	-	-	-
Transfer of cash flow hedge reserve to inventories		-	128	-	128
Acquisition of a subsidiary	7	-	-	1,547	1,547
Acquisition of non-controlling interests	7	-	(190)	(135)	(325)
At 31 December 2024		**46**	**58,357**	**2,410**	**60,767**

		Attributable to the equity holders of the parent								
	Notes	Issued capital Note 24	Other capital reserves Note 24	Retained earnings	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2023		**18,614**	**566**	**22,282**	**(94)**	**3**	**(327)**	**41,044**	**208**	**41,252**

Consolidated statement of changes in equity (continued)
for the year ended 31 December 2025

	Notes	Attributable to the equity holders of the parent Total	Non-controlling interests	Total equity
		HK$'000	HK$'000	HK$'000
As at 1 January 2025		**45,102**	**740**	**45,842**
Profit for the period		7,928	288	8,216
Other comprehensive income	24	125	-	125
Depreciation transfer for office properties in <insert country>		-	-	-
Discontinued operations	13	-	-	-
Issue of share capital	24	7,203	-	7,203
Exercise of options	24	175	-	175
Share based payments	32	307	-	307
Transaction costs	7	(32)	-	(32)
Cash dividends	25	(2,389)	(30)	(2,419)
Transfer of fair value reserve of equity instruments designated at FVOCI		-	-	-
Transfer of cash flow hedge reserve to inventories		128	-	128
Acquisition of a subsidiary	7	-	1,547	1,547
Acquisition of non-controlling interests	7	(190)	(135)	(325)
At 31 December 2025		**58,357**	**2,410**	**60,767**

Consolidated statement of changes in equity (continued)
for the year ended 31 December 2023

		Attributable to the equity holders of the parent								
	Notes	Issued capital Note 24 HK$'000	Other capital reserves Note 24 HK$'000	Retained earnings HK$'000	Cash flow hedge reserve HK$'000	Fair value reserve of financial assets at FVOCI HK$'000	Foreign currency translation reserve HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Adjustment on correction of error (net of tax)	2.5	-	-	(700)	-	-	-	(700)	-	(700)
As at 1 January 2023 as restated		**18,614**	**566**	**21,582**	**(94)**	**3**	**(327)**	**40,344**	**208**	**40,552**
Profit for the period		-	-	6,220	-	-	-	6,220	239	6,459
Other comprehensive income	24	-	-	(273)	24	6	(117)	(360)	-	(360)
Total comprehensive income		**-**	**-**	**5,947**	**24**	**6**	**(117)**	**5,860**	**239**	**6,099**
Exercise of options	24	200	-	-	-	-	-	200	-	200
Share based payments	32	-	298	-	-	-	-	298	-	298
Dividends		-	-	(1,600)	-	-	-	(1,600)	(49)	(1,649)
Non-controlling interests arising on a business combination	7	-	-	-	-	-	-	-	342	342
At 31 December 2023		**18,814**	**864**	**25,929**	**(70)**	**9**	**(444)**	**45,102**	**740**	**45,842**

Consolidated statement of changes in equity (continued)
for the year ended 31 December 2024

		Attributable to the equity holders of the parent								
	Notes	Issued capital Note 24	Other capital reserves Note 24	Retained earnings	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2024		**18,614**	**566**	**22,282**	**(94)**	**3**	**(327)**	**41,044**	**208**	**41,252**
Adjustment on correction of error (net of tax)	2.5	-	-	(700)	-	-	-	(700)	-	(700)
As at 1 January 2024 as restated		**18,614**	**566**	**21,582**	**(94)**	**3**	**(327)**	**40,344**	**208**	**40,552**
Profit for the period		-	-	6,220	-	-	-	6,220	239	6,459
Other comprehensive income	24	-	-	(273)	24	6	(117)	(360)	-	(360)
Total comprehensive income		**-**	**-**	**5,947**	**24**	**6**	**(117)**	**5,860**	**239**	**6,099**
Exercise of options	24	200	-	-	-	-	-	200	-	200
Share based payments	32	-	298	-	-	-	-	298	-	298
Dividends		-	-	(1,600)	-	-	-	(1,600)	(49)	(1,649)
Non-controlling interests arising on a business combination	7	-	-	-	-	-	-	-	342	342
At 31 December 2024		**18,814**	**864**	**25,929**	**(70)**	**9**	**(444)**	**45,102**	**740**	**45,842**

Consolidated statement of cash flows
for the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated) (Note 2.5)
Operating activities			
Profit before tax from continuing operations		11,088	8,880
Profit/(loss) before tax from discontinued operations	13	213	(193)
Profit before tax		**11,301**	**8,687**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	15, 30	4,341	3,794
Amortisation and impairment of intangible assets and impairment of goodwill	17	325	174
Equipment received from customers	15	(190)	(150)
Share-based payment expense	32	412	492
Decrease in fair value of investment properties	16	306	300
Net foreign exchange differences		(365)	(240)
Gain on disposal of property, plant and equipment	12.1	(532)	(2,007)
Fair value adjustment of a contingent consideration	7	358	-
Finance income	12.4	(202)	(145)
Finance costs	12.3	1,366	1,268
Other income	12.5	(98)	(66)
Net loss on derivative instruments at fair value through profit or loss		652	-
Share of profit of an associate and a joint venture	9, 10	(671)	(638)
Movements in provisions, pensions and government grants		(815)	(65)
Working capital changes:			
Decrease/(increase) in trade receivables, contract assets and prepayments		(7,102)	2,431
Decrease in inventories and right of return assets		1,129	1,111
Increase in trade and other payables, contract liabilities and refund liabilities		4,511	2,530
		14,726	**17,476**
Interest received		250	221
Interest paid		(1,067)	(1,173)
Income tax paid		(2,935)	(3,999)
Net cash flows from operating activities		**10,974**	**12,525**
Investing activities			
Proceeds from sale of property, plant and equipment		1,990	2,319
Purchase of property, plant and equipment	15	(10,167)	(7,581)
Purchase of investment properties	16	(1,216)	(1,192)
Purchase of financial instruments		(272)	(225)
Proceeds from sale of financial instruments		328	145
Development expenditures	17	(587)	(390)
Acquisition of a subsidiary, net of cash acquired	7	230	(1,450)
Receipt of government grants	27	2,951	642
Net cash flows used in investing activities		**(6,743)**	**(7,732)**

Consolidated statement of cash flows
for the year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000 Restated (Note 2.5)
Operating activities			
Profit before tax from continuing operations		11,088	8,880
Profit/(loss) before tax from discontinued operations	13	213	(193)
Profit before tax		**11,301**	**8,687**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	15, 30	4,341	3,794
Amortisation and impairment of intangible assets and impairment of goodwill	17	325	174
Equipment received from customers	15	(190)	(150)
Share-based payment expense	32	412	492
Decrease in fair value of investment properties	16	306	300
Net foreign exchange differences		(365)	(240)
Gain on disposal of property, plant and equipment	12.1	(532)	(2,007)
Fair value adjustment of a contingent consideration	7	358	-
Finance income	12.4	(202)	(145)
Finance costs	12.3	1,366	1,268
Other income	12.5	(98)	(66)
Net loss on derivative instruments at fair value through profit or loss		652	-
Share of profit of an associate and a joint venture	9, 10	(671)	(638)
Movements in provisions, pensions and government grants		(815)	(65)
Working capital changes:			
Decrease/(increase) in trade receivables, contract assets and prepayments		(7,102)	2,431
Decrease in inventories and right of return assets		1,129	1,111
Increase in trade and other payables, contract liabilities and refund liabilities		4,511	2,530
		14,726	**17,476**
Interest received		250	221
Interest paid		(1,067)	(1,173)
Income tax paid		(2,935)	(3,999)
Net cash flows from operating activities		**10,974**	**12,525**
Investing activities			
Proceeds from sale of property, plant and equipment		1,990	2,319
Purchase of property, plant and equipment	15	(10,167)	(7,581)
Purchase of investment properties	16	(1,216)	(1,192)
Purchase of financial instruments		(272)	(225)
Proceeds from sale of financial instruments		328	145
Development expenditures	17	(587)	(390)
Acquisition of a subsidiary, net of cash acquired	7	230	(1,450)
Receipt of government grants	27	2,951	642
Net cash flows used in investing activities		**(6,743)**	**(7,732)**

Consolidated statement of cash flows (continued)
for the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated) (Note 2.5)
Financing activities			
Proceeds from exercise of share options		175	200
Acquisition of non-controlling interests	7	(325)	-
Transaction costs on issue of shares	24	(32)	-
Payment of principal portion of lease liabilities	30	(406)	(341)
Proceeds from borrowings		5,649	4,871
Repayment of borrowings		(2,032)	(4,250)
Dividends paid to equity holders of the parent	25	(1,979)	(1,600)
Dividends paid to non-controlling interests		(30)	(49)
Net cash flows from/(used in) financing activities		**1,020**	**(1,169)**
Net increase in cash and cash equivalents		**5,251**	**3,624**
Net foreign exchange difference		339	326
Cash and cash equivalents at 1 January		12,266	8,316
Cash and cash equivalents at 31 December	**23**	**17,856**	**12,266**

Consolidated statement of cash flows (continued)
for the year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000 Restated (Note 2.5)
Financing activities			
Proceeds from exercise of share options		175	200
Acquisition of non-controlling interests	7	(325)	-
Transaction costs on issue of shares	24	(32)	-
Payment of principal portion of lease liabilities	30	(406)	(341)
Proceeds from borrowings		5,649	4,871
Repayment of borrowings		(2,032)	(4,250)
Dividends paid to equity holders of the parent	25	(1,979)	(1,600)
Dividends paid to non-controlling interests		(30)	(49)
Net cash flows from/(used in) financing activities		**1,020**	**(1,169)**
Net increase in cash and cash equivalents		**5,251**	**3,624**
Net foreign exchange difference		339	326
Cash and cash equivalents at 1 January		12,266	8,316
Cash and cash equivalents at 31 December	**23**	**17,856**	**12,266**

Consolidated statement of cash flows (continued)
for the year ended 31 December 2024

Consolidated statement of cash flows (continued)
for the year ended 31 December 2025

Contents of the Notes to consolidated financial statements

		Pages
1	Corporate information	15
2	Accounting policies	15
2.1	Basis of preparation	15
2.3	Summary of accounting policies	16
2.4	Changes in accounting policies and disclosures	47
2.5	Correction of an error	48
2.6	Climate-related matters	49
3	Significant accounting judgements, estimates and assumptions	50
4	Revenue from contracts with customers	57
5	Capital management	61
6	Group information	62
7	Business combinations and acquisition of non-controlling interests	63
8	Partly-owned subsidiaries	69
9	Interest in a joint venture	73
10	Investments in associates	74
11	Fair value measurement	74
12	Other income/expenses	81
12.1	Other operating income	81
12.2	Other operating expenses	81
12.3	Finance costs	83
12.4	Finance income	83
12.5	Other income	83
12.6	Depreciation, amortisation, lease payments, foreign exchange differences and costs of inventories	83
12.7	Employee benefits expense	84
12.8	Research and development costs	86
12.9	Administrative expenses	86
13	Discontinued operations	86
14	Income tax	90
15	Property, plant and equipment	93
16	Investment properties	97
17	Intangible assets and goodwill	99
18	Goodwill and intangible assets with indefinite useful lives	100
19	Financial assets and financial liabilities	103
19.1	Financial assets	103
19.2	Financial liabilities: Interest-bearing loans and borrowings	105

Contents of the Notes to consolidated financial statements

		Pages
1	Corporate information	15
2	Accounting policies	15
2.1	Basis of preparation	15
2.2	Basis of consolidation	15
2.3	Summary of accounting policies	16
2.4	Changes in accounting policies and disclosures	45
2.5	Correction of an error	46
2.6	Climate-related matters	47
3	Significant accounting judgements, estimates and assumptions	49
4	Revenue from contracts with customers	56
4.1	Disaggregated revenue information	56
4.2	Contract balances	57
4.3	Right of return assets and refund liabilities	58
4.4	Performance obligations	58
5	Capital management	59
6	Group information	60
7	Business combinations and acquisition of non-controlling interests	61
8	Partly-owned subsidiaries	66
9	Interest in a joint venture	69
10	Investments in an associate	70
11	Fair value measurement	72
12	Other income/expenses	79
12.1	Other operating income	79
12.2	Other operating expenses	79
12.3	Finance costs	80
12.4	Finance income	80
12.5	Other income	80
12.6	Depreciation, amortisation, lease payments, foreign exchange differences and costs of inventories	80
12.7	Employee benefits expense	81
12.8	Research and development costs	82
12.9	Administrative expenses	82
13	Discontinued operations	82
14	Income tax	85
15	Property, plant and equipment	88
16	Investment properties	92
17	Intangible assets and goodwill	94
18	Goodwill and intangible assets with indefinite useful lives	95
19	Financial assets and financial liabilities	98

Contents of the Notes to consolidated financial statements

19.3	Hedging activities and derivatives	109
19.4	Fair values	118
19.5	Financial risk management objectives and policies	126
19.6	Changes in liabilities arising from financing activities	135
20	Inventories	138
21	Trade receivables and contract assets	139
22	Prepayments	139
23	Cash and short-term deposits	140
24	Issued capital and reserves	140
25	Distributions made and proposed	145
26	Provisions	146
27	Government grants	148
28	Contract liabilities	149
28.1	Loyalty program transactions	149
29	Trade and other payables	150
30	Leases	151
31	Pensions and other post-employment benefit plans	155
32	Share-based payments	163
33	Commitments and contingencies	166
34	Related party disclosures	167
35	Standards issued but not yet effective	170
36	Events after the reporting period	171

Contents of the Notes to consolidated financial statements

19.1	Financial assets	98
19.2	Financial liabilities: Interest-bearing loans and borrowings	100
19.3	Hedging activities and derivatives	104
19.4	Fair values	111
19.5	Financial risk management objectives and policies	117
19.6	Changes in liabilities arising from financing activities	127
20	Inventories	130
21	Trade receivables and contract assets	131
22	Prepayments	131
23	Cash and short-term deposits	131
24	Issued capital and reserves	132
25	Distributions made and proposed	136
26	Provisions	137
27	Government grants	139
28	Contract liabilities	140
28.1	Loyalty program transactions	140
29	Trade and other payables	141
30	Leases	143
31	Pensions and other post-employment benefit plans	149
32	Share-based payments	158
33	Commitments and contingencies	160
34	Related party disclosures	161
35	Standards issued but not yet effective	164
36	Events after the reporting period	166

1. Corporate information

The consolidated financial statements of TR Example Group and its subsidiaries (collectively, the Group) for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on XX XXXX 20XX. TR Example Group (the Company or the parent) is a limited company incorporated and domiciled in <insert country>. The registered office is located at <Registered Office's address>.

The Group is principally engaged in <insert description of the business activities>. Information on the Group's structure is provided in Note 6. Information on other related party relationships of the Group is provided in Note 34.

2. Accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, certain office properties (classified as property, plant and equipment), derivative financial instruments, debt and equity financial assets and contingent consideration that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$000), except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2023 is presented in these consolidated financial statements due to the retrospective correction of an error. See Note 2.5

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

1. Corporate information

The consolidated financial statements of TR Example Group and its subsidiaries (collectively, the Group) for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors on XX XXXX 20XX. TR Example Group (the Company or the parent) is a limited company incorporated and domiciled in <insert country>. The registered office is located at <Registered Office's address>.

The Group is principally engaged in <insert description of the business activities>. Information on the Group's structure is provided in Note 6. Information on other related party relationships of the Group is provided in Note 34.

2. Accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, certain office properties (classified as property, plant and equipment), derivative financial instruments, debt and equity financial assets and contingent consideration that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$000), except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2024 is presented in these consolidated financial statements due to the retrospective correction of an error. See Note 2.5

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

2. Accounting policies (continued)

2.2 Basis of consolidation (continued)

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

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3. Summary of accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

2. Accounting policies (continued)

2.2 Basis of consolidation (continued)

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3. Summary of accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(a) Business combinations and goodwill (continued)

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with HKFRS 9. Other contingent consideration that is not within the scope of HKFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

(b) Investments in associates and joint ventures

The group holds an interest in a joint venture, <insert company> and an interest in an associate, <insert company>.

The financial statements of <insert company> and <insert company> are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognising the Group's share of the profit or loss of the investees after the date of acquisition.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(a) Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with HKFRS 9. Other contingent consideration that is not within the scope of HKFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

(b) Investment in associates and joint ventures

The group holds an interest in a joint venture, <insert company> and an interest in an associate, <insert company>.

The financial statements of <insert company> and <insert company> are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognising the Group's share of the profit or loss of the investees after the date of acquisition.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(b) Investments in associates and joint ventures (continued)

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(b) Investment in associates and joint ventures (continued)

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(c) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

  Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(c) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

  Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group’s Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations. The Valuation Committee is comprised of the head of the investment properties segment, heads of the Group’s internal mergers and acquisitions team, the head of the risk management department, chief finance officers and the managers of each property.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(c) Fair value measurement (continued)

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations. The Valuation Committee is comprised of the head of the investment properties segment, heads of the Group's internal mergers and acquisitions team, the head of the risk management department, chief finance officers and the managers of each property.

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is determined annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(c) Fair value measurement (continued)

External valuers are involved for valuation of significant assets, such as investment properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is determined annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee and the Group's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

• Disclosures for valuation methods, significant estimates and assumptions	Notes 3, 15, 16 and 19.4
• Quantitative disclosures of fair value measurement hierarchy	Note 11
• Investment in non-listed equity shares (discontinued operations)	Note 13
• Property, plant and equipment under revaluation model	Note 15
• Investment properties	Note 16
• Financial instruments (including those carried at amortised cost)	Note 19.4
• Contingent consideration	Note 19.4

(d) Revenue from contracts with customers

The Group is in the business of <insert description of the business>. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the procurement services below, because it typically controls the goods or services before transferring them to the customer.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(c) Fair value measurement (continued)

On an interim basis, the Valuation Committee and the Group's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

• Disclosures for valuation methods, significant estimates and assumptions	Notes 3, 15, 16 and 19.4
• Quantitative disclosures of fair value measurement hierarchy	Note 11
• Investment in non-listed equity shares (discontinued operations)	Note 13
• Property, plant and equipment under revaluation model	Note 15
• Investment properties	Note 16
• Financial instruments (including those carried at amortised cost)	Note 19.4
• Contingent consideration	Note 19.4

(d) Revenue from contracts with customers

The Group is in the business of <insert description of the business>. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the procurement services below, because it typically controls the goods or services before transferring them to the customer.

Sale of <insert description of products sold>

Revenue from sale of <insert description of products sold> is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location. The normal credit term is XX to XX days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of <insert description of products sold>, the Group considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer (if any).

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(d) Revenue from contracts with customers (continued)

Sale of <insert description of products sold>

Revenue from sale of <insert description of products sold> is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location. The normal credit term is XX to XX days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of <insert description of products sold>, the Group considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer (if any).

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of <insert description of products sold>, provide customers with a right to return the goods within a specified period. The Group also provides retrospective volume rebates to certain customers once the quantity of <insert description of products sold>, purchased during the period exceeds the threshold specified in the contract. The rights of return and volume rebates give rise to variable consideration.

Rights of return

The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

Volume rebates

The Group applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e., the amount not included in the transaction price).

The disclosures of significant estimates and assumptions relating to the estimation of variable consideration for returns and volume rebates are provided in Note 3.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(d) Revenue from contracts with customers (continued)

Sale of <insert description of products sold> (continued)

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of <insert description of products sold>, provide customers with a right to return the goods within a specified period. The Group also provides retrospective volume rebates to certain customers once the quantity of <insert description of products sold>, purchased during the period exceeds the threshold specified in the contract. The rights of return and volume rebates give rise to variable consideration.

Rights of return

The Group uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

Volume rebates

The Group applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e., the amount not included in the transaction price).

The disclosures of significant estimates and assumptions relating to the estimation of variable consideration for returns and volume rebates are provided in Note 3.

(ii) Significant financing component

The Group receives advance payments from customers for the sale of <insert description of products sold> with a manufacturing lead time of <insert lead time if applicable> after signing the contract and receipt of payment. There is a significant financing component for these contracts considering the length of time between the customers' payment and the transfer of the equipment, as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(d) Revenue from contracts with customers (continued)

Sale of <insert description of products sold> (continued)

(ii) Significant financing component

The Group receives advance payments from customers for the sale of <insert description of products sold> with a manufacturing lead time of <insert lead time if applicable> after signing the contract and receipt of payment. There is a significant financing component for these contracts considering the length of time between the customers' payment and the transfer of the equipment, as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

The Group applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

(iii) Non-cash consideration

The Group receives <inputs that might be used in manufacturing of goods sold> from certain customers to be used in manufacturing <insert description of products sold> to be sold to them. The fair value of such non-cash consideration received from the customer is included in the transaction price and measured when the Group obtains control of the equipment.

The Group estimates the fair value of the non-cash consideration by reference to its market price. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the <insert description of products sold>.

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for as warranty provisions. Refer to the accounting policy on warranty provisions in section (v) Provisions.

The Group also provides a warranty beyond fixing defects that existed at the time of sale. These service-type warranties are sold either separately or bundled together with the sale of <insert description of products sold>. Contracts for bundled sales of equipment and service-type warranty comprise two performance obligations because the equipment and service-type warranty are both sold on a stand-alone basis and are distinct within the context of the contract. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue for service-type warranties is recognised over the period in which the service is provided based on the time elapsed.

Loyalty points programme

The Group has a loyalty points programme, <name of the programme>, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(d) Revenue from contracts with customers (continued)

Sale of <insert description of products sold> (continued)

The Group applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

(iii) Non-cash consideration

The Group receives <inputs that might be used in manufacturing of goods sold> from certain customers to be used in manufacturing <insert description of products sold> to be sold to them. The fair value of such non-cash consideration received from the customer is included in the transaction price and measured when the Group obtains control of the equipment.

The Group estimates the fair value of the non-cash consideration by reference to its market price. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the <insert description of products sold>.

Warranty obligations

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for as warranty provisions. Refer to the accounting policy on warranty provisions in section (u) Provisions.

The Group also provides a warranty beyond fixing defects that existed at the time of sale. These service-type warranties are sold either separately or bundled together with the sale of <insert description of products sold>. Contracts for bundled sales of equipment and service-type warranty comprise two performance obligations because the equipment and service-type warranty are both sold on a stand-alone basis and are distinct within the context of the contract. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue for service-type warranties is recognised over the period in which the service is provided based on the time elapsed.

Loyalty points programme

The Group has a loyalty points programme, <name of the programme>, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

The disclosures of significant estimates and assumptions relating to the estimation of the stand-alone selling price of the loyalty points are provided in Note 3.

Installation services

The Group provides installation services that are either sold separately or bundled together with the sale of equipment to a customer. The installation services do not significantly customise or modify the <insert description of products sold>.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(d) Revenue from contracts with customers (continued)

Loyalty points programme (continued)

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

The disclosures of significant estimates and assumptions relating to the estimation of the stand-alone selling price of the loyalty points are provided in Note 3.

(a) Installation services

The Group provides installation services that are either sold separately or bundled together with the sale of equipment to a customer. The installation services do not significantly customise or modify the <insert description of products sold>.

Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the equipment and installation services are both sold on a stand-alone basis and are distinct within the context of the contract. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

The Group recognises revenue from installation services over time because the customer simultaneously receives and consumes the benefits provided to them. The Group uses an input method in measuring progress of the installation services because there is a direct relationship between the Group's effort (i.e., based on the labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

Procurement services

The Group has contracts with customers to acquire, on their behalf, <insert description of products sold> produced by foreign suppliers. Under these contracts, the Group provides procurement services (i.e., coordinating the selection of suitable suppliers and managing the ordering and delivery of the imported equipment). The Group does not have control of the equipment before it is being transferred to the customer. The Group is acting as an agent and recognises revenue at the net amount that is retained for these arrangements. Revenue is recognised at a point in time (i.e., upon receipt of the customer of the equipment) because this is when the customer benefits from the Group's procurement services.

Contract assets

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (o) Financial instruments – initial recognition and subsequent measurement.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(d) Revenue from contracts with customers (continued)

Installation services (continued)

Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the equipment and installation services are both sold on a stand-alone basis and are distinct within the context of the contract. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services.

The Group recognises revenue from installation services over time because the customer simultaneously receives and consumes the benefits provided to them. The Group uses an input method in measuring progress of the installation services because there is a direct relationship between the Group's effort (i.e., based on the labour hours incurred) and the transfer of service to the customer. The Group recognises revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

Procurement services

The Group has contracts with customers to acquire, on their behalf, <insert description of products sold> produced by foreign suppliers. Under these contracts, the Group provides procurement services (i.e., coordinating the selection of suitable suppliers and managing the ordering and delivery of the imported equipment). The Group does not have control of the equipment before it is being transferred to the customer. The Group is acting as an agent and recognises revenue at the net amount that is retained for these arrangements. Revenue is recognised at a point in time (i.e., upon receipt of the customer of the equipment) because this is when the customer benefits from the Group's procurement services.

Contract assets

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (o) Financial instruments – initial recognition and subsequent measurement.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (o) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

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

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(d) Revenue from contracts with customers (continued)

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (o) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

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

Assets and liabilities arising from rights of return

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return and volume rebates. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for bundled sales of equipment and installation services. The Group applies the optional practical expedient to immediately expense costs to obtain a contract if the amortisation period of the asset that would have been recognised is one year or less. As such, sales commissions are immediately recognised as an expense and included as part of employee benefits.

(e) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(d) Revenue from contracts with customers (continued)

Assets and liabilities arising from rights of return

Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return and volume rebates. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Cost to obtain a contract

The Group pays sales commission to its employees for each contract that they obtain for bundled sales of equipment and installation services. The Group applies the optional practical expedient to immediately expense costs to obtain a contract if the amortisation period of the asset that would have been recognised is one year or less. As such, sales commissions are immediately recognised as an expense and included as part of employee benefits.

(e) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

(f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(e) Government grants (continued)

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

(f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

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

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(f) Taxes (continued)

Deferred tax

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

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

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

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

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

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

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(f) Taxes (continued)

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

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

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

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(g) Foreign currencies

The Group’s consolidated financial statements are presented in Hong Kong dollars, which is also the parent company’s functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(f) Taxes (continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

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

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(g) Foreign currencies

The Group's consolidated financial statements are presented in Hong Kong dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

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

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(g) Foreign currencies (continued)

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

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

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

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Hong Kong dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

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

(h) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(g) Foreign currencies (continued)

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

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Hong Kong dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

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

(h) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Cash flows from discontinued operations are included in the consolidated statement of cash flows and are disclosed separately in Note 13. The Group includes proceeds from disposal in cash flows from discontinued operations.

Additional disclosures are provided in Note 13. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(h) Non-current assets held for sale and discontinued operations (continued)

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Cash flows from discontinued operations are included in the consolidated statement of cash flows and are disclosed separately in Note 13. The Group includes proceeds from disposal in cash flows from discontinued operations.

Additional disclosures are provided in Note 13. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

(i) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of <insert country>, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(j) Property, plant and equipment and depreciation

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 3) and provisions (Note 26) for further information about the recognised decommissioning provision.

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

Office properties in <insert country> are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(i) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of <insert country>, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(j) Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (Note 3) and provisions (Note 26) for further information about the recognised decommissioning provision.

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

Office properties in <insert country> are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

• Buildings	15 to 20 years
• Plant, machinery and equipment	5 to 15 years
• Office properties in <insert country>	15 to 20 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

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

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

• Buildings	15 to 20 years
• Plant, machinery and equipment	5 to 15 years
• Office properties in <insert country>	15 to 20 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(k) Leases

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

Group as a lessee

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

(i) Right-of-use assets

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

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(j) Property, plant and equipment (continued)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(k) Leases

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

Group as a lessee

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

(i) Right-of-use assets

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

• Plant and machinery	3 to 15 years
• Motor vehicles and other equipment	3 to 5 years

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (r) Impairment of non-financial assets

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(k) Leases (continued)

• Plant and machinery	3 to 15 years
• Motor vehicles and other equipment	3 to 5 years

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (r) Impairment of non-financial assets

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

The Group’s lease liabilities are included in Interest-bearing loans and borrowings (see Note 19.2).

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

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(k) Leases (continued)

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

The Group's lease liabilities are included in Interest-bearing loans and borrowings (see Note 19.2).

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

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

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(m) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the <insert applicable valuation standards board/council>.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(m) Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the <insert applicable valuation standards board/council>.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(n) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(m) Investment properties (continued)

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(n) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(n) Intangible assets (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Patents and licences

The Group made upfront payments to acquire patents and licences. The patents have been granted for a period of XX years by the relevant government agency with the option of renewal at the end of this period. Licences for the use of intellectual property are granted for periods ranging between five and ten years depending on the specific licences. The licences may be renewed at little or no cost to the Group. As a result, those licences are assessed as having an indefinite useful life.

A summary of the policies applied to the Group’s intangible assets is, as follows:

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(n) Intangible assets (continued)

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Patents and licences

The Group made upfront payments to acquire patents and licences. The patents have been granted for a period of XX years by the relevant government agency with the option of renewal at the end of this period. Licences for the use of intellectual property are granted for periods ranging between five and ten years depending on the specific licences. The licences may be renewed at little or no cost to the Group. As a result, those licences are assessed as having an indefinite useful life.

A summary of the policies applied to the Group's intangible assets is, as follows:

	Licences	Patents	Development costs
Useful lives	Indefinite	Finite (XX years)	Finite (XX-XX years)
Amortisation method used	No amortisation	Amortised on a straight-line basis over the period of the patent	Amortised on a straight-line basis over the period of expected future sales from the related project
Internally generated or acquired	Acquired	Acquired	Internally generated

(o) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (d) Revenue from contracts with customers

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(n) Intangible assets (continued)

	Licences	Patents	Development costs
Useful lives	Indefinite	Finite (XX years)	Finite (XX-XX years)
Amortisation method used	No amortisation	Amortised on a straight-line basis over the period of the patent	Amortised on a straight-line basis over the period of expected future sales from the related project
Internally generated or acquired	Acquired	Acquired	Internally generated

(o) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (d) Revenue from contracts with customers

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(o) Financial instruments – initial recognition and subsequent measurement (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

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

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(o) Financial instruments – initial recognition and subsequent measurement (continued)

Initial recognition and measurement (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

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

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(o) Financial instruments – initial recognition and subsequent measurement (continued)

Subsequent measurement (continued)

Financial assets designated at fair value through OCI (equity instruments)

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Derecognition

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

- The rights to receive cash flows from the asset have expired

  Or

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

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(o) Financial instruments – initial recognition and subsequent measurement (continued)

Subsequent measurement (continued)

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Derecognition

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

- The rights to receive cash flows from the asset have expired

  Or

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

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

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

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(o) Financial instruments – initial recognition and subsequent measurement (continued)

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions — Note 3
- Debt instruments at fair value through OCI — Note 19
- Trade receivables, including contract assets — Note 19

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

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

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

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than XX days past due.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the <insert Credit Rating Agency name> and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a XX-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the <insert Credit Rating Agency name> both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(o) Financial instruments – initial recognition and subsequent measurement (continued)

Derecognition (continued)

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

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

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions — Note 3
- Debt instruments at fair value through OCI — Note 19
- Trade receivables, including contract assets — Note 19

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

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

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

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than XX days past due.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(o) Financial instruments – initial recognition and subsequent measurement (continued)

(ii) Financial liabilities

Initial recognition, measurement and presentation

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

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

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

The Group classifies financial liabilities that arise from supplier finance arrangement within Trade and other payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in Trade and other payables in the consolidated statement of financial position are included in operating activities in the consolidated statement of cash flows.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(o) Financial instruments – initial recognition and subsequent measurement (continued)

Impairment (continued)

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the <insert Credit Rating Agency name> and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a XX-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the <insert Credit Rating Agency name> both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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

(ii) Financial liabilities

Initial recognition, measurement and presentation

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

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

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

The Group classifies financial liabilities that arise from supplier finance arrangement within Trade and other payables in the statement of financial position if they have a similar nature and function to trade payables. This is the case if the supplier finance arrangement is part of the working capital used in the Group's normal operating cycle, the level of security provided is similar to trade payables and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade payables that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in Trade and other payables in the consolidated statement of financial position are included in operating activities in the consolidated statement of cash flows.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

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

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(o) Financial instruments – initial recognition and subsequent measurement (continued)

Subsequent measurement (continued)

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 19.

Derecognition

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

(iii) 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, to realise the assets and settle the liabilities simultaneously.

(p) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(o) Financial instruments – initial recognition and subsequent measurement (continued)

Subsequent measurement (continued)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 19.

Derecognition

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

(iii) Offsetting 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, to realise the assets and settle the liabilities simultaneously.

(p) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

For the purpose of hedge accounting, hedges are classified as:

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(p) Derivative financial instruments and hedge accounting (continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(p) Derivative financial instruments and hedge accounting (continued)

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(p) Derivative financial instruments and hedge accounting (continued)

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised as other expense and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses. Refer to Note 19.3 for more details.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

The Group uses a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to Note 19.3 for more details.

(q) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(p) Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised as other expense and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses. Refer to Note 19.3 for more details.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

The Group uses a loan as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Refer to Note 19.3 for more details.

(q) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(q) Inventories (continued)

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(r) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions — Note 3
- Property, plant and equipment — Note 15
- Intangible assets — Note 17
- Goodwill and intangible assets with indefinite lives — Note 18

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(q) Inventories (continued)

- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(r) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

• Disclosures for significant assumptions	Note 3
• Property, plant and equipment	Note 15
• Intangible assets	Note 17
• Goodwill and intangible assets with indefinite lives	Note 18

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(r) Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at XX XXXX and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are also tested for impairment annually as at XX XXXX at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

The Group assesses where climate risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts. See Note XX for further discussion of the impact of climate-related risks on the value in use.

(s) Cash and short-term deposits

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(t) Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(r) Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at XX XXXX and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are also tested for impairment annually as at XX XXXX at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

The Group assesses where climate risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts. See Note XX for further discussion of the impact of climate-related risks on the value in use.

(s) Cash and short-term deposits

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(t) Convertible preference shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(t) Convertible preference shares (continued)

Transaction costs are apportioned between the liability and equity components of the convertible preference shares, based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

(u) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

(v) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually.

Restructuring provisions

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when: (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan's main features.

Decommissioning liability

The Group records a provision for decommissioning costs to remediate the environmental damage of a manufacturing facility for the production of <insert product>. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(u) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually.

Restructuring provisions

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when: (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan's main features.

Decommissioning liability

The Group records a provision for decommissioning costs to remediate the environmental damage of a manufacturing facility for the production of <insert product>. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset.

The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. The impact of climate-related matters, such as changes in environmental regulations and other relevant legislation, is considered by the Group in estimating the decommissioning liability on the manufacturing facility. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

The impact of climate-related matters on remediation of environmental damage is considered with determining the decommissioning liability on the manufacturing facility which has been disclosed in Note 26.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(v) Provisions (continued)

The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. The impact of climate-related matters, such as changes in environmental regulations and other relevant legislation, is considered by the Group in estimating the decommissioning liability on the manufacturing facility. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

The impact of climate-related matters on remediation of environmental damage is considered with determining the decommissioning liability on the manufacturing facility which has been disclosed in Note 26.

Greenhouse gas emissions

The Group receives free emission rights in certain countries. The rights are received on an annual basis and, in return, the Group is required to remit rights equal to its actual emissions. The Group has adopted the net liability approach to the emission rights granted. The Group recognises the received emission rights at the nominal amount (i.e., nil). The Group recognises a provision as emissions are made. As the Group intends to keep the emission rights received to settle its emission liability, the Group takes into consideration the value of received emission rights on a first-in first-out basis when measuring a provision. Therefore, until the emission limit is exceeded, there is no impact on the statement of financial position and the statement of profit or loss. The emission costs are recognised as other operating expenses. Where emission rights are purchased from other parties, the cost of obtaining the allowances determine the measurement of the provision.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Waste Electrical and Electronic Equipment (WEEE)

The Group is a provider of <include specifications, if needed> equipment that falls under the <insert governance on WEEE> on Waste Electrical and Electronic Equipment. The <insert governance on WEEE> distinguishes between waste management of equipment sold to private households prior to a date, as determined by each Member State (historical waste), and waste management of equipment sold to private households after that date (new waste). A provision for the expected costs of management of historical waste is recognised when the Group participates in the market during the measurement period, as determined by each Member State, and the costs can be reliably measured. These costs are recognised as other operating expenses in the statement of profit or loss.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(u) Provisions (continued)

Greenhouse gas emissions

The Group receives free emission rights in certain countries. The rights are received on an annual basis and, in return, the Group is required to remit rights equal to its actual emissions. The Group has adopted the net liability approach to the emission rights granted. The Group recognises the received emission rights at the nominal amount (i.e., nil). The Group recognises a provision as emissions are made. As the Group intends to keep the emission rights received to settle its emission liability, the Group takes into consideration the value of received emission rights on a first-in first-out basis when measuring a provision. Therefore, until the emission limit is exceeded, there is no impact on the statement of financial position and the statement of profit or loss. The emission costs are recognised as other operating expenses. Where emission rights are purchased from other parties, the cost of obtaining the allowances determine the measurement of the provision.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Waste Electrical and Electronic Equipment (WEEE)

The Group is a provider of <include specifications, if needed> equipment that falls under the <insert governance on WEEE> on Waste Electrical and Electronic Equipment. The <insert governance on WEEE> distinguishes between waste management of equipment sold to private households prior to a date, as determined by each Member State (historical waste), and waste management of equipment sold to private households after that date (new waste). A provision for the expected costs of management of historical waste is recognised when the Group participates in the market during the measurement period, as determined by each Member State, and the costs can be reliably measured. These costs are recognised as other operating expenses in the statement of profit or loss.

With respect to new waste, a provision for the expected costs is recognised when products that fall within the directive are sold and the disposal costs can be reliably measured. Derecognition takes place when the obligation expires, is settled or is transferred. These costs are recognised as part of costs of sales.

With respect to equipment sold to entities other than private households, a provision is recognised when the Group becomes responsible for the costs of this waste management, with the costs recognised as other operating expenses or cost of sales, as appropriate.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(v) Provisions (continued)

With respect to new waste, a provision for the expected costs is recognised when products that fall within the directive are sold and the disposal costs can be reliably measured. Derecognition takes place when the obligation expires, is settled or is transferred. These costs are recognised as part of costs of sales.

With respect to equipment sold to entities other than private households, a provision is recognised when the Group becomes responsible for the costs of this waste management, with the costs recognised as other operating expenses or cost of sales, as appropriate.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

(w) Pensions and other post-employment benefits

The Group operates a defined benefit pension plan in <insert country>, which requires contributions to be made to a separately administered fund. The Group also provides certain additional post employment healthcare benefits to employees in the <insert country>. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under ‘cost of sales’, ‘administration expenses’ and ‘selling and distribution expenses’ in the consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

(x) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Employees working in the business development group are granted share appreciation rights, which are settled in cash (cash-settled transactions).

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(v) Pensions and other post-employment benefits

The Group operates a defined benefit pension plan in <insert country>, which requires contributions to be made to a separately administered fund. The Group also provides certain additional post employment healthcare benefits to employees in the <insert country>. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in the consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

(w) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). Employees working in the business development group are granted share appreciation rights, which are settled in cash (cash-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 30.

That cost is recognised in employee benefits expense (Note 12.7), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(x) Share-based payments (continued)

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 30.

That cost is recognised in employee benefits expense (Note 12.7), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

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

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

(y) Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its consolidated financial statements.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(w) Share-based payments (continued)

Equity-settled transactions (continued)

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

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

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense (see Note 12.7). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model, further details of which are given in Note 30. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

(x) Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its consolidated financial statements.

The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements, but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

2.4. Changes in accounting policies and disclosures

Revaluation of office properties in <insert country> (property, plant and equipment)

The Group re-assessed its accounting for property, plant and equipment with respect to measurement of a certain class of property, plant and equipment after initial recognition. The Group had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

2. Accounting policies (continued)

2.3. Summary of accounting policies (continued)

(y) Events after the reporting period (continued)

The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements, but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

2.4. Changes in accounting policies and disclosures

Revaluation of office properties in <insert country> (property, plant and equipment)

The Group re-assessed its accounting for property, plant and equipment with respect to measurement of a certain class of property, plant and equipment after initial recognition. The Group had previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On 1 January 2024, the Group elected to change the method of accounting for office properties in <insert country> classified as property, plant and equipment, as the Group believes that the revaluation model provides more relevant information to the users of its financial statements as it is more aligned to practices adopted by its competitors. In addition, available valuation techniques provide reliable estimates of the office properties' fair value. The Group applied the revaluation model prospectively.

After initial recognition, office properties in <insert country> are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. For details refer to Note 15.

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Supplier Finance Arrangements - Amendments to HKAS 7 and HKFRS 7

The amendments to HKAS 7 Statement of Cash Flows and HKFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements.

The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As a result of implementing the amendments, the Group has provided additional disclosures about its supplier finance arrangement. Please refer to Note 19.5 and Note 29.

2. Accounting policies (continued)

2.4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Revaluation of office properties in <insert country> (property, plant and equipment) (continued)

On 1 January 2025, the Group elected to change the method of accounting for office properties in <insert country> classified as property, plant and equipment, as the Group believes that the revaluation model provides more relevant information to the users of its financial statements as it is more aligned to practices adopted by its competitors. In addition, available valuation techniques provide reliable estimates of the office properties' fair value. The Group applied the revaluation model prospectively.

After initial recognition, office properties in <insert country> are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. For details refer to Note 15.

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the Group's financial statements.

2.5 Correction of an error

In <insert date>, a subsidiary entered into a sales contract with a new customer to sell equipment for a two-year period. As part of the negotiations, a variation was made to the standard terms and conditions to sell the equipment to this customer on consignment basis, under which the Group does not relinquish control of the consigned product until it is sold to an end customer. However, the subsidiary continued to recognise revenue at the point before control transferred to the customer. As a consequence, revenue was overstated. In <insert date>, the subsidiary conducted a detailed review of the terms and conditions of its sales contracts and discovered the error.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

Impact on equity (increase/(decrease) in equity)

2. Accounting policies (continued)

2.5 Correction of an error

In <insert date>, a subsidiary entered into a sales contract with a new customer to sell equipment for a two-year period. As part of the negotiations, a variation was made to the standard terms and conditions to sell the equipment to this customer on consignment basis, under which the Group does not relinquish control of the consigned product until it is sold to an end customer. However, the subsidiary continued to recognise revenue at the point before control transferred to the customer. As a consequence, revenue was overstated. In <insert date>, the subsidiary conducted a detailed review of the terms and conditions of its sales contracts and discovered the error.

The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

Impact on equity (increase/(decrease) in equity)

	31 December 2024	31 December 2023
	HK$'000	HK$'000
Inventories	1,000	500
Trade receivables	(3,500)	(1,500)
Total assets	**(2,500)**	**(1,000)**
Income tax payable	750	300
Total liabilities	**750**	**300**
Net impact on equity	(1,750)	(700)

Impact on the consolidated statement of profit or loss (increase/(decrease) in profit)

	31 December 2023
	HK$'000
Revenue from contracts with customers	(2,000)
Cost of sales	500
Income tax expense	450
Attributable to:	
Equity holders of the parent	(1,050)
Non-controlling interests	-

2. Accounting policies (continued)

2.5 Correction of an error (continued)

Impact on equity (increase/(decrease) in equity) (continued)

	31 December 2025	31 December 2024
	HK$'000	HK$'000
Inventories	1,000	500
Trade receivables	(3,500)	(1,500)
Total assets	**(2,500)**	**(1,000)**
Income tax payable	750	300
Total liabilities	**750**	**300**
Net impact on equity	(1,750)	(700)

Impact on the consolidated statement of profit or loss (increase/(decrease) in profit)

	31 December 2024
	HK$'000
Revenue from contracts with customers	(2,000)
Cost of sales	500
Income tax expense	450
Net impact on loss for the year	**(1,050)**
Attributable to:	
Equity holders of the parent	(1,050)
Non-controlling interests	-

2.6 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the consolidated financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures. See Note 2.3 j) for further information.

2. Accounting policies (continued)

2.6 Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the consolidated financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures. See Note 2.3 j) for further information.
- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products. Even though the Group has concluded that no single climate-related assumption is a key assumption for the 2024 test of goodwill, the Group considered expectations for increased costs of emissions, increased demand for goods sold by the Group's <insert CGU> and cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts. See Note 18 for further information.
- Fair value measurement. For investment properties and revalued office properties, the Group considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The Group believes it is not currently exposed to severe physical risks, but believes that investors, to some extent, would consider impacts of transition risks in their valuation, such as increasing requirements for energy efficiency of buildings due to climate-related legislation and regulations as well as tenants' increasing demands for low-emission buildings. See Note 11 for further information.
- Decommissioning liability. The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of decommissioning one of the Group's manufacturing facilities. See Note 2.3 v) for further disclosures.
- Emission rights. The Group receives free emission rights on an annual basis and, in return, it is required to remit rights equal to its actual emissions. The Group has adopted the net liability approach to the emission rights granted. See Note 2.3 v) for further information.

2. Accounting policies (continued)

2.6 Climate-related matters (continued)

- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products. Even though the Group has concluded that no single climate-related assumption is a key assumption for the 2025 test of goodwill, the Group considered expectations for increased costs of emissions, increased demand for goods sold by the Group's <insert CGU> and cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts. See Note 18 for further information.
- Fair value measurement. For investment properties and revalued office properties, the Group considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The Group believes it is not currently exposed to severe physical risks, but believes that investors, to some extent, would consider impacts of transition risks in their valuation, such as increasing requirements for energy efficiency of buildings due to climate-related legislation and regulations as well as tenants' increasing demands for low-emission buildings. See Note 11 for further information.
- Decommissioning liability. The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of decommissioning one of the Group's manufacturing facilities. See Note 2.3 u) for further disclosures.
- Emission rights. The Group receives free emission rights on an annual basis and, in return, it is required to remit rights equal to its actual emissions. The Group has adopted the net liability approach to the emission rights granted. See Note 2.3 u) for further information.

3. Significant accounting judgements, estimates and assumptions

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

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

• Capital management	Note 5
• Financial instruments risk management and policies	Note 19.5
• Sensitivity analyses disclosures	Notes 15, 16, 18, 19.4, 19.5 and 31

Judgements

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

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 30 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

3. Significant accounting judgements, estimates and assumptions

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

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

• Capital management	Note 5
• Financial instruments risk management and policies	Note 19.5
• Sensitivity analyses disclosures	Notes 15, 16, 18, 19.4, 19.5 and 31

Judgements

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

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 30 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

3. Significant accounting judgements, estimates and assumptions (continued)

Judgements (continued)

Property lease classification – Group as a lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Assets held for sale

On X XXXX 2024, the Board of Directors announced its decision to discontinue <insert Segment/Division and Company name>, a wholly owned subsidiary. The Board considered the subsidiary to meet the criteria to be classified as held for sale at that date for the following reasons:

- <insert Company name> was available for immediate sale and could be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- A potential buyer had been identified and negotiations were at an advanced stage, with a letter of intent having been agreed between the two parties as of 1 October 2024

For more details on the discontinued operation, refer to Note 13.

Consolidation of a structured entity

In XXXX 2024, the Group and a third party partner formed an entity, <insert Company name>, to <insert business reason>.The Group holds XX% of the voting shares in this entity. The third-party partner contributed approximately HK$X,XXX,XXX in 2024, representing XX% of the voting shares, for the <business reason>.

The third-party partner is committed to provide approximately HK$X,XXX,XXX in each of the following two years to complete the project. The construction is expected to be completed in 20XX at a total cost of approximately HK$X,XXX,XXX. The partner is entitled to a XX% return on the outstanding capital upon the commencement of operations. Under the contractual arrangement with the third party partner, the Group has a majority representation on the entity's board of directors and the Group's approval is required for all major operational decisions. At the end of the fourth annual period, the partner is entitled to a XXX% capital return. The EIR is XX% and the interest accumulated on the contributed amount totalled HK$XXX,XXX at 31 December 2024. The Group is effectively guaranteeing the returns to the third-party partner. On completion of the construction, the operations of <insert Company name> will be solely carried out by the Group.

Based on the contractual terms, the Group assessed that the voting rights in <insert Company name> are not the dominant factor in deciding who controls the entity. Also, it is assessed that there is insufficient equity financing (HK$XXX,XXX) to allow the entity to finance its activities without the non-equity financial support of the Group. Therefore, the Group concluded <insert Company name> is a structured entity under HKFRS 10 *Consolidated Financial Statements* and that the Group controls it with no non-controlling interests. The voting shares of the third-party partner are accounted for as a financial liability.

3. Significant accounting judgements, estimates and assumptions (continued)

Judgements (continued)

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

Assets held for sale

On X XXXX 2025, the Board of Directors announced its decision to discontinue <insert Segment/Division and Company name>, a wholly owned subsidiary. The Board considered the subsidiary to meet the criteria to be classified as held for sale at that date for the following reasons:

- <insert Company name> was available for immediate sale and could be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- A potential buyer had been identified and negotiations were at an advanced stage, with a letter of intent having been agreed between the two parties as of 1 October 2025

For more details on the discontinued operation, refer to Note 13.

Consolidation of a structured entity

In XXXX 2025, the Group and a third party partner formed an entity, <insert Company name>, to <insert business reason>.The Group holds XX% of the voting shares in this entity. The third-party partner contributed approximately HK$X,XXX,XXX in 2025, representing XX% of the voting shares, for the <business reason>.

The third-party partner is committed to provide approximately HK$X,XXX,XXX in each of the following two years to complete the project. The construction is expected to be completed in 20XX at a total cost of approximately HK$X,XXX,XXX. The partner is entitled to a XX% return on the outstanding capital upon the commencement of operations. Under the contractual arrangement with the third party partner, the Group has a majority representation on the entity's board of directors and the Group's approval is required for all major operational decisions. At the end of the fourth annual period, the partner is entitled to a XXX% capital return. The EIR is XX% and the interest accumulated on the contributed amount totalled HK$XXX,XXX at 31 December 2025. The Group is effectively guaranteeing the returns to the third-party partner. On completion of the construction, the operations of <insert Company name> will be solely carried out by the Group.

Based on the contractual terms, the Group assessed that the voting rights in <insert Company name> are not the dominant factor in deciding who controls the entity. Also, it is assessed that there is insufficient equity financing (HK$XXX,XXX) to allow the entity to finance its activities without the non-equity financial support of the Group. Therefore, the Group concluded <insert Company name> is a structured entity under HKFRS 10 *Consolidated Financial Statements* and that the Group controls it with no non-controlling interests. The voting shares of the third-party partner are accounted for as a financial liability.

Therefore, <insert Company name> is consolidated in the Group's consolidated financial statements. The shares of the third-party partner are recorded as a long-term loan and the return on investment is recorded as interest expense.

3. Significant accounting judgements, estimates and assumptions (continued)

Judgements (continued)

Therefore, <insert Company name> is consolidated in the Group's consolidated financial statements. The shares of the third-party partner are recorded as a long-term loan and the return on investment is recorded as interest expense.

Consolidation of entities in which the Group holds less than a majority of voting rights

The Group considers that it controls <insert Company name> even though it owns less than XX% of the voting rights. This is because the Group is the single largest shareholder of <insert Company name> with a XX% equity interest. The remaining XX% of the equity shares in <insert Company name> are widely held by many other shareholders, none of which individually hold more than X% of the equity shares (as recorded in the company's shareholders' register from X XXXX 20XX to 31 December 2024). Since X XXXX 20XX, which is the date of acquisition of <insert Company name>, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has HK$XXX,XXX (2023: HK$X,XXX,XXX) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had able to recognise all unrecognised deferred tax assets, profit and equity would have increased by HK$XXX,XXX. Further details on taxes are disclosed in Note 14.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used, as there is a lack of comparable market data because of the nature of the properties. In addition, the Group measures the office properties in <insert country> at revalued amounts, with changes in fair value being recognised in OCI. The office properties were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2024 for the investment properties and at 1 January and 31 December 2024 for the office properties in <insert country>.

3. Significant accounting judgements, estimates and assumptions (continued)

Judgements (continued)

Consolidation of entities in which the Group holds less than a majority of voting rights (de facto control)

The Group considers that it controls <insert Company name> even though it owns less than XX% of the voting rights. This is because the Group is the single largest shareholder of <insert Company name> with a XX% equity interest. The remaining XX% of the equity shares in <insert Company name> are widely held by many other shareholders, none of which individually hold more than X% of the equity shares (as recorded in the company's shareholders' register from X XXXX 20XX to 31 December 2025). Since X XXXX 20XX, which is the date of acquisition of <insert Company name>, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has HK$XXX,XXX (2024: HK$X,XXX,XXX) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, profit and equity would have increased by HK$XXX,XXX. Further details on taxes are disclosed in Note 14.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revaluation of property, plant and equipment and investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used, as there is a lack of comparable market data because of the nature of the properties. In addition, the Group measures the office properties in <insert country> at revalued amounts, with changes in fair value being recognised in OCI. The office properties were valued by reference to transactions involving properties of a similar nature, location and condition. The Group engaged an independent valuation specialist to assess fair values as at 31 December 2025 for the investment properties and at 1 January and 31 December 2025 for the office properties in <insert country>.

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 15 and 16.

3. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Notes 15 and 16.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 18.

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 19.

3. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 18.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 19.

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model for <name of the plan> and a Monte-Carlo simulation model for <name of the share option plan>. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 32.

3. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model for <name of the plan> and a Monte-Carlo simulation model for <name of the share option plan>. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 32.

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The calculation is most sensitive to changes in the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an ‘AA’ rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in Note 31.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 19.4 for further disclosures.

3. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The calculation is most sensitive to changes in the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in Note 31.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 19.4 for further disclosures.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (see Notes 7 and 19.4 for details).

As part of the accounting for the acquisition of <insert Company name>, contingent consideration with an estimated fair value of HK$XXX,XXX was recognised at the acquisition date and remeasured to HK$X,XXX,XXX as at the reporting date. Future developments may require further revisions to the estimate. The maximum consideration to be paid is HK$X,XXX,XXX. The contingent consideration is classified as other financial liability (see Note 19.2).

3. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (see Notes 7 and 19.4 for details).

As part of the accounting for the acquisition of <insert Company name>, contingent consideration with an estimated fair value of HK$XXX,XXX was recognised at the acquisition date and remeasured to HK$X,XXX,XXX as at the reporting date. Future developments may require further revisions to the estimate. The maximum consideration to be paid is HK$X,XXX,XXX. The contingent consideration is classified as other financial liability (see Note 19.2).

Development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 December 2024, the carrying amount of capitalised development costs was $2,178,000 (2023: $1,686,000).

This amount includes significant investment in the development of an <insert description>. Prior to being marketed, it will need to obtain an approval from the relevant regulatory authorities. The innovative nature of the product gives rise to some uncertainty as to whether the approval will be obtained.

Useful lives and residual values of property, plant and equipment

The Group reviews the estimated residual values and expected useful lives of property, plant and equipment at least annually. In particular, it considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. Furthermore, the Group considers climate-related matters, including physical and transition risks. Specifically, it determines whether climate-related legislation and regulations might impact either the useful life or residual values, e.g., by banning or restricting the use of the Group's fossil fuel-driven machinery and equipment or imposing additional energy efficiency requirements on is buildings and office properties.

Provision for decommissioning

As part of the identification and measurement of assets and liabilities for the acquisition of <insert Company name> in 2024, the Group has recognised a provision for decommissioning obligations associated with a factory owned by <insert Company name>. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site in order to remediate the environmental damage caused and the expected timing of those costs. In estimating the expected cost, the Group takes into account changes in environmental legislation and regulations that may impact the process for dismantling and removing the plant. The carrying amount of the provision as at 31 December 2024 was $1,221,000 (2023: -). The Group estimates that the costs would be realised in 15 years' time and calculates the provision using the DCF method based on the following assumptions:

- Estimated range of cost per sqm - HK$XX - HK$XX (HK$XX)
- Discount rate - XX%

3. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 December 2025, the carrying amount of capitalised development costs was $2,178,000 (2024: $1,686,000).

This amount includes significant investment in the development of an <insert description>. Prior to being marketed, it will need to obtain an approval from the relevant regulatory authorities. The innovative nature of the product gives rise to some uncertainty as to whether the approval will be obtained.

Useful lives and residual values of property, plant and equipment

The Group reviews the estimated residual values and expected useful lives of property, plant and equipment at least annually. In particular, it considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. Furthermore, the Group considers climate-related matters, including physical and transition risks. Specifically, it determines whether climate-related legislation and regulations might impact either the useful life or residual values, e.g., by banning or restricting the use of the Group's fossil fuel-driven machinery and equipment or imposing additional energy efficiency requirements on is buildings and office properties.

Provision for decommissioning

As part of the identification and measurement of assets and liabilities for the acquisition of <insert Company name> in 2025, the Group has recognised a provision for decommissioning obligations associated with a factory owned by <insert Company name>. In determining the fair value of the provision, assumptions and estimates are made in relation to discount rates, the expected cost to dismantle and remove the plant from the site in order to remediate the environmental damage caused and the expected timing of those costs. In estimating the expected cost, the Group takes into account changes in environmental legislation and regulations that may impact the process for dismantling and removing the plant. The carrying amount of the provision as at 31 December 2025 was $1,221,000 (2024: -). The Group estimates that the costs would be realised in 15 years' time and calculates the provision using the DCF method based on the following assumptions:

- Estimated range of cost per sqm - HK$XX - HK$XX (HK$XX)
- Discount rate - XX%

If the estimated pre-tax discount rate used in the calculation had been X% higher than management's estimate, the carrying amount of the provision would have been HK$XX,XXX lower.

Revenue recognition - Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of <insert description of products sold> with rights of return and volume rebates.

The Group has developed a statistical model for forecasting sales returns. The model uses the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

3. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

If the estimated pre-tax discount rate used in the calculation had been X% higher than management's estimate, the carrying amount of the provision would have been HK$XX,XXX lower.

Revenue recognition - Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of <insert description of products sold> with rights of return and volume rebates.

The Group has developed a statistical model for forecasting sales returns. The model uses the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group applied the statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 31 December 2024, the amount recognised as refund liabilities for the expected returns and volume rebates was $6,242,000 (2023: $5,844,000).

Revenue recognition - Estimating stand-alone selling price – loyalty programme

The Group estimates the stand-alone selling price of the loyalty points awarded under the loyalty programme. The stand-alone selling price of the loyalty points issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Group considers breakage which represents the portion of the points issued that will never be redeemed. The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated quarterly and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the Group considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. The Group ensures that the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption (i.e., the value of each point is equivalent to the stand-alone selling price of any products eligible for redemption divided by number of points required).

As points issued under the programme do not expire, estimates of the stand-alone selling price are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at 31 December 2024, the estimated liability for unredeemed points was HK$XXX,XXX (2023: HK$XXX,XXX). If the estimated redemption rate used had been higher by X% than management's estimate, the carrying amount of the estimated liability for unredeemed points as at 31 December 2024 would have been higher by HK$X,XXX (2023: HK$X,XXX).

3. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group applied the statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 31 December 2025, the amount recognised as refund liabilities for the expected returns and volume rebates was $6,242,000 (2024: $5,844,000).

Revenue recognition - Estimating stand-alone selling price – loyalty programme

The Group estimates the stand-alone selling price of the loyalty points awarded under the loyalty programme. The stand-alone selling price of the loyalty points issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Group considers breakage which represents the portion of the points issued that will never be redeemed. The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated quarterly and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the Group considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. The Group ensures that the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption (i.e., the value of each point is equivalent to the stand-alone selling price of any products eligible for redemption divided by number of points required).

As points issued under the programme do not expire, estimates of the stand-alone selling price are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at 31 December 2025, the estimated liability for unredeemed points was HK$XXX,XXX (2024: HK$XXX,XXX). If the estimated redemption rate used had been higher by X% than management's estimate, the carrying amount of the estimated liability for unredeemed points as at 31 December 2025 would have been higher by HK$X,XXX (2024: HK$X,XXX).

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. Revenue from contracts with customers

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the year ended 31 December 2024		
Segments	**<insert product 1>**	**<insert product 2>**	**Total**
	HK$'000	**HK$'000**	**HK$'000**
Type of goods or service			
Sale of <insert product>	85,438	-	**85,438**
Sale of <insert product>	-	69,263	**69,263**
Installation services	17,131	-	**17,131**
Others*	7,226	-	**7,226**
Total revenue from contracts with customers	**109,795**	**69,263**	**179,058**
Geographical markets			
<insert country/region>	76,413	50,421	**126,834**
<insert country/region>	33,382	18,842	**52,224**
Total revenue from contracts with customers	**109,795**	**69,263**	**179,058**
Timing of revenue recognition			
Goods and services transferred at a point in time	90,141	69,263	**159,404**
Services transferred over time	19,654	-	**19,654**
Total revenue from contracts with customers	**109,795**	**69,263**	**179,058**

*Includes revenue from procurement services and service-type warranties.

4. Revenue from contracts with customers

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the year ended 31 December 2025		
Segments	**<insert product 1>**	**<insert product 2>**	**Total**
	HK$'000	**HK$'000**	**HK$'000**
Type of goods or service			
Sale of <insert product>	85,438	-	**85,438**
Sale of <insert product>	-	69,263	**69,263**
Installation services	17,131	-	**17,131**
Others*	7,226	-	**7,226**
Total revenue from contracts with customers	**109,795**	**69,263**	**179,058**
Geographical markets			
<insert country/region>	76,413	50,421	**126,834**
<insert country/region>	33,382	18,842	**52,224**
Total revenue from contracts with customers	**109,795**	**69,263**	**179,058**
Timing of revenue recognition			
Goods and services transferred at a point in time	90,141	69,263	**159,404**
Services transferred over time	19,654	-	**19,654**
Total revenue from contracts with customers	**109,795**	**69,263**	**179,058**

*Includes revenue from procurement services and service-type warranties.

	For the year ended 31 December 2024		
Segments	**<insert product 1>**	**<insert product 2>**	**Total**
	HK$'000	**HK$'000**	**HK$'000**
Type of goods or service			
Sale of <insert product>	69,107	-	**69,107**
Sale of <insert product>	-	66,621	**66,621**
Installation services	16,537	-	**16,537**
Others*	6,823	-	**6,823**
Total revenue from contracts with customers	**92,467**	**66,621**	**159,088**
Geographical markets			
<insert country/region>	62,239	48,968	**111,207**
<insert country/region>	30,228	17,653	**47,881**
Total revenue from contracts with customers	**92,467**	**66,621**	**159,088**
Timing of revenue recognition			
Goods and services transferred at a point in time	73,696	66,621	**140,317**
Services transferred over time	18,771	-	**18,771**
Total revenue from contracts with customers	**92,467**	**66,621**	**159,088**

4. Revenue from contracts with customers (continued)

4.1 Disaggregated revenue information (continued)

Type of goods or service			
Sale of <insert product>	69,107	-	**69,107**
Sale of <insert product>	-	66,621	**66,621**
Installation services	16,537	-	**16,537**
Others*	6,823	-	**6,823**
Total revenue from contracts with customers	**92,467**	**66,621**	**159,088**
Geographical markets			
<insert country/region>	62,239	48,968	**111,207**
<insert country/region>	30,228	17,653	**47,881**
Total revenue from contracts with customers	**92,467**	**66,621**	**159,088**
Timing of revenue recognition			
Goods and services transferred at a point in time	73,696	66,621	**140,317**
Services transferred over time	18,771	-	**18,771**
Total revenue from contracts with customers	**92,467**	**66,621**	**159,088**

4. Revenue from contracts with customers (continued)

4.1 Disaggregated revenue information (continued)

*Includes revenue from procurement services and service-type warranties.

Set out below, is the reconciliation of the revenue from contracts with customers to the amounts per type of product line:

	For the years ended 31 December			
	2024		2023	
	<insert product 1>	<insert product 2>	<insert product 1>	<insert product 2>
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue				
External customer	139,842	69,263	121,905	66,621
Inter-segment	-	7,465	-	7,319
	139,842	76,728	121,905	73,940
Inter-segment adjustments and eliminations	(30,047)	(7,465)	(29,438)	(7,319)
Total revenue from contracts with customers	**109,795**	**69,263**	**92,467**	**66,621**

4.2 Contract balances

		31 December		1 January
		2024	2023	2023
	Notes	HK$'000	HK$'000	HK$'000
Trade receivables	21	25,672	22,290	25,537
Contract assets		4,541	5,180	3,450
Contract liabilities	28	5,842	3,374	2,528

The acquisition of a subsidiary resulted in an increase in trade receivables of HK$X,XXX,XXX in 2024 (2023: HK$XXX,XXX) (Note 7). In 2024, HK$XXX,XXX (2023: HK$XX,XXX) was recognised as provision for expected credit losses on trade receivables.

Contract assets relate to revenue earned from ongoing installation services. As such, the balances of this account vary and depend on the number of ongoing installation services at the end of the year. In 2024, HK$X,XXX (2023: HK$X,XXX) was recognised as provision for expected credit losses on contract assets.

Contract liabilities include long-term advances received to deliver <insert product> and short-term advances received to render installation services as well as transaction price allocated to unexpired service warranties, and loyalty points not yet redeemed. The outstanding balances of these accounts increased in 2024 and 2023 due to the continuous increase in the Group's customer base (Note 28).

The significant increase in contract liabilities in 2024 was mainly due to the HK$X,XXX,XXX long-term advances received from customers during the year. In 2024, HK$XXX,XXX (2023: HK$XX,XXX) was recognised as interest on long-term advances increasing the contract liabilities' balance (Note 7). The acquisition of a subsidiary also resulted in an increase in contract liabilities of HK$XXX,XXX in 2024 (2023: $Nil) (Note 7).

Set out below is the amount of revenue recognised from:

4. Revenue from contracts with customers (continued)

4.1 Disaggregated revenue information (continued)

*Includes revenue from procurement services and service-type warranties.

Set out below, is the reconciliation of the revenue from contracts with customers to the amounts per type of product line:

	For the years ended 31 December			
	2025		2024	
	<insert product 1>	<insert product 2>	<insert product 1>	<insert product 2>
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue				
External customer	139,842	69,263	121,905	66,621
Inter-segment	-	7,465	-	7,319
	139,842	76,728	121,905	73,940
Inter-segment adjustments and eliminations	(30,047)	(7,465)	(29,438)	(7,319)
Total revenue from contracts with customers	**109,795**	**69,263**	**92,467**	**66,621**

4.2 Contract balances

		31 December		1 January
		2025	2024	2024
	Notes	HK$'000	HK$'000	HK$'000
Trade receivables	21	25,672	22,290	25,537
Contract assets		4,541	5,180	3,450
Contract liabilities	28	5,842	3,374	2,528

The acquisition of a subsidiary resulted in an increase in trade receivables of HK$X,XXX,XXX in 2025 (2024: HK$XXX,XXX) (Note 7). In 2025, HK$XXX,XXX (2024: HK$XX,XXX) was recognised as provision for expected credit losses on trade receivables.

Contract assets relate to revenue earned from ongoing installation services. As such, the balances of this account vary and depend on the number of ongoing installation services at the end of the year. In 2025, HK$X,XXX (2024: HK$X,XXX) was recognised as provision for expected credit losses on contract assets.

Contract liabilities include long-term advances received to deliver <insert product> and short-term advances received to render installation services as well as transaction price allocated to unexpired service warranties, and loyalty points not yet redeemed. The outstanding balances of these accounts increased in 2025 and 2024 due to the continuous increase in the Group's customer base (Note 28).

The significant increase in contract liabilities in 2025 was mainly due to the HK$X,XXX,XXX long-term advances received from customers during the year. In 2025, HK$XXX,XXX (2024: HK$XX,XXX) was recognised as interest on long-term advances increasing the contract liabilities' balance (Note 12.3). The acquisition of a subsidiary also resulted in an increase in contract liabilities of HK$XXX,XXX in 2025 (2024: $Nil) (Note 7).

Set out below is the amount of revenue recognised from:

4. Revenue from contracts with customers (continued)

4.2 Contract balances (continued)

	2024	2023
	HK$'000	HK$'000
Amounts included in contract liabilities at the beginning of the year	2,486	1,836
Performance obligations satisfied in previous years	516	252

4.3 Right of return assets and refund liabilities

	2024	2023
	HK$'000	HK$'000
Right of return assets	**1,124**	**929**
Refund liabilities		
Arising from retrospective volume rebates	4,658	4,504
Arising from rights of return	1,584	1,340
	6,242	**5,844**

4.4 Performance obligations

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

<insert product>

The performance obligation is satisfied upon delivery of the equipment and payment is generally due within XX to XX days from delivery.

The performance obligation to deliver <insert product> with a manufacturing lead time of XX years has two alternative payment options. The customer can pay the transaction price equal to the cash selling price upon delivery of the equipment or pay a lower transaction price upon signing the contract. There is a significant financing component for those contracts where the customer elected to pay in advance.

In some contracts, a one-year warranty beyond fixing the defects that existed at the time of sale is provided to customers. The warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the warranty service is satisfied over the coverage period based on time elapsed.

<insert product>

The performance obligation is satisfied upon delivery of the <insert description of products sold> and payment is generally due within XX to XX days from delivery. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Customers are entitled to loyalty points which results in allocation of a portion of the transaction price to the loyalty points. Revenue is recognised when the points are redeemed.

4. Revenue from contracts with customers (continued)

4.2 Contract balances (continued)

	2025	2024
	HK$'000	HK$'000
Amounts included in contract liabilities at the beginning of the year	2,486	1,836
Performance obligations satisfied in previous years	516	252

4.3 Right of return assets and refund liabilities

	2025	2024
	HK$'000	HK$'000
Right of return assets	**1,124**	**929**
Refund liabilities		
Arising from retrospective volume rebates	4,658	4,504
Arising from rights of return	1,584	1,340
	6,242	**5,844**

4.4 Performance obligations

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

<insert product>

The performance obligation is satisfied upon delivery of the equipment and payment is generally due within XX to XX days from delivery.

The performance obligation to deliver <insert product> with a manufacturing lead time of XX years has two alternative payment options. The customer can pay the transaction price equal to the cash selling price upon delivery of the equipment or pay a lower transaction price upon signing the contract. There is a significant financing component for those contracts where the customer elected to pay in advance.

In some contracts, a one-year warranty beyond fixing the defects that existed at the time of sale is provided to customers. The warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the warranty service is satisfied over the coverage period based on time elapsed.

<insert product>

The performance obligation is satisfied upon delivery of the <insert description of products sold> and payment is generally due within XX to XX days from delivery. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Customers are entitled to loyalty points which results in allocation of a portion of the transaction price to the loyalty points. Revenue is recognised when the points are redeemed.

In addition, the Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

4. Revenue from contracts with customers (continued)

4.4 Performance obligations (continued)

In addition, the Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

Installation services

The performance obligation is satisfied over-time and payment is generally due upon completion of installation and acceptance of the customer. In some contracts, short-term advances are required before the installation service is provided.

Procurement services

There are contracts with customers to acquire, on their behalf, <insert product> produced by foreign suppliers. The Group is acting as agent in these arrangements. The performance obligation is satisfied and payment is due upon receipt of the equipment by the customer.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

	2024 HK$'000	2023 HK$'000
Within one year	12,915	8,793
More than one year	7,216	2,152
Total	**20,131**	**10,945**

The remaining performance obligations expected to be recognised in more than one year relate to the delivery of <insert product> that is to be satisfied within two years and the customer loyalty programme. The customer loyalty points have no expiration and redemptions can go beyond two years (Note 28). All the other remaining performance obligations are expected to be recognised within one year.

5. Capital management

For the purpose of the Group's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between XX% and XX%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations. The Group has established a supplier finance arrangement to manage its working capital. See Note 19.5 and Note 29 for further details.

4. Revenue from contracts with customers (continued)

4.4 Performance obligations (continued)

Installation services

The performance obligation is satisfied over-time and payment is generally due upon completion of installation and acceptance of the customer. In some contracts, short-term advances are required before the installation service is provided.

Procurement services

There are contracts with customers to acquire, on their behalf, <insert product> produced by foreign suppliers. The Group is acting as agent in these arrangements. The performance obligation is satisfied and payment is due upon receipt of the equipment by the customer.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

	2025 HK$'000	2024 HK$'000
Within one year	12,915	8,793
More than one year	7,216	2,152
Total	**20,131**	**10,945**

The remaining performance obligations expected to be recognised in more than one year relate to the delivery of <insert product> that is to be satisfied within two years and the customer loyalty programme. The customer loyalty points have no expiration and redemptions can go beyond two years (Note 28). All the other remaining performance obligations are expected to be recognised within one year.

5. Capital management

For the purpose of the Group's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between XX% and XX%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations. The Group has established a supplier finance arrangement to manage its working capital. See Note 19.5 and Note 29 for further details.

5. Capital management (continued)

	Notes	2024 HK$'000	2023 HK$'000
Interest-bearing loans and borrowings other than convertible preference shares	19.2	22,201	23,811
Trade and other payables	29	16,969	20,023
Less: cash and short-term deposits	23	(17,528)	(14,916)
Net debt		**21,642**	**28,918**
Convertible preference shares	19.2	2,778	2,644
Equity		58,357	45,102
Total capital		**61,135**	**47,746**
Capital and net debt		**82,777**	**76,664**
Gearing ratio		26%	38%

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

6. Group information

Subsidiaries

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% equity interest 2024	% equity interest 2023
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>*	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>**	<insert principal activities>	<insert country>	-	-

* TR Example Limited holds XX% of the equity in <insert Company name>, but consolidates XXX% of this entity.

** TR Example Limited consolidates this entity based on de facto control. See Note 3 for more details.

5. Capital management (continued)

	Notes	2025 HK$'000	2024 HK$'000
Interest-bearing loans and borrowings other than convertible preference shares	19.2	22,201	23,811
Trade and other payables	29	16,969	20,023
Less: cash and short-term deposits	23	(17,528)	(14,916)
Net debt		**21,642**	**28,918**
Convertible preference shares	19.2	2,778	2,644
Equity		58,357	45,102
Total capital		**61,135**	**47,746**
Capital and net debt		**82,777**	**76,664**
Gearing ratio		26%	38%

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

6. Group information

Subsidiaries

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% equity interest 2025	 2024
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>*	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>	<insert principal activities>	<insert country>	-	-
<insert Company name>**	<insert principal activities>	<insert country>	-	-

* TR Example Limited holds XX% of the equity in <insert Company name>, but consolidates XXX% of this entity.

See Note 3 for details on interest held in <insert Company name>.

** TR Example Limited consolidates this entity based on de facto control. See Note 3 for more details.

The holding company

The immediate and ultimate holding company of the TR Example Group is Parent Limited which owns XX.XX% (2024: XX.XX%) of its ordinary shares is based and listed in <insert country>.

6. Group information (continued)

The holding company

The immediate and ultimate holding company of the TR Example Group is Parent Limited which owns XX.XX% (2023: XX.XX%) of its ordinary shares is based and listed in <insert country>.

Entity with significant influence over the Group

<insert Company name> owns XX.XX% of the ordinary shares in TR Example Group (2023: XX.XX%).

Associate

The Group has a XX% interest in <insert Company name> (2023: XX%). For more details, refer to Note 10.

Joint arrangement in which the Group is a joint venturer

The Group has a XX% interest in <insert Company name> (2023: XX%). For more details, refer to Note 9.

7. Business combinations and acquisition of non-controlling interests

Acquisitions in 2024

Acquisition of <insert name>

On X XXX 2024, the Group acquired XX% of the voting shares of <insert name>, a non-listed company based in <insert country> and specialising in the manufacture of <insert product>, in exchange for the Company's shares. The Group acquired <insert Company name> because it significantly enlarges the range of products in the <insert explanation of type of product> that can be offered to its clients.

The Group has elected to measure the non-controlling interests in the acquiree at fair value.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of <insert name> as at the date of acquisition were:

	Notes	Fair value recognised on acquisition HK$'000
Assets		
Property, plant and equipment	15	7,042
Right-of-use assets	30	248
Cash and cash equivalents		230
Trade receivables	4	1,716
Inventories		3,330
Patents and licences	17	1,200
		13,766

6. Group information (continued)

Entity with significant influence over the Group

<insert Company name> owns XX.XX% of the ordinary shares in TR Example Group (2024: XX.XX%).

Associate

The Group has a XX% interest in <insert Company name> (2024: XX%). For more details, refer to Note 10.

Joint arrangement in which the Group is a joint venturer

The Group has a XX% interest in <insert Company name> (2024: XX%). For more details, refer to Note 9.

7. Business combinations and acquisition of non-controlling interests

Acquisitions in 2025

Acquisition of <insert name>

On X XXX 2025, the Group acquired XX% of the voting shares of <insert name>, a non-listed company based in <insert country> and specialising in the manufacture of <insert product>, in exchange for the Company's shares. The Group acquired <insert Company name> because it significantly enlarges the range of products in the <insert explanation of type of product> that can be offered to its clients.

The Group has elected to measure the non-controlling interests in the acquiree at fair value.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of <insert name> as at the date of acquisition were:

	Notes	Fair value recognised on acquisition HK$'000
Assets		
Property, plant and equipment	15	7,042
Right-of-use assets	30	248
Cash and cash equivalents		230
Trade receivables	4	1,716
Inventories		3,330
Patents and licences	17	1,200
		13,766
Liabilities		
Trade payables		(1,901)
Lease liabilities	30	(213)
Contract liabilities	4	(428)
Contingent liability	26	(380)
Provision for restructuring	26	(900)
Provision for decommissioning costs	26	(1,200)
Deferred tax liability	14	(1,511)
		(6,533)
Total identifiable net assets at fair value		**7,233**

7. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2024 (continued)

Assets acquired and liabilities assumed (continued)

	Notes	Fair value recognised on acquisition HK$'000
Liabilities		
Trade payables		(1,901)
Lease liabilities	30	(213)
Contract liabilities	4	(428)
Contingent liability	26	(380)
Provision for restructuring	26	(900)
Provision for decommissioning costs	26	(1,200)
Deferred tax liability	14	(1,511)
		(6,533)
Total identifiable net assets at fair value		**7,233**
Non-controlling interest measured at fair value		(1,547)
Goodwill arising on acquisition	17	2,231
Purchase consideration transferred		7,917

7. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2025 (continued)

Assets acquired and liabilities assumed (continued)

	Notes	Fair value recognised on acquisition HK$'000
Non-controlling interest measured at fair value		(1,547)
Goodwill arising on acquisition	17	2,231
Purchase consideration transferred		7,917

7. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2024 (continued)

Assets acquired and liabilities assumed (continued)

The acquisition date fair value of the trade receivables amounts to HK$X,XXX,XXX. The gross amount of trade receivables is HK$X,XXX,XXX and it is expected that the full contractual amounts can be collected.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

Prior to the acquisition, <insert name> decided to eliminate certain product lines (further details are given in Note 26). The restructuring provision recognised was a present obligation of <insert name> immediately prior to the business combination. The execution of the restructuring plan was not conditional upon it being acquired by the Group.

The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.

The goodwill of HK$X,XXX,XXX comprises the value of expected synergies arising from the acquisition and a customer list, which is not separately recognised. Goodwill is allocated entirely to the <insert the CGU>. Due to the contractual terms imposed on acquisition, the customer list is not separable. Therefore, it does not meet the criteria for recognition as an intangible asset under IAS 38. None of the goodwill recognised is expected to be deductible for income tax purposes.

A contingent liability at fair value of HK$XXX,XXX was recognised at the acquisition date resulting from a claim of a supplier whose shipment was rejected and payment was refused by the Group due to deviations from the defined technical specifications of the goods. The claim is subject to legal arbitration and is only expected to be finalised in late 20XX. As at the reporting date, the contingent liability was re-assessed and is determined to be HK$XXX,XXX , based on the expected probable outcome. The charge to profit or loss has been recognised.

The fair value of the non-controlling interest in <insert name>, a non-listed company, has been estimated by applying a discounted earnings technique. The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:

- An assumed discount rate of XX%
- A terminal value, calculated based on long-term sustainable growth rates for the industry ranging from X% to X%, which has been used to determine income for the future years
- A reinvestment ratio of XX% of earnings

From the date of acquisition, <insert name> contributed HK$XX,XXX,XXX of revenue and HK$XXX,XXX to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been HK$XX,XXX,XXX and profit before tax from continuing operations for the Group would have been HK$X,XXX,XXX.

7. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2025 (continued)

Assets acquired and liabilities assumed (continued)

The acquisition date fair value of the trade receivables amounts to HK$X,XXX,XXX. The gross amount of trade receivables is HK$X,XXX,XXX and it is expected that the full contractual amounts can be collected.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms.

Prior to the acquisition, <insert name> decided to eliminate certain product lines (further details are given in Note 26). The restructuring provision recognised was a present obligation of <insert name> immediately prior to the business combination. The execution of the restructuring plan was not conditional upon it being acquired by the Group.

The deferred tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.

The goodwill of HK$X,XXX,XXX comprises the value of expected synergies arising from the acquisition and a customer list, which is not separately recognised. Goodwill is allocated entirely to the <insert the CGU>. Due to the contractual terms imposed on acquisition, the customer list is not separable. Therefore, it does not meet the criteria for recognition as an intangible asset under IAS 38. None of the goodwill recognised is expected to be deductible for income tax purposes.

A contingent liability at fair value of HK$XXX,XXX was recognised at the acquisition date resulting from a claim of a supplier whose shipment was rejected and payment was refused by the Group due to deviations from the defined technical specifications of the goods. The claim is subject to legal arbitration and is only expected to be finalised in late 20XX. As at the reporting date, the contingent liability was re-assessed and is determined to be HK$XXX,XXX , based on the expected probable outcome (see Note 26). The charge to profit or loss has been recognised.

The fair value of the non-controlling interest in <insert name>, a non-listed company, has been estimated by applying a discounted earnings technique. The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:

- An assumed discount rate of XX%
- A terminal value, calculated based on long-term sustainable growth rates for the industry ranging from X% to X%, which has been used to determine income for the future years
- A reinvestment ratio of XX% of earnings

From the date of acquisition, <insert name> contributed HK$XX,XXX,XXX of revenue and HK$XXX,XXX to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been HK$XX,XXX,XXX and profit before tax from continuing operations for the Group would have been HK$X,XXX,XXX.

	HK$'000
Purchase consideration	
Shares issued, at fair value	7,203
Contingent consideration liability	714
Total consideration	**7,917**

7. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2024 (continued)

Assets acquired and liabilities assumed (continued)

	HK$'000
Purchase consideration	
Shares issued, at fair value	7,203
Contingent consideration liability	714
Total consideration	**7,917**

Analysis of cash flows on acquisition:	
Transaction costs of the acquisition (included in cash flows from operating activities)	(600)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	230
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)	(32)
Net cash flow on acquisition	**(402)**

The Company issued HK$X,XXX,XXX ordinary shares as consideration for the XX% interest in <insert name>. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was HK$X.XX per share. The fair value of the consideration given was therefore HK$X,XXX,XXX.

Transaction costs of HK$XXX,XXX were expensed and are included in administrative expenses. The attributable costs of the issuance of the shares of HK$XX,XXX have been charged directly to equity as a reduction in share premium.

Contingent consideration

As part of the purchase agreement with the previous owner of <insert name>, a contingent consideration has been agreed. There will be additional cash payments to the previous owners of <insert name> of:

(a) HK$XXX,XXX, if the entity generates up to HK$X,XXX,XXX of profit before tax in a XX-month period after the acquisition date

Or

(b) HK$X,XXX,XXX, if the entity generates HK$X,XXX,XXX or more of profit before tax in a XX-month period after the acquisition date

As at the acquisition date, the fair value of the contingent consideration was estimated to be HK$XXX,XXX. The contingent consideration is classified as other financial liability (see Note 19.2).

As at 31 December 2024, the key performance indicators of <insert name> show that it is highly probable that the target will be achieved due to a significant expansion of the business and the synergies realised. The fair value of the contingent consideration determined at 31 December 2024 reflects this development, among other factors and a remeasurement charge has been recognised through profit or loss. The fair value is determined using a DCF method. A reconciliation of fair value measurement of the contingent consideration liability (Level 3) is provided below:

7. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2025 (continued)

Assets acquired and liabilities assumed (continued)

Analysis of cash flows on acquisition:

Transaction costs of the acquisition (included in cash flows from operating activities)	(600)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	230
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)	(32)
Net cash flow on acquisition	**(402)**

The Company issued HK$X,XXX,XXX ordinary shares as consideration for the XX% interest in <insert name>. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was HK$X.XX per share. The fair value of the consideration given was therefore HK$X,XXX,XXX.

Transaction costs of HK$XXX,XXX were expensed and are included in administrative expenses. The attributable costs of the issuance of the shares of HK$XX,XXX have been charged directly to equity as a reduction in share premium.

Contingent consideration

As part of the purchase agreement with the previous owner of <insert name>, a contingent consideration has been agreed. There will be additional cash payments to the previous owners of <insert name> of:

(a) HK$XXX,XXX, if the entity generates up to HK$X,XXX,XXX of profit before tax in a XX-month period after the acquisition date

Or

(b) HK$X,XXX,XXX, if the entity generates HK$X,XXX,XXX or more of profit before tax in a XX-month period after the acquisition date

As at the acquisition date, the fair value of the contingent consideration was estimated to be HK$XXX,XXX. The contingent consideration is classified as other financial liability (see Note 19.2).

As at 31 December 2025, the key performance indicators of <insert name> show that it is highly probable that the target will be achieved due to a significant expansion of the business and the synergies realised. The fair value of the contingent consideration determined at 31 December 2025 reflects this development, among other factors and a remeasurement charge has been recognised through profit or loss. The fair value is determined using a DCF method. The significant unobservable inputs used in the fair value measurements, together with a quantitative sensitivity analysis as at 31 December 2025 are provided in Note 19.4. A reconciliation of fair value measurement of the contingent consideration liability (Level 3) is provided below:

	HK$'000
Liability arising on business combination	714
Unrealised fair value changes recognised in profit or loss	358
As at 31 December 2025	**1,072**

7. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2024 (continued)

Assets acquired and liabilities assumed (continued)

	HK$'000
Liability arising on business combination	714
Unrealised fair value changes recognised in profit or loss	358
As at 31 December 2024	**1,072**

The fair value of the contingent consideration liability increased due to a significantly improved performance of <insert name> compared with the budget. The contingent consideration liability is due for final measurement and payment to the former shareholders on XX XXXX 20XX.

Acquisition of additional interest in <insert name>

On X XXXX 2024, the Group acquired an additional X.X% interest in the voting shares of <insert name>, increasing its ownership interest to XX.X%. Cash consideration of HK$XXX,XXX was paid to the non-controlling shareholders. The carrying value of the net assets of <insert name> (excluding goodwill on the original acquisition) was HK$X,XXX,XXX. Following is a schedule of additional interest acquired in <insert name>:

	HK$'000
Cash consideration paid to non-controlling shareholders	325
Carrying value of the additional interest in <Company name>	(135)
Difference recognised in retained earnings	**190**

Acquisitions in 2023

On X XXXX 2023, the Group acquired XX% of the voting shares of <insert name>, a company based in <insert country>, specialising in the production and distribution of <insert product>. The Group acquired this business to <insert reason for the purchase>.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The fair value of the identifiable assets and liabilities of <insert name> as at the date of acquisition were:

	Notes	Fair value recognised on acquisition HK$'000

7. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2025 (continued)

Assets acquired and liabilities assumed (continued)

The fair value of the contingent consideration liability increased due to a significantly improved performance of <insert name> compared with the budget. The contingent consideration liability is due for final measurement and payment to the former shareholders on XX XXXX 20XX.

Acquisition of additional interest in <insert name>

On X XXXX 2025, the Group acquired an additional X.X% interest in the voting shares of <insert name>, increasing its ownership interest to XX.X%. Cash consideration of HK$XXX,XXX was paid to the non-controlling shareholders. The carrying value of the net assets of <insert name> (excluding goodwill on the original acquisition) was HK$X,XXX,XXX. Following is a schedule of additional interest acquired in <insert name>:

	HK$'000
Cash consideration paid to non-controlling shareholders	325
Carrying value of the additional interest in <Company name>	(135)
Difference recognised in retained earnings	**190**

Acquisitions in 2024

On X XXXX 2024, the Group acquired XX% of the voting shares of <insert name>, a company based in <insert country>, specialising in the production and distribution of <insert product>. The Group acquired this business to <insert reason for the purchase>.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

The fair value of the identifiable assets and liabilities of <insert name> as at the date of acquisition were:

	Notes	Fair value recognised on acquisition HK$'000
Land and buildings	15	1,280
Cash and cash equivalents		50
Trade receivables	4	853
Inventories		765
Total assets		**2,948**
Trade payables		(807)
Deferred tax liability	14	(380)
Provision for maintenance warranties		(50)
Total liabilities		**(1,237)**
Total identifiable net assets at fair value		**1,711**
Non-controlling interest (XX% of net assets)		(342)
Goodwill arising on acquisition	17	131
Purchase consideration transferred		1,500

7. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2023 (continued)

	Notes	Fair value recognised on acquisition HK$'000
Land and buildings	15	1,280
Cash and cash equivalents		50
Trade receivables	4	853
Inventories		765
Total assets		**2,948**
Trade payables		(807)
Deferred tax liability	14	(380)
Provision for maintenance warranties		(50)
Total liabilities		**(1,237)**
Total identifiable net assets at fair value		**1,711**
Non-controlling interest (XX% of net assets)		(342)
Goodwill arising on acquisition	17	131
Purchase consideration transferred		1,500

7. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2023 (continued)

	Cash flow on acquisition
	HK$'000
Net cash acquired with the subsidiary	50
Cash paid	(1,500)
Net cash flow on acquisition	(1,450)

The net assets recognised in the 31 December 2023 financial statements were based on a provisional assessment of their fair value while the Group sought an independent valuation for the land and buildings owned by <insert name>. The valuation had not been completed by the date the 2023 financial statements were approved for issue by the Board of Directors.

In XXXX 2024, the valuation was completed and the acquisition date fair value of the land and buildings was HK$X,XXX,XXX, an increase of HK$XXX,XXX over the provisional value. The 2023 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, there was an increase in the deferred tax liability of HK$XX,XXX and an increase in the non-controlling interest of HK$XX,XXX. There was also a corresponding reduction in goodwill of HK$XXX,XXX, resulting in HK$XXX,XXX of total goodwill arising on the acquisition. The increased depreciation charge on the buildings from the acquisition date to 31 December 2023 was not material.

From the date of acquisition, <insert name> contributed HK$XXX,XXX of revenue and HK$XX,XXX to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of 2023, the Group's revenue from continuing operations would have been HK$XX,XXX,XXX and the profit before tax from continuing operations would have been HK$XXX,XXX.

The goodwill of HK$XXX,XXX comprises the fair value of expected synergies arising from acquisition.

8. Partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2024	2023
<insert Company name>	<insert country>	52.0%	52.0%
<insert Company name>	<insert country>	20.0%	-%
<insert Company name>	<insert country>	12.6%	20.0%

7. Business combinations and acquisition of non-controlling interests (continued)

Acquisitions in 2024 (continued)

	Cash flow on acquisition
	HK$'000
Net cash acquired with the subsidiary	50
Cash paid	(1,500)
Net cash flow on acquisition	(1,450)

The net assets recognised in the 31 December 2024 financial statements were based on a provisional assessment of their fair value while the Group sought an independent valuation for the land and buildings owned by <insert name>. The valuation had not been completed by the date the 2024 financial statements were approved for issue by the Board of Directors.

In XXXX 2025, the valuation was completed and the acquisition date fair value of the land and buildings was HK$X,XXX,XXX, an increase of HK$XXX,XXX over the provisional value. The 2024 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, there was an increase in the deferred tax liability of HK$XX,XXX and an increase in the non-controlling interest of HK$XX,XXX. There was also a corresponding reduction in goodwill of HK$XXX,XXX, resulting in HK$XXX,XXX of total goodwill arising on the acquisition. The increased depreciation charge on the buildings from the acquisition date to 31 December 2024 was not material.

From the date of acquisition, <insert name> contributed HK$XXX,XXX of revenue and HK$XX,XXX to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of 2024, the Group's revenue from continuing operations would have been HK$XX,XXX,XXX and the profit before tax from continuing operations would have been HK$XXX,XXX.

The goodwill of HK$XXX,XXX comprises the fair value of expected synergies arising from acquisition.

8. Partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2025	2024
<insert Company name>	<insert country>	52.0%	52.0%
<insert Company name>	<insert country>	20.0%	-%
<insert Company name>	<insert country>	12.6%	20.0%

	2025	2024
	HK$'000	HK$'000
Accumulated balances of material non-controlling interest:		
<insert Company name>	490	277
<insert Company name>	1,696	-
<insert Company name>	263	344

8. Partly-owned subsidiaries (continued)

	2024	2023
	HK$'000	HK$'000
Accumulated balances of material non-controlling interest:		
<insert Company name>	490	277
<insert Company name>	1,696	-
<insert Company name>	263	344
Profit allocated to material non-controlling interest:		
<insert Company name>	243	192
<insert Company name>	149	-
<insert Company name>	54	2

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for 2024:

	<insert Company name 1>	<insert Company name 2>	<insert Company name 3>
	HK$'000	HK$'000	HK$'000
Revenue from contracts with customers	2,546	17,857	5,748
Cost of sales	(1,450)	(15,678)	(4,090)
Administrative expenses	(354)	(1,364)	(1,020)
Finance costs	(250)	(65)	(132)
Profit before tax	**492**	**750**	**506**
Income tax	(25)	(6)	(80)
Profit for the year from continuing operations	**467**	**744**	**426**
Total comprehensive income	**467**	**744**	**426**
Attributable to non-controlling interests	243	149	54
Dividends paid to non-controlling interests	30	-	-

Summarised statement of profit or loss for 2023:

8. Partly-owned subsidiaries (continued)

Profit allocated to material non-controlling interest:		
<insert Company name>	243	192
<insert Company name>	149	-
<insert Company name>	54	2

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for 2025:

	<insert Company name 1>	<insert Company name 2>	<insert Company name 3>
	HK$'000	**HK$'000**	**HK$'000**
Revenue from contracts with customers	2,546	17,857	5,748
Cost of sales	(1,450)	(15,678)	(4,090)
Administrative expenses	(354)	(1,364)	(1,020)
Finance costs	(250)	(65)	(132)
Profit before tax	**492**	**750**	**506**
Income tax	(25)	(6)	(80)
Profit for the year from continuing operations	**467**	**744**	**426**
Total comprehensive income	**467**	**744**	**426**
Attributable to non-controlling interests	243	149	54
Dividends paid to non-controlling interests	30	-	-

Summarised statement of profit or loss for 2024:

	<insert Company name 1>	<insert Company name 2>	<insert Company name 3>
	HK$'000	**HK$'000**	**HK$'000**
Revenue from contracts with customers	2,100	-	476
Cost of sales	(1,250)	-	(360)
Administrative expenses	(150)	-	(85)
Finance costs	(350)	-	(11)
Profit before tax	**350**	**-**	**20**
Income tax	20	-	(8)
Profit for the year from continuing operations	**370**	**-**	**12**
Total comprehensive income	**370**	**-**	**12**
Attributable to non-controlling interests	192	-	2
Dividends paid to non-controlling interests	49	-	-

Summarised statement of financial position as at 31 December 2025:

8. Partly-owned subsidiaries (continued)

Summarised statement of profit or loss (continued)

Summarised statement of profit or loss for 2023: (continued)

	<insert Company name 1>	<insert Company name 2>	<insert Company name 3>
	HK$'000	HK$'000	HK$'000
Revenue from contracts with customers	2,100	-	476
Cost of sales	(1,250)	-	(360)
Administrative expenses	(150)	-	(85)
Finance costs	(350)	-	(11)
Profit before tax	**350**	**-**	**20**
Income tax	20	-	(8)
Profit for the year from continuing operations	**370**	**-**	**12**
Total comprehensive income	**370**	**-**	**12**
Attributable to non-controlling interests	192	-	2
Dividends paid to non-controlling interests	49	-	-

Summarised statement of financial position as at 31 December 2024:

	<insert Company name 1>	<insert Company name 2>	<insert Company name 3>
	HK$'000	HK$'000	HK$'000
Inventories and cash and bank balances (current)	971	7,043	2,348
Property, plant and equipment and other non-current assets (non-current)	1,408	10,273	1,409
Trade and other payables (current)	(417)	(5,822)	(1,182)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(1,019)	(3,016)	(485)
Total equity	**943**	**8,478**	**2,090**
Attributable to:			
Equity holders of parent	453	6,782	1,827
Non-controlling interest	490	1,696	263

Summarised statement of financial position as at 31 December 2023:

8. Partly-owned subsidiaries (continued)

Summarised statement of financial position (continued)

Summarised statement of financial position as at 31 December 2025: (continued)

	<insert Company name 1>	<insert Company name 2>	<insert Company name 3>
	HK$'000	**HK$'000**	**HK$'000**
Inventories and cash and bank balances (current)	971	7,043	2,348
Property, plant and equipment and other non-current assets (non-current)	1,408	10,273	1,409
Trade and other payables (current)	(417)	(5,822)	(1,182)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(1,019)	(3,016)	(485)
Total equity	**943**	**8,478**	**2,090**
Attributable to:			
Equity holders of parent	453	6,782	1,827
Non-controlling interest	490	1,696	263

Summarised statement of financial position as at 31 December 2024:

	<insert Company name 1>	<insert Company name 2>	<insert Company name 3>
	HK$'000	**HK$'000**	**HK$'000**
Inventories and cash and bank balances (current)	698	-	1,668
Property, plant and equipment and other non-current assets (non-current)	1,280	-	1,359
Trade and other payables (current)	(350)	-	(822)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(1,095)	-	(485)
Total equity	**533**	**-**	**1,720**
Attributable to:			
Equity holders of parent	256	-	1,376
Non-controlling interest	277	-	344

Summarised cash flow information for year ended 31 December 2025:

	<insert Company name 1>	<insert Company name 2>	<insert Company name 3>
	HK$'000	**HK$'000**	**HK$'000**
Operating	507	809	558
Investing	(15)	(280)	6
Financing	(250)	(65)	(132)
Net increase in cash and cash equivalents	**242**	**464**	**432**

8. Partly-owned subsidiaries (continued)

Summarised statement of financial position (continued)

Summarised statement of financial position as at 31 December 2023: (continued)

	<insert Company name 1>	<insert Company name 2>	<insert Company name 3>
	HK$'000	**HK$'000**	**HK$'000**
Inventories and cash and bank balances (current)	698	-	1,668
Property, plant and equipment and other non-current assets (non-current)	1,280	-	1,359
Trade and other payables (current)	(350)	-	(822)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(1,095)	-	(485)
Total equity	**533**	**-**	**1,720**
Attributable to:			
Equity holders of parent	256	-	1,376
Non-controlling interest	277	-	344

Summarised cash flow information for year ended 31 December 2024:

	<insert Company name 1>	<insert Company name 2>	<insert Company name 3>
	HK$'000	**HK$'000**	**HK$'000**
Operating	507	809	558
Investing	(15)	(280)	6
Financing	(250)	(65)	(132)
Net increase in cash and cash equivalents	**242**	**464**	**432**

Summarised cash flow information for year ended 31 December 2023:

	<insert Company name 1>	<insert Company name 2>	<insert Company name 3>
	HK$'000	**HK$'000**	**HK$'000**
Operating	460	-	23
Investing	(10)	-	(20)
Financing	(350)	-	(11)
Net increase/(decrease) in cash and cash equivalents	**100**	**-**	**(8)**

8. Partly-owned subsidiaries (continued)

Summarised cash flow information (continued)

Summarised cash flow information for year ended 31 December 2024:

	<insert Company name 1>	<insert Company name 2>	<insert Company name 3>
	HK$'000	HK$'000	HK$'000
Operating	460	-	23
Investing	(10)	-	(20)
Financing	(350)	-	(11)
Net increase/(decrease) in cash and cash equivalents	**100**	**-**	**(8)**

9. Interest in a joint venture

The Group has a XX% interest in <insert Company name>, a joint venture involved in the manufacture of some of the Group's main product lines in <insert product lines> in <insert country>. The Group's interest in <insert Company name> is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its financial statements prepared in accordance with HKFRS accounting standards, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarised statement of financial position of <insert Company name>:

	2025	2024
	HK$'000	HK$'000
Current assets, including cash and cash equivalents $XXX,XXX (2024: $XXX,XXX) and prepayments $X,XXX,XXX (2024: Nil)	3,226	2,808
Non-current assets	2,864	2,964
Current liabilities, including tax payable $XX,XXX (2024: $XXX,XXX)	(224)	(1,102)
Non-current liabilities, including deferred tax liabilities $XXX,XXX (2024: $XXX,XXX) and long-term borrowing $XXX,XXX (2024: $XXX,XXX)	(1,020)	(1,000)
Equity	**4,846**	**3,670**
Group's share in equity - XX% (2024: XX%)	2,423	1,835
Group's carrying amount of the investment	**2,423**	**1,835**

Summarised statement of profit or loss of <insert Company name>:

9. Interest in a joint venture

The Group has a XX% interest in <insert Company name>, a joint venture involved in the manufacture of some of the Group's main product lines in <insert product lines> in <insert country>. The Group's interest in <insert Company name> is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its financial statements prepared in accordance with HKFRS accounting standards, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarised statement of financial position of <insert Company name>:

	2024	2023
	HK$'000	HK$'000
Current assets, including cash and cash equivalents $XXX,XXX (2023: $XXX,XXX) and prepayments $X,XXX,XXX (2023: Nil)	3,226	2,808
Non-current assets	2,864	2,964
Current liabilities, including tax payable $XX,XXX (2023: $XXX,XXX)	(224)	(1,102)
Non-current liabilities, including deferred tax liabilities $XXX,XXX (2023: $XXX,XXX) and long-term borrowing $XXX,XXX (2023: $XXX,XXX)	(1,020)	(1,000)
Equity	**4,846**	**3,670**
Group's share in equity - XX% (2023: XX%)	2,423	1,835
Group's carrying amount of the investment	**2,423**	**1,835**

Summarised statement of profit or loss of <insert Company name>:

	2024	2023
	HK$'000	HK$'000
Revenue from contracts with customers	60,094	58,876
Cost of sales	(54,488)	(53,420)
Administrative expenses, including depreciation of $X,XXX,XXX (2023: $X,XXX,XXX)	(2,638)	(2,586)
Finance costs, including interest expense $XXX,XXX (2023: $XXX,XXX)	(204)	(200)
Profit before tax	**2,764**	**2,670**
Income tax expense	(1,588)	(1,556)
Profit for the year (continuing operations)	**1,176**	**1,114**
Total comprehensive income for the year (continuing operations)	**1,176**	**1,114**
Group's share of profit for the year	**588**	**557**

The joint venture had no other contingent liabilities or commitments as at 31 December 2024 and 2023, except trade purchase commitments of HK$XXX,XXX (2023: HK$X,XXX,XXX), for which the Group has a corresponding commitment, as disclosed in Note 33. <insert Company name> cannot distribute its profits without the consent from the two venture partners.

9. Interest in a joint venture (continued)

Summarised statement of profit or loss of <insert Company name>: (continued)

	2025	2024
	HK$'000	HK$'000
Revenue from contracts with customers	60,094	58,876
Cost of sales	(54,488)	(53,420)
Administrative expenses, including depreciation of $X,XXX,XXX (2024: $X,XXX,XXX)	(2,638)	(2,586)
Finance costs, including interest expense $XXX,XXX (2024: $XXX,XXX)	(204)	(200)
Profit before tax	**2,764**	**2,670**
Income tax expense	(1,588)	(1,556)
Profit for the year (continuing operations)	**1,176**	**1,114**
Total comprehensive income for the year (continuing operations)	**1,176**	**1,114**
Group's share of profit for the year	**588**	**557**

The joint venture had no other contingent liabilities or commitments as at 31 December 2025 and 2024, except trade purchase commitments of HK$XXX,XXX (2024: HK$X,XXX,XXX), for which the Group has a corresponding commitment, as disclosed in Note 33. <insert Company name> cannot distribute its profits without the consent from the two venture partners.

10. Investments in an associate

The Group has a XX% interest in <insert Company name>, which is involved in the manufacture of <insert product> in <insert country>. <insert Company name> is a private entity that is not listed on any public exchange. The Group's interest in <insert Company name> is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in <insert Company name>:

	2025	2024
	HK$'000	HK$'000
Current assets	6,524	6,324
Non-current assets	13,664	12,828
Current liabilities	(4,488)	(3,904)
Non-current liabilities	(12,644)	(12,524)
Equity	**3,056**	**2,724**
Group's share in equity - XX% (2024: XX%)	764	681
Group's carrying amount of the investment	**764**	**681**

	2025	2024
	HK$'000	HK$'000
Revenue from contracts with customers	33,292	32,640
Cost of sales	(27,299)	(26,765)
Administrative expenses	(1,665)	(1,632)
Finance costs	(2,996)	(2,938)
Profit before tax	**1,332**	**1,305**
Income tax expense	(1,000)	(981)
Profit for the year (continuing operations)	**332**	**324**

10. Investments in associates

The Group has a XX% interest in <insert Company name>, which is involved in the manufacture of <insert product> in <insert country>. <insert Company name> is a private entity that is not listed on any public exchange. The Group's interest in <insert Company name> is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in <insert Company name>:

	2024	2023
	HK$'000	HK$'000
Current assets	6,524	6,324
Non-current assets	13,664	12,828
Current liabilities	(4,488)	(3,904)
Non-current liabilities	(12,644)	(12,524)
Equity	**3,056**	**2,724**
Group's share in equity - XX% (2023: XX%)	764	681
Group's carrying amount of the investment	**764**	**681**

	2024	2023
	HK$'000	HK$'000
Revenue from contracts with customers	33,292	32,640
Cost of sales	(27,299)	(26,765)
Administrative expenses	(1,665)	(1,632)
Finance costs	(2,996)	(2,938)
Profit before tax	**1,332**	**1,305**
Income tax expense	(1,000)	(981)
Profit for the year (continuing operations)	**332**	**324**
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	(120)	-
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	120	-
Total comprehensive income for the year (continuing operations)	**332**	**324**
Group's share of profit for the year	**83**	**81**

The associate requires the Group's consent to distribute its profits. The Group does not foresee giving such consent at the reporting date.

The associate had no contingent liabilities or capital commitments as at 31 December 2024 and 2023.

11. Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy for assets as at 31 December 2024:

10. Investments in an associate (continued)

	2025	2024
	HK$'000	HK$'000
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	(120)	-
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods, net of tax	120	-
Total comprehensive income for the year (continuing operations)	**332**	**324**
Group's share of profit for the year	**83**	**81**

11. Fair value measurement (continued)

Fair value measurement hierarchy for assets as at 31 December 2024: (continued)

	Notes	Date of valuation	Total	Fair value measurement using: Quoted prices in active markets (Level 1)	Fair value measurement using: Significant observable inputs (Level 2)
			HK$'000	HK$'000	HK$'000
Assets measured at fair value:					
Investment properties :	**16**				
Office properties		31 December 2024	4,260	-	-
Retail properties		31 December 2024	4,633	-	-
Derivative financial assets :	**19.4**				
Foreign exchange forward contracts <insert currency>		31 December 2024	492	-	492
Foreign exchange forward contracts <insert currency>		31 December 2024	400	-	400
Embedded foreign exchange derivatives <insert currency>		31 December 2024	210	-	-
Listed equity investments :	**19.4**				
<insert sector>		31 December 2024	219	219	-
<insert sector>		31 December 2024	118	118	-
Non-listed equity investments :	**19.4**				
<insert sector>		31 December 2024	675	-	-
<insert sector>		31 December 2024	363	-	-
Quoted debt instruments :	**19.4**				
<insert country> government bonds		31 December 2024	1,378	1,378	-
Corporate bonds <insert sector>		31 December 2024	92	92	-
Corporate bonds <insert sector>		31 December 2024	152	152	-
Revalued property, plant and equipment *:	**15**				
Office properties in <insert country>		31 December 2024	1,749	-	-
Discontinued operations	13	1 October 2024	2,751	-	-
Assets for which fair values are disclosed :	19.4				
Loan at amortised cost					
Loan to an associate		31 December 2024	197	-	-
Loan to a director		31 December 2024	11	-	-

10. Investments in an associate (continued)

The associate requires the Group's consent to distribute its profits. The Group does not foresee giving such consent at the reporting date.

The associate had no contingent liabilities or capital commitments as at 31 December 2025 and 2024.

11. Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy for assets as at 31 December 2025:

				Fair value measurement using	
		Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)
	Notes		HK$'000	HK$'000	HK$'000
Assets measured at fair value:					
Investment properties :	**16**				
Office properties		31 December 2025	4,260	-	-
Retail properties		31 December 2025	4,633	-	-
Derivative financial assets :	**19.4**				
Foreign exchange forward contracts <insert currency>		31 December 2025	492	-	492
Foreign exchange forward contracts <insert currency>		31 December 2025	400	-	400
Embedded foreign exchange derivatives <insert currency>		31 December 2025	210	-	-
Listed equity investments :	**19.4**				
<insert sector>		31 December 2025	219	219	-
<insert sector>		31 December 2025	118	118	-
Non-listed equity investments :	**19.4**				
<insert sector>		31 December 2025	675	-	-
<insert sector>		31 December 2025	363	-	-
Quoted debt instruments :	**19.4**				
<insert country> government bonds		31 December 2025	1,378	1,378	-
Corporate bonds <insert sector>		31 December 2025	92	92	-
Corporate bonds <insert sector>		31 December 2025	152	152	-
Revalued property, plant and equipment *:	**15**				
Office properties in <insert country>		31 December 2025	1,749	-	-
Discontinued operations	13	1 October 2025	2,751	-	-
Assets for which fair values are disclosed :	19.4				
Loan at amortised cost					
Loan to an associate		31 December 2025	197	-	-
Loan to a director		31 December 2025	11	-	-

11. Fair value measurement (continued)

Fair value measurement hierarchy for assets as at 31 December 2024: (continued)

	Notes	Fair value measurement using: Significant unobservable inputs (Level 3) HK$'000
Assets measured at fair value:		
Investment properties :	**16**	
Office properties		4,260
Retail properties		4,633
Derivative financial assets :	**19.4**	
Foreign exchange forward contracts <insert currency>		-
Foreign exchange forward contracts <insert currency>		-
Embedded foreign exchange derivatives <insert currency>		210
Listed equity investments :	**19.4**	
<insert sector>		-
<insert sector>		-
Non-listed equity investments :	**19.4**	
<insert sector>		675
<insert sector>		363
Quoted debt instruments :	**19.4**	
<insert country> government bonds		-
Corporate bonds <insert sector>		-
Corporate bonds <insert sector>		-
Revalued property, plant and equipment *:	**15**	
Office properties in <insert country>		1,749
Discontinued operations	13	2,751
Assets for which fair values are disclosed :	19.4	
Loan at amortised cost		
Loan to an associate		197
Loan to a director		11

There were no transfers between Level 1 and Level 2 during 2024.

*Due to a change in accounting policy, revaluations of property, plant and equipment were recognised in Level 3 for the first time.

Fair value measurement hierarchy for liabilities as at 31 December 2024:

11. Fair value measurement (continued)

Fair value measurement hierarchy for assets as at 31 December 2025: (continued)

		Fair value measurement using
		Significant unobservable inputs (Level 3)
	Notes	HK$'000
Assets measured at fair value:		
Investment properties :	**16**	
Office properties		4,260
Retail properties		4,633
Derivative financial assets :	**19.4**	
Foreign exchange forward contracts <insert currency>		-
Foreign exchange forward contracts <insert currency>		-
Embedded foreign exchange derivatives <insert currency>		210
Listed equity investments :	**19.4**	
<insert sector>		-
<insert sector>		-
Non-listed equity investments :	**19.4**	
<insert sector>		675
<insert sector>		363
Quoted debt instruments :	**19.4**	
<insert country> government bonds		-
Corporate bonds <insert sector>		-
Corporate bonds <insert sector>		-
Revalued property, plant and equipment *:	**15**	
Office properties in <insert country>		1,749
Discontinued operations	13	2,751
Assets for which fair values are disclosed :	19.4	
Loan at amortised cost		
Loan to an associate		197
Loan to a director		11

There were no transfers between Level 1 and Level 2 during 2025.

*Due to a change in accounting policy, revaluations of property, plant and equipment were recognised in Level 3 for the first time.

Fair value measurement hierarchy for liabilities as at 31 December 2025:

11. Fair value measurement (continued)

Fair value measurement hierarchy for liabilities as at 31 December 2024: (continued)

	Notes	Date of valuation	Total	Fair value measurement using: Significant observable inputs (Level 2)	Fair value measurement using: Significant unobservable inputs (Level 3)
			HK$'000	HK$'000	HK$'000
Liabilities measured at fair value:					
Derivative financial liabilities :	**19.4**				
Interest rate swaps		31 December 2024	35	35	-
Foreign exchange forward contracts (<insert currency>)		31 December 2024	800	800	-
Embedded commodity derivatives (<insert commodity>)		31 December 2024	600	-	600
Embedded commodity derivatives (<insert commodity>)		31 December 2024	182	-	182
Foreign exchange forward contracts (<insert currency>)		31 December 2024	90	90	-
Commodity derivative (<insert commodity>)		31 December 2024	980	980	-
Contingent consideration liability	7	31 December 2024	1,072	-	1,072
Liabilities for which fair values are disclosed :	19.4				
Interest-bearing loans and borrowings:					
Floating rate borrowings (<insert country>)		31 December 2024	10,420	10,420	-
Floating rate borrowings (<insert country>)		31 December 2024	2,246	2,246	-
Convertible preference shares		31 December 2024	2,766	2,766	-
Fixed rate borrowing		31 December 2024	6,321	6,321	-

11. Fair value measurement (continued)

Fair value measurement hierarchy for liabilities as at 31 December 2025: (continued)

	Notes	Date of valuation	Total	Fair value measurement using: Significant observable inputs (Level 2)
			HK$'000	HK$'000
Liabilities measured at fair value:				
Derivative financial liabilities :	**19.4**			
Interest rate swaps		31 December 2025	35	35
Foreign exchange forward contracts (<insert currency>)		31 December 2025	800	800
Embedded commodity derivatives (<insert commodity>)		31 December 2025	600	-
Embedded commodity derivatives (<insert commodity>)		31 December 2025	182	-
Foreign exchange forward contracts (<insert currency>)		31 December 2025	90	90
Commodity derivative (<insert commodity>)		31 December 2025	980	980
Contingent consideration liability	7	31 December 2025	1,072	-
Liabilities for which fair values are disclosed :	19.4			
Interest-bearing loans and borrowings:				
Floating rate borrowings (<insert country>)		31 December 2025	10,420	10,420
Floating rate borrowings (<insert country>)		31 December 2025	2,246	2,246
Convertible preference shares		31 December 2025	2,766	2,766
Fixed rate borrowing		31 December 2025	6,321	6,321

11. Fair value measurement (continued)

Fair value measurement hierarchy for liabilities as at 31 December 2024: (continued)

There were no transfers between Level 1 and Level 2 during 2024.

Fair value measurement hierarchy for assets as at 31 December 2023:

			Fair value measurement using		
	Notes	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)
			HK$'000	HK$'000	HK$'000
Assets measured at fair value:					
Investment properties :	**16**				
Office properties		31 December 2023	3,824	-	-
Retail properties		31 December 2023	4,159	-	-
Derivative financial assets :	**19.4**				
Foreign exchange forward contracts <insert currency>		31 December 2023	100	-	100
Foreign exchange forward contracts <insert currency>		31 December 2023	53	-	53
Listed equity investments :	**19.4**				
<insert sector>		31 December 2023	200	200	-
<insert sector>		31 December 2023	100	100	-
Non-listed equity investments :	**19.4**				
<insert sector>		31 December 2023	390	-	-
<insert sector>		31 December 2023	508	-	-
Quoted debt instruments :	**19.4**				
<insert country> government bonds		31 December 2023	1,210	1,210	-
Corporate bonds <insert sector>		31 December 2023	400	400	-
Assets for which fair values are disclosed :	19.4				
Loan at amortised cost					
Loan to a director		31 December 2023	9	-	-

11. Fair value measurement (continued)

Fair value measurement hierarchy for liabilities as at 31 December 2025: (continued)

	Notes	Fair value measurement using: Significant unobservable inputs (Level 3) HK$'000
Liabilities measured at fair value:		
Derivative financial liabilities :	**19.4**	
Interest rate swaps		-
Foreign exchange forward contracts (<insert currency>)		-
Embedded commodity derivatives (<insert commodity>)		600
Embedded commodity derivatives (<insert commodity>)		182
Foreign exchange forward contracts (<insert currency>)		-
Commodity derivative (<insert commodity>)		-
Contingent consideration liability	7	1,072
Liabilities for which fair values are disclosed :	19.4	
Interest-bearing loans and borrowings:		
Floating rate borrowings (<insert country>)		-
Floating rate borrowings (<insert country>)		-
Convertible preference shares		-
Fixed rate borrowing		-

There were no transfers between Level 1 and Level 2 during 2025.

Fair value measurement hierarchy for assets as at 31 December 2024:

	Notes	Date of valuation	Fair value measurement using: Total HK$'000	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000
Assets measured at fair value:					
Investment properties :	**16**				
Office properties		31 December 2024	3,824	-	-
Retail properties		31 December 2024	4,159	-	-
Derivative financial assets :	**19.4**				
Foreign exchange forward contracts <insert currency>		31 December 2024	100	-	100
Foreign exchange forward contracts <insert currency>		31 December 2024	53	-	53
Listed equity investments :	**19.4**				
<insert sector>		31 December 2024	200	200	-
<insert sector>		31 December 2024	100	100	-

11. Fair value measurement (continued)

Fair value measurement hierarchy for assets as at 31 December 2023: (continued)

	Notes	Fair value measurement using: Significant unobservable inputs (Level 3) HK$'000
Assets measured at fair value:		
Investment properties :	**16**	
Office properties		3,824
Retail properties		4,159
Derivative financial assets :	**19.4**	
Foreign exchange forward contracts <insert currency>		-
Foreign exchange forward contracts <insert currency>		-
Listed equity investments :	**19.4**	
<insert sector>		-
<insert sector>		-
Non-listed equity investments :	**19.4**	
<insert sector>		390
<insert sector>		508
Quoted debt instruments :	**19.4**	
<insert country> government bonds		-
Corporate bonds <insert sector>		-
Assets for which fair values are disclosed :	19.4	
Loan at amortised cost		
Loan to a director		9

Fair value measurement hierarchy for liabilities as at 31 December 2023:

	Notes	Date of valuation	Fair value measurement using: Total HK$'000	Significant observable inputs (Level 2) HK$'000
Liabilities measured at fair value:				
Derivative financial liabilities :	**19.4**			
Foreign exchange forward contracts (<insert currency>)		31 December 2023	254	254

11. Fair value measurement (continued)

Fair value measurement hierarchy for assets as at 31 December 2024: (continued)

		Fair value measurement using
		Significant unobservable inputs (Level 3)
	Notes	HK$'000
Assets measured at fair value:		
Investment properties :	**16**	
Office properties		3,824
Retail properties		4,159
Derivative financial assets :	**19.4**	
Foreign exchange forward contracts <insert currency>		-
Foreign exchange forward contracts <insert currency>		-
Listed equity investments :	**19.4**	
<insert sector>		-
<insert sector>		-

11. Fair value measurement (continued)

Fair value measurement hierarchy for assets as at 31 December 2024: (continued)

			Fair value measurement using		
		Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)
	Notes		HK$'000	HK$'000	HK$'000
Non-listed equity investments :	**19.4**				
<insert sector>		31 December 2024	390	-	-
<insert sector>		31 December 2024	508	-	-
Quoted debt instruments :	**19.4**				
<insert country> government bonds		31 December 2024	1,210	1,210	-
Corporate bonds <insert sector>		31 December 2024	400	400	-
Assets for which fair values are disclosed :	19.4				
Loan at amortised cost					
Loan to a director		31 December 2024	9	-	-

11. Fair value measurement (continued)

Fair value measurement hierarchy for assets as at 31 December 2024: (continued)

		Fair value measurement using
		Significant unobservable inputs (Level 3)
	Notes	HK$'000
Non-listed equity investments :	**19.4**	
<insert sector>		390
<insert sector>		508
Quoted debt instruments :	**19.4**	
<insert country> government bonds		-
Corporate bonds <insert sector>		-
Assets for which fair values are disclosed :	19.4	
Loan at amortised cost		
Loan to a director		9

Fair value measurement hierarchy for liabilities as at 31 December 2024:

	Notes	Date of valuation	Fair value measurement using: Total	Significant observable inputs (Level 2)
			HK$'000	HK$'000
Liabilities measured at fair value:				
Derivative financial liabilities :	**19.4**			
Foreign exchange forward contracts (<insert currency>)		31 December 2024	254	254
Liabilities for which fair values are disclosed :	19.4			
Interest-bearing loans and borrowings:				
Floating rate borrowings (<insert country>)		31 December 2024	11,877	11,877
Convertible preference shares		31 December 2024	2,621	2,621
Fixed rate borrowing		31 December 2024	8,944	8,944

There were no transfers between Level 1 and Level 2 during 2024.

11. Fair value measurement (continued)

Fair value measurement hierarchy for liabilities as at 31 December 2023: (continued)

	Notes	Date of valuation	Total	Fair value measurement using: Significant observable inputs (Level 2)
			HK$'000	HK$'000
Liabilities for which fair values are disclosed:	19.4			
Interest-bearing loans and borrowings:				
Floating rate borrowings (<insert country>)		31 December 2023	11,877	11,877
Convertible preference shares		31 December 2023	2,621	2,621
Fixed rate borrowing		31 December 2023	8,944	8,944

11. Fair value measurement (continued)

In determining fair value measurement, the impact of potential climate-related matters, including legislation, which may affect the fair value measurement of assets and liabilities in the financial statements has been considered. For investment properties and revalued office properties, the Group considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The group has assessed whether its properties are exposed to physical risks, such as flooding and increasing wildfires, but believes that this is currently not the case. However, the Group believes it is, to some extent, impacted by transition risks, and, more specifically, increasing requirements for energy efficiency of buildings due to climate-related legislation and regulations as well as tenants' increasing demands for low-emission buildings. The Group, therefore, takes into account necessary upgrades required to ensure future compliance with those requirements when measuring the fair value of investment properties and revalued office properties.

12. Other income/expenses

12.1 Other operating income

	Notes	2025 HK$'000	2024 HK$'000
Government grants	27	1,053	541
Gain on derivative instruments at fair value through profit or loss		850	-
Net gain on disposal of property, plant and equipment		532	2,007
Total other operating income		**2,435**	**2,548**

The net gain on derivative instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting and embedded derivatives which have been separated.

12.2 Other operating expenses

	Notes	2025 HK$'000	2024 HK$'000
Bid defence costs		579	31
Cost of WEEE	26	102	22
Change in fair value of investment properties	16	306	300
Loss on derivative instruments at fair value through profit or loss		1,502	-
Ineffectiveness on forward commodity contracts designated as cash flow hedges	19.3	65	-
Total other operating expenses		**2,554**	**353**

Bid defence costs were incurred in respect of obtaining advice in defending a hostile takeover bid by a competitor. The competitor did not proceed with the bid.

Net loss on derivative instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting and embedded derivatives which have been separated.

11. Fair value measurement (continued)

Fair value measurement hierarchy for liabilities as at 31 December 2023: (continued)

There were no transfers between Level 1 and Level 2 during 2023.

In determining fair value measurement, the impact of potential climate-related matters, including legislation, which may affect the fair value measurement of assets and liabilities in the financial statements has been considered. For investment properties and revalued office properties, the Group considers the effect of physical and transition risks and whether investors would consider those risks in their valuation. The group has assessed whether its properties are exposed to physical risks, such as flooding and increasing wildfires, but believes that this is currently not the case. However, the Group believes it is, to some extent, impacted by transition risks, and, more specifically, increasing requirements for energy efficiency of buildings due to climate-related legislation and regulations as well as tenants' increasing demands for low-emission buildings. The Group, therefore, takes into account necessary upgrades required to ensure future compliance with those requirements when measuring the fair value of investment properties and revalued office properties.

12. Other income/expenses

12.1 Other operating income

	Notes	2024 HK$'000	2023 HK$'000
Government grants	27	1,053	541
Gain on derivative instruments at fair value through profit or loss		850	-
Net gain on disposal of property, plant and equipment		532	2,007
Total other operating income		**2,435**	**2,548**

The net gain on derivative instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting and embedded derivatives which have been separated.

12.2 Other operating expenses

	Notes	2024 HK$'000	2023 HK$'000
Bid defence costs		579	31
Cost of WEEE	26	102	22
Change in fair value of investment properties	16	306	300
Loss on derivative instruments at fair value through profit or loss		1,502	-
Ineffectiveness on forward commodity contracts designated as cash flow hedges	19.3	65	-
Total other operating expenses		**2,554**	**353**

Bid defence costs were incurred in respect of obtaining advice in defending a hostile takeover bid by a competitor. The competitor did not proceed with the bid.

12. Other income/expenses (continued)

12.2 Other operating expenses (continued)

Net loss on derivative instruments at fair value through profit or loss relates to foreign exchange forward contracts that did not qualify for hedge accounting and embedded derivatives which have been separated.

12. Other income/expenses (continued)

12.3 Finance costs

	Notes	2025 HK$'000	2024 HK$'000
Interest on debt and borrowings		1,036	1,020
Interest arising from revenue contracts		109	62
Interest on lease liabilities	30	178	185
Total interest expense		**1,323**	**1,267**
Unwinding of discount and effect of changes in discount rate on provisions	26	43	1
Total finance costs		**1,366**	**1,268**

12.4 Finance income

	2025 HK$'000	2024 HK$'000
Interest income on a loan to an associate	17	-
Interest income from debt instruments at fair value through OCI	185	145
Total finance income	**202**	**145**

12.5 Other income

	2025 HK$'000	2024 HK$'000
Foreign exchange gains on interest-bearing loans and borrowings	57	67
Fair value gain on equity instruments at fair value through profit or loss	37	9
Gain (loss) on sale of debt instruments at fair value through OCI	8	(4)
Dividend income from equity instruments at fair value through OCI	3	-
Impairment loss on debt instruments at fair value through OCI	(7)	(6)
Total other income	**98**	**66**

12.6 Depreciation, amortisation, lease payments, foreign exchange differences and costs of inventories

12. Other income/expenses (continued)

12.3 Finance costs

	Notes	2024 HK$'000	2023 HK$'000
Interest on debt and borrowings		1,036	1,020
Interest arising from revenue contracts		109	62
Interest on lease liabilities	30	178	185
Total interest expense		**1,323**	**1,267**
Unwinding of discount and effect of changes in discount rate on provisions		43	1
Total finance costs		**1,366**	**1,268**

12.4 Finance income

	2024 HK$'000	2023 HK$'000
Interest income on a loan to an associate	17	-
Interest income from debt instruments at fair value through OCI	185	145
Total finance income	**202**	**145**

12.5 Other income

	2024 HK$'000	2023 HK$'000
Foreign exchange gains on interest-bearing loans and borrowings	57	67
Fair value gain on equity instruments at fair value through profit or loss	37	9
Gain (loss) on sale of debt instruments at fair value through OCI	8	(4)
Dividend income from equity instruments at fair value through OCI	3	-
Impairment loss on debt instruments at fair value through OCI	(7)	(6)
Total other income	**98**	**66**

12.6 Depreciation, amortisation, lease payments, foreign exchange differences and costs of inventories

12. Other income/expenses (continued)

12.6 Depreciation, amortisation, lease payments, foreign exchange differences and costs of inventories (continued)

	Notes	2024 HK$'000	2023 HK$'000
Included in cost of sales:			
Depreciation		3,802	3,063
Impairment of property, plant and equipment	15	-	301
Amortisation and impairment of intangible assets	17	125	174
Net foreign exchange differences		(65)	(40)
Warranty provision	26	106	52
Variable lease payments	30	71	66
Expense relating to short-term leases	30	22	21
Costs of inventories recognised as an expense		131,107	121,298
Other cost of sales		1,401	3,451
Included in administrative expenses:			
Depreciation		429	430
Impairment of goodwill	18	200	-
Remeasurement of contingent consideration	7	358	-
Net foreign exchange differences		33	8

12.7 Employee benefits expense

	2024 HK$'000	2023 HK$'000
Included in cost of sales:		
Wages and salaries	6,551	6,513
Social security costs	664	659
Pension costs	350	305
Post-employment benefits other than pensions	38	28
Share-based payment expense	103	123
Included in selling and distribution expenses:		
Wages and salaries	10,882	10,220
Social security costs	1,102	1,135
Pension costs	560	496
Post-employment benefits other than pensions	61	45
Share-based payment expense	165	197
Included in cost of administrative expenses:		
Wages and salaries	11,238	7,410
Social security costs	1,349	1,343
Pension costs	488	465
Post-employment benefits other than pensions	54	40
Share-based payment expense	144	172

12. Other income/expenses (continued)

12.6 Depreciation, amortisation, lease payments, foreign exchange differences and costs of inventories (continued)

	Notes	2025 HK$'000	2024 HK$'000
Included in cost of sales:			
Depreciation		3,802	3,063
Impairment of property, plant and equipment	15	-	301
Amortisation and impairment of intangible assets	17	125	174
Net foreign exchange differences		(65)	(40)
Warranty provision	26	106	52
Variable lease payments	30	71	66
Expense relating to short-term leases	30	22	21
Costs of inventories recognised as an expense		131,107	121,298
Other cost of sales		1,401	3,451
Included in administrative expenses:			
Depreciation		429	430
Impairment of goodwill	18	200	-
Remeasurement of contingent consideration	7	358	-
Net foreign exchange differences		33	8

12.7 Employee benefits expense

	2025 HK$'000	2024 HK$'000
Included in cost of sales:		
Wages and salaries	6,551	6,513
Social security costs	664	659
Pension costs	350	305
Post-employment benefits other than pensions	38	28
Share-based payment expense	103	123
Included in selling and distribution expenses:		
Wages and salaries	10,882	10,220
Social security costs	1,102	1,135
Pension costs	560	496
Post-employment benefits other than pensions	61	45
Share-based payment expense	165	197
Included in cost of administrative expenses:		
Wages and salaries	11,238	7,410
Social security costs	1,349	1,343
Pension costs	488	465
Post-employment benefits other than pensions	54	40
Share-based payment expense	144	172
Total employee benefits expense	**33,749**	**29,151**

12. Other income/expenses (continued)

12.7 Employee benefits expense (continued)

	2024	2023
	HK$'000	HK$'000
Total employee benefits expense	33,749	29,151

12. Other income/expenses (continued)

12.8 Research and development costs

The Group's business research and development concentrates on the development of <insert description of type of research and development>. Research and development costs that are not eligible for capitalisation have been expensed in the period incurred (in 2025, this was HK$X,XXX,XXX (2024: HK$X,XXX,XXX)), and they are recognised in administrative expenses.

12.9 Administrative expenses

	Notes	2025 HK$'000	2024 HK$'000
Employee benefits expense	12.7	13,273	9,430
Acquisition-related transaction costs		600	-
Research and development costs		2,235	1,034
Depreciation		429	430
Expected credit losses of trade receivables and contract assets	21	185	76
Impairment of goodwill	18	200	-
Expense relating to leases of low-value assets	30	18	17
Remeasurement of contingent consideration	7	358	-
Net foreign exchange differences		33	8
Other administrative expenses		959	1,016
Total administrative expense		**18,290**	**12,011**

13. Discontinued operations

On X XXXX 2025, the Group publicly announced the decision of its Board of Directors to sell <insert Company name>, a wholly owned subsidiary. On X XXXX 2025, the shareholders of the Company approved the plan to sell. The sale of <insert Company name> is expected to be completed within a year from the reporting date. At 31 December 2025, <insert Company name> was classified as a disposal group held for sale and as a discontinued operation. The business of <insert Company name> represented the entirety of the Group's <insert description of business> until X XXXX 2025. The results of <insert Company name> for the year are presented below:

	2025 HK$'000	2024 HK$'000
Revenue from contracts with customers	42,809	45,206
Expenses	(41,961)	(44,880)
Operating income	848	326
Finance costs	(525)	(519)
Impairment loss recognised on the remeasurement to fair value less costs to sell	(110)	-
Profit/(loss) before tax from discontinued operations	213	(193)
Tax benefit/(expense):		
Related to pre-tax profit/(loss) from the ordinary activities for the period	(26)	5
Related to remeasurement to fair value less costs to sell	33	-
Profit/(loss) for the year from discontinued operations	**220**	**(188)**

12. Other income/expenses (continued)

12.8 Research and development costs

The Group's business research and development concentrates on the development of <insert description of type of research and development>. Research and development costs that are not eligible for capitalisation have been expensed in the period incurred (in 2024, this was HK$X,XXX,XXX (2023: HK$X,XXX,XXX)), and they are recognised in administrative expenses.

12.9 Administrative expenses

	Notes	2024 HK$'000	2023 HK$'000
Employee benefits expense	12.7	13,273	9,430
Acquisition-related transaction costs		600	-
Research and development costs		2,235	1,034
Depreciation		429	430
Expected credit losses of trade receivables and contract assets	21	185	76
Impairment of goodwill	18	200	-
Expense relating to leases of low-value assets	30	18	17
Remeasurement of contingent consideration	7	358	-
Net foreign exchange differences		33	8
Other administrative expenses		959	1,016
Total administrative expense		**18,290**	**12,011**

13. Discontinued operations

On X XXXX 2024, the Group publicly announced the decision of its Board of Directors to sell <insert Company name>, a wholly owned subsidiary. On X XXXX 2024, the shareholders of the Company approved the plan to sell. The sale of <insert Company name> is expected to be completed within a year from the reporting date. At 31 December 2024, <insert Company name> was classified as a disposal group held for sale and as a discontinued operation. The business of <insert Company name> represented the entirety of the Group's <insert description of business> until X XXXX 2024. The results of <insert Company name> for the year are presented below:

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers	42,809	45,206
Expenses	(41,961)	(44,880)
Operating income	848	326
Financial costs	(525)	(519)
Impairment loss recognised on the remeasurement to fair value less costs to sell	(110)	-
Profit/(loss) before tax from discontinued operations	213	(193)
Tax benefit/(expense):		
Related to pre-tax profit/(loss) from the ordinary activities for the period	(26)	5
Related to remeasurement to fair value less costs to sell	33	-

13. Discontinued operations (continued)

	2024	2023
	HK$'000	HK$'000
Profit/(loss) for the year from discontinued operations	220	(188)

13. Discontinued operations (continued)

Gain/(loss) on equity instruments designated at fair value included in OCI	4
Other comprehensive income for the year from discontinued operations	4

The major classes of assets and liabilities of <insert Company name> classified as held for sale as at 31 December are, as follows:

	Notes	2025 HK$'000
Assets		
Intangible assets	17	135
Property, plant and equipment	15	4,637
Debtors		7,180
Equity investments – non-listed		308
Cash at banks and short-term deposits	23	1,294
Assets held for sale		13,554
Liabilities		
Creditors		(7,241)
Deferred tax liability		(75)
Interest-bearing liabilities	19.2	(5,809)
Liabilities directly associated with assets held for sale		(13,125)
Net assets directly associated with disposal group		**429**

	2025 HK$'000
Amounts included in accumulated OCI:	
Fair value reserve of equity investments – non-listed	66
Deferred tax on fair value reserve	(20)
Reserve of disposal group classified as held for sale	**46**

The net cash flows incurred by <insert Company name> are, as follows:

	2025 HK$'000	2024 HK$'000
Operating	(1,999)	3,192
Financing	(436)	(335)
Net cash (outflow)/inflow	**(2,435)**	**2,857**

Interest-bearing liabilities comprise a fixed rate bank loan of HK$X,XXX,XXX having an EIR of X.X% that is repayable in full on 1 January 20XX.

13. Discontinued operations (continued)

Gain/(loss) on equity instruments designated at fair value included in OCI	4
Other comprehensive income for the year from discontinued operations	4

The major classes of assets and liabilities of <insert Company name> classified as held for sale as at 31 December are, as follows:

	Notes	2024 HK$'000
Assets		
Intangible assets	17	135
Property, plant and equipment	15	4,637
Debtors		7,180
Equity investments – non-listed		308
Cash and short-term deposits	23	1,294
Assets held for sale		13,554
Liabilities		
Creditors		(7,241)
Deferred tax liability		(75)
Interest-bearing liabilities	19.2	(5,809)
Liabilities directly associated with assets held for sale		(13,125)
Net assets directly associated with disposal group		**429**

	2024 HK$'000
Amounts included in accumulated OCI:	
Fair value reserve of equity investments – non-listed	66
Deferred tax on fair value reserve	(20)
Reserve of disposal group classified as held for sale	**46**

The net cash flows incurred by <insert Company name> are, as follows:

	2024 HK$'000	2023 HK$'000
Operating	(1,999)	3,192
Financing	(436)	(335)
Net cash (outflow)/inflow	**(2,435)**	**2,857**

Interest-bearing liabilities comprise a fixed rate bank loan of HK$X,XXX,XXX having an EIR of X.X% that is repayable in full on 1 January 20XX.

13. Discontinued operations (continued)

Write-down of property, plant and equipment

Immediately before the classification of <insert Company name> as discontinued operations, the recoverable amount was estimated for certain items of property, plant and equipment and no impairment loss was identified. Following the classification, a write-down of HK$XXX,XXX (net of tax HK$XX,XXX) was recognised on X XXXX 2024 to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. This was recognised in discontinued operations in the statement of profit or loss. Fair value measurement disclosures are provided in Note 11.

As at 31 December 2024, there was no further write-down as the carrying amount of the disposal group did not fall below its fair value less costs to sell.

Investment in non-listed equity shares

The disposal group includes an investment in non-listed equity shares (Level 3 in the fair value hierarchy) of <insert Company name> with a carrying amount of HK$XXX,XXX. The Group collaborates with <insert Company name>, this is closely related to the discontinued operation of <insert Company name> and is therefore reclassified as part of the discontinued operations. This investment is classified as equity instruments designated at fair value through OCI. The Group did not pledge the financial assets nor receive any collateral for them. As at the reporting date, the carrying amount equals the fair value of the instrument. Refer Note 19.4 for the details on the recognition, measurement, valuation techniques and inputs used for this investment.

Reconciliation of fair value measurement of the investment in non-listed equity shares:

	HK$'000
As at 1 January 2023	**304**
Sales	-
Purchases	-
Total gains and losses recognised in OCI	4
As at 1 January 2024 and 1 October 2024	**308**
Sales	-
Purchases	-
Total gains and losses recognised in OCI	-
As at 31 December 2024	**308**

There were no gains or losses recognised in profit or loss with respect to these assets.

Refer to Note 19.5 for details on the nature and extent of risks arising from financial instruments.

13. Discontinued operations (continued)

Write-down of property, plant and equipment

Immediately before the classification of <insert Company name> as discontinued operations, the recoverable amount was estimated for certain items of property, plant and equipment and no impairment loss was identified. Following the classification, a write-down of HK$XXX,XXX (net of tax HK$XX,XXX) was recognised on X XXXX 2025 to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. This was recognised in discontinued operations in the statement of profit or loss. Fair value measurement disclosures are provided in Note 11.

As at 31 December 2025, there was no further write-down as the carrying amount of the disposal group did not fall below its fair value less costs to sell.

Investment in non-listed equity shares

The disposal group includes an investment in non-listed equity shares (Level 3 in the fair value hierarchy) of <insert Company name> with a carrying amount of HK$XXX,XXX. The Group collaborates with <insert Company name>, this is closely related to the discontinued operation of <insert Company name> and is therefore reclassified as part of the discontinued operations. This investment is classified as equity instruments designated at fair value through OCI. The Group did not pledge the financial assets nor receive any collateral for them. As at the reporting date, the carrying amount equals the fair value of the instrument. Refer Note 19.4 for the details on the recognition, measurement, valuation techniques and inputs used for this investment.

Reconciliation of fair value measurement of the investment in non-listed equity shares:

	HK$'000
As at 1 January 2024	**304**
Sales	-
Purchases	-
Total gains and losses recognised in OCI	4
As at 1 January 2025 and 1 October 2025	**308**
Sales	-
Purchases	-
Total gains and losses recognised in OCI	-
As at 31 December 2025	**308**

There were no gains or losses recognised in profit or loss with respect to these assets.

Refer to Note 19.5 for details on the nature and extent of risks arising from financial instruments.

14. Income tax

On 23 May 2023, the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance issued International Tax Reform - Pillar Two Model Rules - Amendments to HKAS 12 which clarify that HKAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements Qualified Domestic Minimum Top-up Taxes. The Group has adopted these amendments. However, they are not yet applicable for the current reporting year as the Group's consolidated revenue is currently below the threshold of €750 million, the equivalent of which translated is XXX in <Currency>.

The major components of income tax expense for the years ended 31 December 2024 and 2023 are:

Consolidated profit or loss

	2024	2023
	HK$'000	HK$'000
Current income tax:		
Current income tax charge	2,883	2,770
Adjustments in respect of current income tax of previous year	(18)	(44)
Deferred tax:		
Relating to origination and reversal of temporary differences	227	(493)
Income tax expense reported in the statement of profit or loss	**3,092**	**2,233**

Consolidated other comprehensive income

	2024	2023
	HK$'000	HK$'000
Deferred tax related to items recognised in OCI during the year:		
Net (gain)/loss on cash flow hedges	265	(10)
Net change in costs of hedging	10	-
Net loss on debt instruments at fair value through OCI	6	-
Net (gain)/loss on equity instruments designated at fair value through OCI	8	(3)
Revaluation of office properties in <insert country>	(254)	-
Net gain on hedge of net investment	(83)	-
Remeasurement (gain)/loss on actuarial gains and losses	(110)	117
Deferred tax charged to OCI	**(158)**	**104**

Reconciliation of tax expense and the accounting profit multiplied by <insert country>'s domestic tax rate for 2023 and 2024:

	Notes	2024	2023
		HK$'000	HK$'000
Accounting profit before tax from continuing operations		11,088	8,880
Profit/(loss) before tax from a discontinued operation		213	(193)
Accounting profit before income tax		**11,301**	**8,687**

14. Income tax

On 23 May 2023, the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance issued International Tax Reform - Pillar Two Model Rules - Amendments to HKAS 12 which clarify that HKAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements Qualified Domestic Minimum Top-up Taxes. The Group has adopted these amendments. However, they are not yet applicable for the current reporting year as the Group's consolidated revenue is currently below the threshold of €750 million, the equivalent of which translated is XXX in <Currency>.

The major components of income tax expense for the years ended 31 December 2025 and 2024 are:

Consolidated profit or loss

	2025	2024
	HK$'000	HK$'000
Current income tax:		
Current income tax charge	2,883	2,770
Adjustments in respect of current income tax of previous year	(18)	(44)
Deferred tax:		
Relating to origination and reversal of temporary differences	227	(493)
Income tax expense reported in the statement of profit or loss	**3,092**	**2,233**

Consolidated other comprehensive income

	2025	2024
	HK$'000	HK$'000
Deferred tax related to items recognised in OCI during the year:		
Net (gain)/loss on cash flow hedges	265	(10)
Net change in costs of hedging	10	-
Net loss on debt instruments at fair value through OCI	6	-
Net (gain)/loss on equity instruments designated at fair value through OCI	8	(3)
Revaluation of office properties in <insert country>	(254)	-
Net gain on hedge of net investment	(83)	-
Remeasurement (gain)/loss on actuarial gains and losses	(110)	117
Deferred tax charged to OCI	**(158)**	**104**

Reconciliation of tax expense and the accounting profit multiplied by <insert country>'s domestic tax rate for 2024 and 2025:

	Notes	2025	2024
		HK$'000	HK$'000
			Restated
Accounting profit before tax from continuing operations		11,088	8,880
Profit/(loss) before tax from a discontinued operation		213	(193)
Accounting profit before income tax		**11,301**	**8,687**

14. Income tax (continued)

	Notes	2024 HK$'000	2023 HK$'000
At <insert country>'s statutory income tax rate of XX% (2023: XX%)		3,390	2,606
Adjustments in respect of current income tax of previous years		(18)	(44)
Government grants exempted from tax		(316)	(162)
Utilisation of previously unrecognised tax losses		(231)	(89)
Share of results of an associate and joint ventures		(201)	(191)
Non-deductible expenses for tax purposes:			
Impairment of goodwill		60	-
Contingent consideration remeasurement	7	107	-
Other non-deductible expenses		10	-
Effect of higher tax rates in the <insert country>		284	108
At the effective income tax rate of XX% (20XX: XX%)		**3,085**	**2,228**
Income tax expense reported in the Consolidated Statement of Profit or Loss		3,092	2,233
Income tax attributable to a discontinued operation		(7)	(5)
		3,085	**2,228**

14. Income tax (continued)

	Notes	2025 HK$'000	2024 HK$'000 Restated
At <insert country>'s statutory income tax rate of XX% (2024: XX%)		3,390	2,606
Adjustments in respect of current income tax of previous years		(18)	(44)
Government grants exempted from tax		(316)	(162)
Utilisation of previously unrecognised tax losses		(231)	(89)
Share of results of an associate and joint ventures		(201)	(191)
Non-deductible expenses for tax purposes:			
Impairment of goodwill		60	-
Contingent consideration remeasurement	7	107	-
Other non-deductible expenses		10	-
Effect of higher tax rates in the <insert country>		284	108
At the effective income tax rate of XX% (20XX: XX%)		**3,085**	**2,228**
Income tax expense reported in the Consolidated Statement of Profit or Loss		3,092	2,233
Income tax attributable to a discontinued operation		(7)	(5)
		3,085	**2,228**

14. Income tax (continued)

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2024	2023	2024	2023
	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000 (Restated)
Accelerated depreciation for tax purposes	(2,838)	(599)	723	(298)
Revaluations of investment properties to fair value	(1,330)	(1,422)	(92)	(90)
Revaluations of office properties in <insert country> to fair value	(254)	-	-	-
Revaluations of equity instruments to fair value through profit or loss	(16)	(5)	11	3
Revaluations of financial assets at fair value through OCI	13	(4)	-	-
Revaluation of forward contracts and embedded derivatives	196	-	(196)	-
Revaluation of a hedged loan to fair value	(11)	-	11	-
Net gain on hedge of a net investment	(83)	-	-	-
Share based payments	51	100	49	-
Post-employment medical benefits	102	59	(43)	(33)
Pension	813	834	(89)	55
Revaluations of an interest rate swap (fair value hedge) to fair value	11	-	(11)	-
Revaluations of cash flow hedges	270	30	35	-
Expected credit losses of debt financial assets	110	70	(40)	3
Contract liabilities for customer loyalty points	270	203	(67)	(199)
Right-of-use assets	(246)	(267)	(21)	(62)
Lease liabilities	322	339	17	42
Convertible preference shares	91	55	(36)	(31)
Losses available for offsetting against future taxable income	389	365	(24)	(44)
Deferred tax (expense)/benefit			**227**	**(654)**
Net deferred tax (liabilities)/assets	**(2,140)**	**(242)**		
Reflected in the statement of financial position as follows:				
Deferred tax assets	389	365		
Deferred tax liabilities:				
Continuing operations	(2,454)	(607)		
Included in liabilities directly associated with the assets held for sale	(75)	-		
Deferred tax liabilities, net	**(2,140)**	**(242)**		

Reconciliation of deferred tax (liabilities)/ assets, net

14. Income tax (continued)

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2025	**2024**	**2025**	**2024**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
		Restated		**Restated**
Accelerated depreciation for tax purposes	(2,838)	(599)	723	(298)
Revaluations of investment properties to fair value	(1,330)	(1,422)	(92)	(90)
Revaluations of office properties in <insert country> to fair value	(254)	-	-	-
Revaluations of equity instruments to fair value through profit or loss	(16)	(5)	11	3
Revaluations of financial assets at fair value through OCI	13	(4)	-	-
Revaluation of forward contracts and embedded derivatives	196	-	(196)	-
Revaluation of a hedged loan to fair value	(11)	-	11	-
Net gain on hedge of a net investment	(83)	-	-	-
Share based payments	51	100	49	-
Post-employment medical benefits	102	59	(43)	(33)
Pension	813	834	(89)	55
Revaluations of an interest rate swap (fair value hedge) to fair value	11	-	(11)	-
Revaluations of cash flow hedges	270	30	35	-
Expected credit losses of debt financial assets	110	70	(40)	3
Contract liabilities for customer loyalty points	270	203	(67)	(199)
Right-of-use assets	(246)	(267)	(21)	(62)
Lease liabilities	322	339	17	42
Convertible preference shares	91	55	(36)	(31)
Losses available for offsetting against future taxable income	389	365	(24)	(44)
Deferred tax (expense)/benefit			**227**	**(654)**
Net deferred tax (liabilities)/assets	**(2,140)**	**(242)**		
Reflected in the statement of financial position as follows:				
Deferred tax assets	389	365		
Deferred tax liabilities:				
Continuing operations	(2,454)	(607)		
Included in liabilities directly associated with the assets held for sale	(75)	-		
Deferred tax liabilities, net	**(2,140)**	**(242)**		

Reconciliation of deferred tax (liabilities)/ assets, net

14. Income tax (continued)

Reconciliation of deferred tax (liabilities)/ assets, net (continued)

	2024	2023
	HK$'000	HK$'000
As of 1 January	**(242)**	**(459)**
Tax expense during the period recognised in profit or loss	(227)	493
Tax income/(expense) during the period recognised in OCI	(158)	104
Discontinued operation	(2)	-
Deferred taxes acquired in business combinations	(1,511)	(380)
As at 31 December	**(2,140)**	**(242)**

The Group has tax losses that arose in <insert country> of HK$XXX,XXX (2023: HK$X,XXX,XXX) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, the profit would increase by HK$XXX,XXX (2023: HK$XXX,XXX).

The temporary differences associated with investments in the Group's subsidiaries, associate and joint venture, for which a deferred tax liability has not been recognised in the periods presented, aggregate to HK$X,XXX,XXX (2023: HK$X,XXX,XXX). The Group has determined that the undistributed profits of its subsidiaries, joint venture or associate will not be distributed in the foreseeable future. The Group has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Group. The Group does not anticipate giving such consent at the reporting date. Furthermore, the Group's joint venture will not distribute its profits until it obtains the consent of all venture partners.

There are no income tax consequences attached to the payment of dividends in either 2024 or 2023 by the Group to its shareholders.

15. Property, plant and equipment

14. Income tax (continued)

Reconciliation of deferred tax (liabilities)/ assets, net (continued)

	2025	2024
	HK$'000	HK$'000
As of 1 January	**(242)**	**(459)**
Tax expense during the period recognised in profit or loss	(227)	493
Tax income/(expense) during the period recognised in OCI	(158)	104
Discontinued operation	(2)	-
Deferred taxes acquired in business combinations	(1,511)	(380)
As at 31 December	**(2,140)**	**(242)**

The Group has tax losses that arose in <insert country> of HK$XXX,XXX (2024: HK$X,XXX,XXX) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiaries that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group were able to recognise all unrecognised deferred tax assets, the profit would increase by HK$XXX,XXX (2024: HK$XXX,XXX).

The temporary differences associated with investments in the Group's subsidiaries, associate and joint venture, for which a deferred tax liability has not been recognised in the periods presented, aggregate to HK$X,XXX,XXX (2024: HK$X,XXX,XXX). The Group has determined that the undistributed profits of its subsidiaries, joint venture or associate will not be distributed in the foreseeable future. The Group has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Group. The Group does not anticipate giving such consent at the reporting date. Furthermore, the Group's joint venture will not distribute its profits until it obtains the consent of all venture partners.

There are no income tax consequences attached to the payment of dividends in either 2025 or 2024 by the Group to its shareholders.

15. Property, plant and equipment

15. Property, plant and equipment (continued)

	Notes	Freehold land and buildings	Office properties in <insert country>	Construction in progress	Plant and machinery	Other equipment	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost or valuation							
At 1 January 2023		10,765	1,122	-	17,657	5,500	35,044
Additions		1,587	-	-	6,048	150	7,785
Acquisition of a subsidiary	7	1,280	-	-	-	-	1,280
Disposals		(3,381)	-	-	(49)	-	(3,430)
Exchange differences		10	-	-	26	-	36
At 31 December 2023		**10,261**	**1,122**	**-**	**23,682**	**5,650**	**40,715**
Additions		1,612	-	4,500	4,403	190	10,705
Acquisition of a subsidiary	7	2,897	-	-	4,145	-	7,042
Disposals		-	-	-	(4,908)	-	(4,908)
Assets held for sale	13	(4,144)	-	-	(3,980)	-	(8,124)
Revaluation adjustment		-	846	-	-	-	846
Transfer*		-	(219)	-	-	-	(219)
Exchange differences		30	-	-	79	-	109
At 31 December 2024		**10,656**	**1,749**	**4,500**	**23,421**	**5,840**	**46,166**
Depreciation and impairment							
At 1 January 2023		4,061	99	-	11,044	900	16,104
Depreciation charge for the year		351	3	-	2,278	450	3,082
Impairment	18	-	-	-	301	-	301
Disposals		(3,069)	-	-	(49)	-	(3,118)
Exchange differences		5	-	-	12	-	17
At 31 December 2023		**1,348**	**102**	**-**	**13,586**	**1,350**	**16,386**

15. Property, plant and equipment (continued)

	Notes	Freehold land and buildings	Office properties in <insert country>	Construction in progress	Plant and machinery	Other equipment	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost or valuation							
At 1 January 2024		10,765	1,122	-	17,657	5,500	35,044
Additions		1,587	-	-	6,048	150	7,785
Acquisition of a subsidiary	7	1,280	-	-	-	-	1,280
Disposals		(3,381)	-	-	(49)	-	(3,430)
Exchange differences		10	-	-	26	-	36
At 31 December 2024		**10,261**	**1,122**	**-**	**23,682**	**5,650**	**40,715**
Additions		1,612	-	4,500	4,403	190	10,705
Acquisition of a subsidiary	7	2,897	-	-	4,145	-	7,042
Disposals		-	-	-	(4,908)	-	(4,908)
Assets held for sale	13	(4,144)	-	-	(3,980)	-	(8,124)
Revaluation adjustment		-	846	-	-	-	846
Transfer*		-	(219)	-	-	-	(219)
Exchange differences		30	-	-	79	-	109
At 31 December 2025		**10,656**	**1,749**	**4,500**	**23,421**	**5,840**	**46,166**
Depreciation and impairment							
At 1 January 2024		4,061	99	-	11,044	900	16,104
Depreciation charge for the year		351	3	-	2,278	450	3,082
Impairment	18	-	-	-	301	-	301
Disposals		(3,069)	-	-	(49)	-	(3,118)
Exchange differences		5	-	-	12	-	17
At 31 December 2024		**1,348**	**102**	**-**	**13,586**	**1,350**	**16,386**

15. Property, plant and equipment (continued)

Depreciation charge for the year		383	117	-	2,827	470	3,797
Disposals		-	-	-	(3,450)	-	(3,450)
Assets held for sale	13	(1,283)	-	-	(2,094)	-	(3,377)
Transfer*		-	(219)	-	-	-	(219)
Exchange differences		20	-	-	30	-	50
At 31 December 2024		**468**	**-**	**-**	**10,899**	**1,820**	**13,187**
At 31 December 2023		8,913	1,020	-	10,096	4,300	24,329
At 31 December 2024		10,188	1,749	4,500	12,522	4,020	32,979

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

** Depreciation for the year excludes an impairment loss of HK$XXX,XXX (see Note 13).

15. Property, plant and equipment (continued)

Depreciation charge for the year		383	117	-	2,827	470	3,797
Disposals		-	-	-	(3,450)	-	(3,450)
Assets held for sale	13	(1,283)	-	-	(2,094)	-	(3,377)
Transfer*		-	(219)	-	-	-	(219)
Exchange differences		20	-	-	30	-	50
At 31 December 2025		**468**	**-**	**-**	**10,899**	**1,820**	**13,187**
At 31 December 2024		8,913	1,020	-	10,096	4,300	24,329
At 31 December 2025		10,188	1,749	4,500	12,522	4,020	32,979

* This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

** Depreciation for the year excludes an impairment loss of HK$XXX,XXX (see Note 13).

15. Property, plant and equipment (continued)

In 2023, the impairment loss of HK$XXX,XXX represented the write-down of certain property, plant and equipment in the <insert CGU> to the recoverable amount as a result of technological obsolescence. This was recognised in the statement of profit or loss as cost of sales. The recoverable amount of HK$X,XXX,XXX as at 31 December 2023 was based on value in use and was determined at the level of the CGU. The CGU consisted of the <insert country>-based assets of <insert Company name>, a subsidiary. In determining value in use for the CGU, the cash flows were discounted at a rate of XX.X% on a pre-tax basis.

Capitalised borrowing costs

The Group started the construction of a <insert description of facility> in XXXX 2024. This project is expected to be completed in XXXX 20XX. The carrying amount of the <insert description of facility> at 31 December 2024 was HK$X,XXX,XXX (2023: Nil). The <insert description of facility> is financed by a third party in a common arrangement.

The amount of borrowing costs capitalised during the year ended 31 December 2024 was HK$XXX,XXX (2023: Nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was XX%, which is the EIR of the specific borrowing.

Land and buildings

Land and buildings with a carrying amount of HK$X,XXX,XXX (2023: HK$X,XXX,XXX) are subject to a first charge to secure two of the Group's bank loans.

Assets under construction

Included in property, plant and equipment at 31 December 2024 was an amount of HK$X,XXX,XXX (2023: Nil) relating to expenditure for a plant in the course of construction.

Equipment received from customers

In 2024, the Group received HK$XXX,XXX (2023: HK$XXX,XXX) of equipment from customers to be utilised in the production process. The initial gross amount was estimated at fair value by reference to the market price of these assets on the date on which control is obtained.

Disposals of property, plant and equipment

In 2024, the Group sold equipment with a total net carrying amount of HK$X,XXX,XXX for a cash consideration of HK$X,XXX,XXX. In 2023, the Group sold freehold land and a building with a net carrying amount of HK$XXX,XXX for a cash consideration of HK$X,XXX,XXX. The net gains on these disposals were recognised as part of other operating income in the statement of profit or loss (Note 12).

Revaluation of office properties in <insert country>

Management determined that the office properties in <insert country> constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property.

Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation on 1 January and 31 December 2024, the properties' fair values are based on valuations performed by <insert Company name>., an accredited independent valuer who has valuation experience for similar office properties in <insert country> since 20XX. A net gain from the revaluation of the office properties in <insert country> of HK$XXX,XXX in 2024 was recognised in OCI.

15. Property, plant and equipment (continued)

In 2024, the impairment loss of HK$XXX,XXX represented the write-down of certain property, plant and equipment in the <insert CGU> to the recoverable amount as a result of technological obsolescence. This was recognised in the statement of profit or loss as cost of sales. The recoverable amount of HK$X,XXX,XXX as at 31 December 2024 was based on value in use and was determined at the level of the CGU. The CGU consisted of the <insert country>-based assets of <insert Company name>, a subsidiary. In determining value in use for the CGU, the cash flows were discounted at a rate of XX.X% on a pre-tax basis.

Capitalised borrowing costs

The Group started the construction of a <insert description of facility> in XXXX 2025. This project is expected to be completed in XXXX 20XX. The carrying amount of the <insert description of facility> at 31 December 2025 was HK$X,XXX,XXX (2024: Nil). The <insert description of facility> is financed by a third party in a common arrangement.

The amount of borrowing costs capitalised during the year ended 31 December 2025 was HK$XXX,XXX (2024: Nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was XX%, which is the EIR of the specific borrowing.

Land and buildings

Land and buildings with a carrying amount of HK$X,XXX,XXX (2024: HK$X,XXX,XXX) are subject to a first charge to secure two of the Group's bank loans.

Assets under construction

Included in property, plant and equipment at 31 December 2025 was an amount of HK$X,XXX,XXX (2024: Nil) relating to expenditure for a plant in the course of construction.

Equipment received from customers

In 2025, the Group received HK$XXX,XXX (2024: HK$XXX,XXX) of equipment from customers to be utilised in the production process. The initial gross amount was estimated at fair value by reference to the market price of these assets on the date on which control is obtained.

Disposals of property, plant and equipment

In 2025, the Group sold equipment with a total net carrying amount of HK$X,XXX,XXX for a cash consideration of HK$X,XXX,XXX. In 2024, the Group sold freehold land and a building with a net carrying amount of HK$XXX,XXX for a cash consideration of HK$X,XXX,XXX. The net gains on these disposals were recognised as part of other operating income in the statement of profit or loss (Note 12).

Revaluation of office properties in <insert country>

Management determined that the office properties in <insert country> constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property.

Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation on 1 January and 31 December 2025, the properties' fair values are based on valuations performed by <insert Company name>., an accredited independent valuer who has valuation experience for similar office properties in <insert country> since 20XX. A net gain from the revaluation of the office properties in <insert country> of HK$XXX,XXX in 2025 was recognised in OCI.

Fair value measurement disclosures for the revalued office properties are provided in Note 11.

15. Property, plant and equipment (continued)

Fair value measurement disclosures for the revalued office properties are provided in Note 11.

Significant unobservable valuation input	**Range**
Price per square metre	$XXX-$XXX

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

Reconciliation of carrying amount

	HK$'000
Carrying amount as at 1 January 2024*	**1,020**
Level 3 revaluation gain recognised due to change in accounting policy to revaluation model as at 1 January 2024	1,210
Carrying amount and fair value as at 1 January 2024	**2,230**
Depreciation for the year	(117)
Level 3 revaluation loss on revaluation as at 31 December 2024	(364)
Carrying amount and fair value as at 31 December 2024	**1,749**

** The Group changed the accounting policy with respect to the measurement of office properties in <insert country> as at 1 January 2024 on a prospective basis. Therefore, the fair value of the office properties in <insert country> was not measured at 1 January 2023.

If the office properties in <insert country> were measured using the cost model, the carrying amounts would be, as follows:

	2024
	HK$'000
Cost	1,122
Accumulated depreciation and impairment	(105)
Net carrying amount	**1,017**

16. Investment properties

	2024	**2023**
	HK$'000	**HK$'000**
Opening balance at 1 January	**7,983**	**7,091**
Additions (subsequent expenditure)	1,216	1,192
Net loss from fair value remeasurement	(306)	(300)
Closing balance at 31 December	**8,893**	**7,983**

The Group's investment properties consist of two commercial properties in <insert country>. Management determined that the investment properties consist of two classes of assets − office and retail − based on the nature, characteristics and risks of each property.

15. Property, plant and equipment (continued)

Significant unobservable valuation input	Range
Price per square metre	HK$XXX-HK$XXX

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

Reconciliation of carrying amount

	HK$'000
Carrying amount as at 1 January 2025*	**1,020**
Level 3 revaluation gain recognised due to change in accounting policy to revaluation model as at 1 January 2024	1,210
Carrying amount and fair value as at 1 January 2025	**2,230**
Depreciation for the year	(117)
Level 3 revaluation loss on revaluation as at 31 December 2025	(364)
Carrying amount and fair value as at 31 December 2025	**1,749**

** The Group changed the accounting policy with respect to the measurement of office properties in <insert country> as at 1 January 2025 on a prospective basis. Therefore, the fair value of the office properties in <insert country> was not measured at 1 January 2024.

If the office properties in <insert country> were measured using the cost model, the carrying amounts would be, as follows:

	2025 HK$'000
Cost	1,122
Accumulated depreciation and impairment	(105)
Net carrying amount	**1,017**

16. Investment properties

	2025 HK$'000	2024 HK$'000
Opening balance at 1 January	**7,983**	**7,091**
Additions (subsequent expenditure)	1,216	1,192
Net loss from fair value remeasurement	(306)	(300)
Closing balance at 31 December	**8,893**	**7,983**

The Group's investment properties consist of two commercial properties in <insert country>. Management determined that the investment properties consist of two classes of assets − office and retail − based on the nature, characteristics and risks of each property.

As at 31 December 2025 and 2024, the fair values of the properties are based on valuations performed by <insert Company name>, an accredited independent valuer. <insert Company name> is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the <insert applicable valuation standards board/council> has been applied.

16. Investment properties (continued)

As at 31 December 2024 and 2023, the fair values of the properties are based on valuations performed by <insert Company name>, an accredited independent valuer. <insert Company name> is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the <insert applicable valuation standards board/council> has been applied.

	2024	2023
	HK$'000	HK$'000
Rental income derived from investment properties	1,404	1,377
Direct operating expenses (including repairs and maintenance) generating rental income (included in cost of sales)	(101)	(353)
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales)	(37)	(127)
Profit arising from investment properties carried at fair value	**1,266**	**897**

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties are in Note 11.

Reconciliation of fair value:

	Investment properties	
	Office properties	Retail properties
	HK$'000	HK$'000
As at 1 January 2023	**3,397**	**3,694**
Remeasurement recognised in profit or loss	(144)	(156)
Purchases	571	621
As at 31 December 2023	**3,824**	**4,159**
Remeasurement recognised in profit or loss (in other operating expenses)	(147)	(159)
Purchases	583	633
As at 31 December 2024	**4,260**	**4,633**

Valuation techniques

16. Investment properties (continued)

	2025	2024
	HK$'000	HK$'000
Rental income derived from investment properties	1,404	1,377
Direct operating expenses (including repairs and maintenance) generating rental income (included in cost of sales)	(101)	(353)
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in cost of sales)	(37)	(127)
Profit arising from investment properties carried at fair value	**1,266**	**897**

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment properties are in Note 11.

Reconciliation of fair value:

	Investment properties	
	Office properties	Retail properties
	HK$'000	HK$'000
As at 1 January 2024	**3,397**	**3,694**
Remeasurement recognised in profit or loss	(144)	(156)
Purchases	571	621
As at 31 December 2024	**3,824**	**4,159**
Remeasurement recognised in profit or loss (in other operating expenses)	(147)	(159)
Purchases	583	633
As at 31 December 2025	**4,260**	**4,633**

Valuation techniques

	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			2025	2024
Office properties	DCF method (refer below)	Estimated rental value per sqm per month	HK$XX-HK$XX (HK$XX)	HK$XX-HK$XX (HK$XX)
		Rent growth p.a.	X.XX%	X.XX%
		Long-term vacancy rate	HK$XX-HK$XX (HK$XX)	HK$XX-HK$XX (HK$XX)
		Discount rate	X.X%	X.X%
Retail properties	DCF method (refer below)	Estimated rental value per sqm per month	HK$XX-HK$XX (HK$XX)	HK$XX-HK$XX (HK$XX)
		Rent growth p.a.	X%	X%
		Long-term vacancy rate	HK$XX-HK$XX (HK$XX)	HK$XX-HK$XX (HK$XX)
		Discount rate	X.X%	X.X%

16. Investment properties (continued)

Valuation techniques (continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average) 2024	2023
Office properties	DCF method (refer below)	Estimated rental value per sqm per month	$XX-$XX ($XX)	$XX-$XX ($XX)
		Rent growth p.a.	X.XX%	X.XX%
		Long-term vacancy rate	$XX-$XX ($XX)	$XX-$XX ($XX)
		Discount rate	X.X%	X.X%
Retail properties	DCF method (refer below)	Estimated rental value per sqm per month	$XX-$XX ($XX)	$XX-$XX ($XX)
		Rent growth p.a.	X%	X%
		Long-term vacancy rate	$XX-$XX ($XX)	$XX-$XX ($XX)
		Discount rate	X.X%	X.X%

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

17. Intangible assets and goodwill

	Development costs	Patents and licences with definite useful life	Licences with indefinite useful life	Goodwill	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost					
At 1 January 2023	1,585	395	240	119	2,339
Additions - internally developed	390	-	-	-	390
Acquisition of a subsidiary (restated*)	-	-	-	131	131
At 31 December 2023	**1,975**	**395**	**240**	**250**	**2,860**

16. Investment properties (continued)

Valuation techniques (continued)

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

17. Intangible assets and goodwill

	Development costs	Patents and licences with definite useful life	Licences with indefinite useful life	Goodwill	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost					
At 1 January 2024	1,585	395	240	119	2,339
Additions - internally developed	390	-	-	-	390
Acquisition of a subsidiary (restated*)	-	-	-	131	131
At 31 December 2024	**1,975**	**395**	**240**	**250**	**2,860**
Additions - internally developed	587	-	-	-	587
Acquisition of a subsidiary	-	30	1,170	2,231	3,431
Assets held for sale	-	(138)	-	-	(138)
At 31 December 2025	**2,562**	**287**	**1,410**	**2,481**	**6,740**
Amortisation and impairment					
At 1 January 2024	165	60	-	-	225
Amortisation	124	50	-	-	174
At 31 December 2024	**289**	**110**	**-**	**-**	**399**

17. Intangible assets and goodwill (continued)

Additions - internally developed		587	-	-	-	587
Acquisition of a subsidiary		-	30	1,170	2,231	3,431
Assets held for sale		-	(138)	-	-	(138)
At 31 December 2024		**2,562**	**287**	**1,410**	**2,481**	**6,740**
Amortisation and impairment						
At 1 January 2023		165	60	-	-	225
Amortisation		124	50	-	-	174
At 31 December 2023		**289**	**110**	**-**	**-**	**399**
Amortisation		95	30	-	-	125
Impairment	18	-	-	-	200	200
Assets held for sale		-	(3)	-	-	(3)
At 31 December 2024		**384**	**137**	**-**	**200**	**721**
At 31 December 2023		1,686	285	240	250	2,461
At 31 December 2024 (restated*)		2,178	150	1,410	2,281	6,019

* The amount of goodwill is restated and does not correspond to the figures in 2023 financial statements since adjustments to the final valuation of acquisition of <insert Company name> were made, as detailed in Note 7.

There are two <insert description> research and development projects: one is to <insert description> and the other is related to <insert description>

Acquisition during the year

Patents and licences include intangible assets acquired through business combinations. The patents have been granted for a minimum of XX years by the relevant government agency, while licences have been acquired with the option to renew at the end of the period at little or no cost to the Group. Previous licences acquired have been renewed and have allowed the Group to determine that these assets have indefinite useful lives. As at 31 December 2024, these assets were tested for impairment (Note 18).

18. Goodwill and intangible assets with indefinite useful lives

For impairment testing goodwill acquired through business combinations and licences with indefinite useful lives are allocated to the <insert description> CGUs.

Carrying amount of goodwill and licences allocated to each of the CGUs:

17. Intangible assets and goodwill (continued)

Amortisation		95	30	-	-	125
Impairment	18	-	-	-	200	200
Assets held for sale		-	(3)	-	-	(3)
At 31 December 2025		**384**	**137**	**-**	**200**	**721**
At 31 December 2024		1,686	285	240	250	2,461
At 31 December 2025 (restated*)		2,178	150	1,410	2,281	6,019

* The amount of goodwill is restated and does not correspond to the figures in 2024 financial statements since adjustments to the final valuation of acquisition of <insert Company name> were made, as detailed in Note 7.

There are two <insert description> research and development projects: one is to <insert description> and the other is related to <insert description>

Acquisition during the year

Patents and licences include intangible assets acquired through business combinations. The patents have been granted for a minimum of XX years by the relevant government agency, while licences have been acquired with the option to renew at the end of the period at little or no cost to the Group. Previous licences acquired have been renewed and have allowed the Group to determine that these assets have indefinite useful lives. As at 31 December 2025, these assets were tested for impairment (Note 18).

18. Goodwill and intangible assets with indefinite useful lives

For impairment testing goodwill acquired through business combinations and licences with indefinite useful lives are allocated to the <insert description> CGUs.

Carrying amount of goodwill and licences allocated to each of the CGUs:

	<insert description1> unit		<insert description2> unit		Total
	2025	**2024**	**2025**	**2024**	**2025**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Goodwill	50	250	2,231	-	2,281
Licences	360	-	1,050	240	1,410

	Total
	2024
	HK$'000
Goodwill	250
Licences	240

18. Goodwill and intangible assets with indefinite useful lives (continued)

Carrying amount of goodwill and licences allocated to each of the CGUs: (continued)

	<insert description1> unit		<insert description2> unit		Total	
	2024	2023	2024	2023	2024	2023
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Goodwill	50	250	2,231	-	2,281	250
Licences	360	-	1,050	240	1,410	240

The Group performed its annual impairment test in XXXX 2024 and 2023. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2024, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill and impairment of the assets of the operating CGUs. In addition, the overall decline in <insert company specific line of activity> around the world, as well as the ongoing economic uncertainty, have led to a decreased demand in both the <insert description> CGUs.

<insert description> CGU

The recoverable amount of the <insert description> CGU of HK$XX,XXX,XXX as at 31 December 2024 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for products and services. The pre-tax discount rate applied to cash flow projections is XX.X% (2023: XX.X%) and cash flows beyond the five-year period are extrapolated using a X.X% growth rate (2023: X.X%) that is the same as the long-term average growth rate for the <insert description> industry. It was concluded that the fair value less costs of disposal did not exceed the value in use. As a result of this analysis, management has recognised an impairment charge of HK$XXX,XXX in the current year against goodwill with a carrying amount of HK$XXX,XXX as at 31 December 2023. The impairment charge is recorded within administrative expenses in the statement of profit or loss.

<insert description> CGU

The recoverable amount of the <insert description> CGU is also determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for products and services. The pre-tax discount rate applied to the cash flow projections is XX.X% (2023: XX.X%). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is X.X% (2023: X.X%). This growth rate exceeds the industry average growth rate by X.XX%. Management of the <insert description>unit believes this growth rate is justified based on the acquisition of <insert Company name>. This acquisition has resulted in the Group obtaining control of an industry patent, thereby preventing other entities from manufacturing a specialised product for a period of XX years. The Group has an option to renew the patent after the XX years have expired. As a result of the analysis, there is headroom of HK$X,XXX,XXX and management did not identify an impairment for this CGU.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for both <insert description> units is most sensitive to the following assumptions:

- Gross margins
- Discount rates

18. Goodwill and intangible assets with indefinite useful lives (continued)

Carrying amount of goodwill and licences allocated to each of the CGUs: (continued)

The Group performed its annual impairment test in XXXX 2025 and 2024. The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 31 December 2025, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill and impairment of the assets of the operating CGUs. In addition, the overall decline in <insert company specific line of activity> around the world, as well as the ongoing economic uncertainty, have led to a decreased demand in both the <insert description> CGUs.

<insert description> CGU

The recoverable amount of the <insert description> CGU of HK$XX,XXX,XXX as at 31 December 2025 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for products and services. The pre-tax discount rate applied to cash flow projections is XX.X% (2024: XX.X%) and cash flows beyond the five-year period are extrapolated using a X.X% growth rate (2024: X.X%) that is the same as the long-term average growth rate for the <insert description> industry. It was concluded that the fair value less costs of disposal did not exceed the value in use. As a result of this analysis, management has recognised an impairment charge of HK$XXX,XXX in the current year against goodwill with a carrying amount of HK$XXX,XXX as at 31 December 2024. The impairment charge is recorded within administrative expenses in the statement of profit or loss.

<insert description> CGU

The recoverable amount of the <insert description> CGU is also determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the decreased demand for products and services. The pre-tax discount rate applied to the cash flow projections is XX.X% (2024: XX.X%). The growth rate used to extrapolate the cash flows of the unit beyond the five-year period is X.X% (2024: X.X%). This growth rate exceeds the industry average growth rate by X.XX%. Management of the <insert description>unit believes this growth rate is justified based on the acquisition of <insert Company name>. This acquisition has resulted in the Group obtaining control of an industry patent, thereby preventing other entities from manufacturing a specialised product for a period of XX years. The Group has an option to renew the patent after the XX years have expired. As a result of the analysis, there is headroom of HK$X,XXX,XXX and management did not identify an impairment for this CGU.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use for both <insert description> units is most sensitive to the following assumptions:

- Gross margins
- Discount rates
- Raw materials price inflation
- Market share during the forecast period
- Growth rates used to extrapolate cash flows beyond the forecast period

18. Goodwill and intangible assets with indefinite useful lives (continued)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions (continued)

- Raw materials price inflation
- Market share during the forecast period
- Growth rates used to extrapolate cash flows beyond the forecast period

Climate-related matters - The Group constantly monitors climate-related risks, including physical risks and transition risks, when measuring the recoverable amount. While the Group does not believe its operations are currently significantly exposed to physical risk, the value-in-use may be impacted in several different ways by transition risk, such as climate-related legislation, climate-related regulations and changes in demand for the Group's products. Even though the Group has concluded that no single climate-related assumption is a key assumption for the 2024 test of goodwill, the Group has incorporated its expectations for the following: increased costs of emissions under the emission trading scheme it is subject to; expectations for increased demand for goods sold by the Group's <insert CGU>; and expected cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts.

Gross margins - Gross margins are based on average values achieved in the three years preceding the beginning of the budget period. The gross margins for the <insert description>CGU and the <insert description> CGU were XX.XX% and XX.XX%, respectively. These are increased over the budget period for anticipated efficiency improvements. An increase of X.X% per annum was applied for the <insert description> unit and X% per annum for the <insert description>unit.

Decreased demand can lead to a decline in the gross margin. Any decrease in the gross margin would result in a further impairment in the <insert description> unit. Any decrease in the gross margin would result in impairment in the <insert description> unit.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. <CGU>-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Any rise in the pre-tax discount rate from the current level of XX.X% in the <insert description> unit would result in a further impairment. A rise in the pre-tax discount rate to XX.X% (i.e. +X.X%) in the <insert description> unit would result in impairment.

Raw materials price inflation - Estimates are obtained from published indices for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is publicly available (principally for <insert country> and the <insert country>), otherwise past actual raw material price movements are used as an indicator of future price movements.

18. Goodwill and intangible assets with indefinite useful lives (continued)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions (continued)

Climate-related matters - The Group constantly monitors climate-related risks, including physical risks and transition risks, when measuring the recoverable amount. While the Group does not believe its operations are currently significantly exposed to physical risk, the value-in-use may be impacted in several different ways by transition risk, such as climate-related legislation, climate-related regulations and changes in demand for the Group's products. Even though the Group has concluded that no single climate-related assumption is a key assumption for the 2025 test of goodwill, the Group has incorporated its expectations for the following: increased costs of emissions under the emission trading scheme it is subject to; expectations for increased demand for goods sold by the Group's <insert CGU>; and expected cost increases due to stricter recycling requirements in the cash-flow forecasts in assessing value-in-use amounts.

Gross margins - Gross margins are based on average values achieved in the three years preceding the beginning of the budget period. The gross margins for the <insert description>CGU and the <insert description> CGU were XX.XX% and XX.XX%, respectively. These are increased over the budget period for anticipated efficiency improvements. An increase of X.X% per annum was applied for the <insert description> unit and X% per annum for the <insert description>unit.

Decreased demand can lead to a decline in the gross margin. Any decrease in the gross margin would result in a further impairment in the <insert description> unit. Any decrease in the gross margin would result in impairment in the <insert description> unit.

Discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. <CGU>-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Any rise in the pre-tax discount rate from the current level of XX.X% in the <insert description> unit would result in a further impairment. A rise in the pre-tax discount rate to XX.X% (i.e. +X.X%) in the <insert description> unit would result in impairment.

Raw materials price inflation - Estimates are obtained from published indices for the countries from which materials are sourced, as well as data relating to specific commodities. Forecast figures are used if data is publicly available (principally for <insert country> and the <insert country>), otherwise past actual raw material price movements are used as an indicator of future price movements.

Management has considered the possibility of greater-than-forecast increases in raw material price inflation. This may occur if anticipated regulatory changes result in an increase in demand that cannot be met by suppliers. Forecast price inflation lies within a range of X.X% to X.X% for the <insert description> unit and X.X% to X.X% for the <insert description> unit, depending on the country from which materials are purchased. In the <insert description> unit, any increases in the prices of raw materials would result in a further impairment. If prices of raw materials increase on average by X.X% more than the forecast price inflation, the <insert description> will have a further impairment.

18. Goodwill and intangible assets with indefinite useful lives (continued)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions (continued)

Management has considered the possibility of greater-than-forecast increases in raw material price inflation. This may occur if anticipated regulatory changes result in an increase in demand that cannot be met by suppliers. Forecast price inflation lies within a range of X.X% to X.X% for the <insert description> unit and X.X% to X.X% for the <insert description> unit, depending on the country from which materials are purchased. In the <insert description> unit, any increases in the prices of raw materials would result in a further impairment. If prices of raw materials increase on average by X.X% more than the forecast price inflation, the <insert description> will have a further impairment.

Market share assumptions - When using industry data for growth rates (as noted below), these assumptions are important because management assesses how the unit's position, relative to its competitors, might change over the forecast period. Management expects the Group's share of the <insert description> market (XX%) to be stable over the forecast period. Management expects the Group's position in the <insert description> market relative to its competitors to strengthen following the acquisition of <insert Company name>. The Group's market share in the <insert description> market is currently XX%.

Although management expects the Group's market share of the <insert description> market to be stable over the forecast period, any decline in the market share would result in a further impairment in the <insert description> unit. Similarly, a decline in market share in the <insert description> market by XX% would result in impairment in the <insert description> unit.

Growth rate estimates - Rates are based on published industry research. For the reasons explained above, the long-term rate used to extrapolate the budget for the <insert description>unit includes an adjustment on account of the acquisition of a significant industry patent.

Management recognises that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts, but could yield a reasonably possible alternative to the estimated long-term growth rate of X.X% for the <insert description> unit and X.X% for the <insert description> unit. Any reduction in the long-term growth rate in the <insert description> unit would result in a further impairment. For the <insert description> unit, a reduction by X.X% in the long-term growth rate would result in impairment.

19. Financial assets and financial liabilities

19.1 Financial assets

	Notes	2024 HK$'000	2023 HK$'000
Derivatives not designated as hedging instruments			
Foreign exchange forward contracts		640	-
Embedded derivatives		210	-
Derivatives designated as hedging instruments			
Foreign exchange forward contracts		252	153

18. Goodwill and intangible assets with indefinite useful lives (continued)

Key assumptions used in value in use calculations and sensitivity to changes in assumptions (continued)

Market share assumptions - When using industry data for growth rates (as noted below), these assumptions are important because management assesses how the unit's position, relative to its competitors, might change over the forecast period. Management expects the Group's share of the <insert description> market (XX%) to be stable over the forecast period. Management expects the Group's position in the <insert description> market relative to its competitors to strengthen following the acquisition of <insert Company name>. The Group's market share in the <insert description> market is currently XX%.

Although management expects the Group's market share of the <insert description> market to be stable over the forecast period, any decline in the market share would result in a further impairment in the <insert description> unit. Similarly, a decline in market share in the <insert description> market by XX% would result in impairment of $ XXXXX in the <insert description> unit.

Growth rate estimates - Rates are based on published industry research. For the reasons explained above, the long-term rate used to extrapolate the budget for the <insert description>unit includes an adjustment on account of the acquisition of a significant industry patent.

Management recognises that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts, but could yield a reasonably possible alternative to the estimated long-term growth rate of X.X% for the <insert description> unit and X.X% for the <insert description> unit. Any reduction in the long-term growth rate in the <insert description> unit would result in a further impairment. For the <insert description> unit, a reduction by X.X% in the long-term growth rate would result in impairment of $ XXXXX.

19. Financial assets and financial liabilities

19.1 Financial assets

	Notes	2025 HK$'000	2024 HK$'000
Derivatives not designated as hedging instruments			
Foreign exchange forward contracts		640	-
Embedded derivatives		210	-
Derivatives designated as hedging instruments			
Foreign exchange forward contracts		252	153
Financial assets at fair value through profit or loss			
Listed equity investments		337	300
Equity instruments designated at fair value through OCI			
Non-listed equity investments			
<insert Company name>		417	205
<insert Company name>		258	185
<insert Company name>		70	151
<insert Company name>		293	-
<insert Company name>		-	308
<insert Company name>		-	49
		1,038	**898**

19. Financial assets and financial liabilities (continued)

19.1 Financial assets (continued)

	Notes	2024 HK$'000	2023 HK$'000
Financial assets at fair value through profit or loss			
Listed equity investments		337	300
Equity instruments designated at fair value through OCI			
Non-listed equity investments			
<insert Company name>		417	205
<insert Company name>		258	185
<insert Company name>		70	151
<insert Company name>		293	-
<insert Company name>		-	308
<insert Company name>		-	49
		1,038	**898**
Debt instruments at fair value through OCI			
Quoted debt instruments		1,622	1,610
Total financial assets at fair value		**4,099**	**2,961**
Debt instruments at amortised cost			
Trade receivables	21	25,672	22,290
Loan to an associate		200	-
Loan to a director		13	8
Total financial assets*		**29,984**	**25,259**
Total current		**26,223**	**22,443**
Total non-current		**3,761**	**2,816**

19. Financial assets and financial liabilities (continued)

19.1 Financial assets (continued)

	Notes	2025 HK$'000	2024 HK$'000
Debt instruments at fair value through OCI			
Quoted debt instruments		1,622	1,610
Total financial assets at fair value		**4,099**	**2,961**
Debt instruments at amortised cost			
Trade receivables	21	25,672	22,290
Loan to an associate		200	-
Loan to a director		13	8
Total financial assets*		**29,984**	**25,259**
Total current		**26,223**	**22,443**
Total non-current		**3,761**	**2,816**

19. Financial assets and financial liabilities (continued)

19.1 Financial assets (continued)

*Financial assets, other than cash and short-term deposits

Derivatives not designated as hedging instruments reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

Derivatives designated as hedging instruments reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in Hong Kong dollars (HKD).

Financial assets at fair value through profit or loss include investments in listed equity shares. Fair values of these equity shares are determined by reference to published price quotations in an active market.

Equity instruments designated at fair value through OCI include investments in equity shares of non-listed companies. The Group holds non-controlling interests (between X% and X%) in these companies. These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature.

In 2024, the Group sold its equity interest in <insert Company name> as this investment no longer coincides with the Group's investment strategy. The fair value on the date of sale is HK$XX,XXX and the accumulated gain recognised in OCI of HK$X,XXX was transferred to retained earnings. In 2024, the Group received dividends in the amount of HK$X,XXX from <insert Company name>.

Debt instruments at fair value through OCI include investments in quoted government and corporate bonds. Fair values of these debt instruments are determined by reference to published price quotations in an active market.

Debt instruments at amortised cost include trade receivables and receivables from related parties.

19.2 Financial liabilities: Interest-bearing loans and borrowings

	Notes	Interest rate %	Maturity	2024 HK$'000	2023 HK$'000
Current interest-bearing loans and borrowings					
Lease liabilities	30	X-X-X.X	20XX	455	418
Bank overdrafts		XX	On demand	966	2,650
$X,XXX,XXX bank loan		XX	X XXX 20XX	1,411	-
$X,XXX,XXX bank loan		XX	XX XXX 20XX	-	74
Total current interest-bearing loans and borrowings				**2,832**	**3,142**

19. Financial assets and financial liabilities (continued)

19.1 Financial assets (continued)

*Financial assets, other than cash and short-term deposits

Derivatives not designated as hedging instruments reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

Derivatives designated as hedging instruments reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in Hong Kong dollars (HKD).

Financial assets at fair value through profit or loss include investments in listed equity shares. Fair values of these equity shares are determined by reference to published price quotations in an active market.

Equity instruments designated at fair value through OCI include investments in equity shares of non-listed companies. The Group holds non-controlling interests (between X% and X%) in these companies. These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature.

In 2025, the Group sold its equity interest in <insert Company name> as this investment no longer coincides with the Group's investment strategy. The fair value on the date of sale is HK$XX,XXX and the accumulated gain recognised in OCI of HK$X,XXX was transferred to retained earnings. In 2025, the Group received dividends in the amount of HK$X,XXX from <insert Company name>.

Debt instruments at fair value through OCI include investments in quoted government and corporate bonds. Fair values of these debt instruments are determined by reference to published price quotations in an active market.

Debt instruments at amortised cost include trade receivables and receivables from related parties.

19.2 Financial liabilities: Interest-bearing loans and borrowings

	Notes	Interest rate %	Maturity	2025 HK$'000	2024 HK$'000
Current interest-bearing loans and borrowings					
Lease liabilities	30	X-X-X.X	20XX	455	418
Bank overdrafts		XX	On demand	966	2,650
$X,XXX,XXX bank loan		XX	X XXX 20XX	1,411	-
$X,XXX,XXX bank loan		XX	XX XXX 20XX	-	74
Total current interest-bearing loans and borrowings				**2,832**	**3,142**
Non-current interest-bearing loans and borrowings					
Lease liabilities	30	X.X-X.X	20XX-20XX	2,706	2,553
X% debentures		X.X	20XX-20XX	3,374	3,154
X.XX% secured loan of $X,XXX,XXX		XX	XX XXX 20XX	2,246	-
Secured bank loan		XX	XX XXX 20XX	3,479	3,489
$X,XXX,XXX bank loan (2024: $X,XXX,XXX)		XX	XX XXX 20XX	-	1,357
$X,XXX,XXX bank loan (2024: $X,XXX,XXX)		XX	20XX-20XX	2,486	2,229

19. Financial assets and financial liabilities (continued)

19.2 Financial liabilities: Interest-bearing loans and borrowings (continued)

	Notes	Interest rate %	Maturity	2024 HK$'000	2023 HK$'000
Non-current interest-bearing loans and borrowings					
Lease liabilities	30	X.X-X.X	20XX-20XX	2,706	2,553
X% debentures		X.X	20XX-20XX	3,374	3,154
X.XX% secured loan of $X,XXX,XXX		XX	XX XXX 20XX	2,246	-
Secured bank loan		XX	XX XXX 20XX	3,479	3,489
$X,XXX,XXX bank loan (2023: $X,XXX,XXX)		XX	XX XXX 20XX	-	1,357
$X,XXX,XXX bank loan (2023: $X,XXX,XXX)		XX	20XX-20XX	2,486	2,229
$X,XXX,XXX bank loan		XX	XX XXX 20XX	2,078	2,078
$X,XXX,XXX bank loan		X.X	X XXX 20XX	-	5,809
Loan from a third-party investor		XX.X	20XX	3,000	-
Convertible preference shares		XX.X	20XX	2,778	2,644
Total non-current interest-bearing loans and borrowings				**22,147**	**23,313**
Total interest-bearing loans and borrowings				**24,979**	**26,455**

19. Financial assets and financial liabilities (continued)

19.2 Financial liabilities: Interest-bearing loans and borrowings (continued)

		Interest rate	Maturity	2025	2024
	Notes	%		HK$'000	HK$'000
$X,XXX,XXX bank loan		XX	XX XXX 20XX	2,078	2,078
$X,XXX,XXX bank loan		X.X	X XXX 20XX	-	5,809
Loan from a third-party investor		XX.X	20XX	3,000	-
Convertible preference shares		XX.X	20XX	2,778	2,644
Total non-current interest-bearing loans and borrowings				**22,147**	**23,313**
Total interest-bearing loans and borrowings				**24,979**	**26,455**

19. Financial assets and financial liabilities (continued)

19.2 Financial liabilities: Interest-bearing loans and borrowings (continued)

*Includes the effects of related interest rate swaps.

Bank overdrafts

The bank overdrafts are secured by a portion of the Group's short-term deposits.

HK$X,XXX,XXX bank loan

This loan is unsecured and is repayable in full on X XXXX 2024.

X% debentures

The XX.XX% debentures are repayable in equal annual instalments of €XXX commencing on 1 January 20XX. The debentures include a requirement to increase the Group's use of recycled materials in the production of its products to XX.XX %. If this requirement is not met by 1 January 20XX, the interest rate will rise by 100 basis points to XX.XX %.

The XX.XX% debentures are subject to a covenant that requires the Group to maintain €XXX in minimum balance of cash and short-term deposits on a consolidated basis during the repayment period of the loan. The covenant is tested at the end of each quarter until the maturity of the XX.XX% debentures. The Group has no indication that it will have difficulty complying with this covenant.

X.XX% secured loan

The loan is secured by a first charge over certain of the Group's land and buildings with a carrying value of HK$X,XXX,XXX (2023: Nil).

Secured bank loan

This loan has been drawn down under a six-year multi-option facility (MOF). The loan is repayable within XX months after the reporting date, but has been classified as long term because the Group expects, and has the discretion, to exercise its rights under the MOF to refinance this funding. Such immediate replacement funding is available until XX XXXX 20XX. The total amount repayable on maturity is HK$X,XXX,XXX. The facility is secured by a first charge over certain of the Group's land and buildings, with a carrying value of HK$X,XXX,XXX (2023: HK$X,XXX,XXX).

The secured bank loan is subject to the following covenants:

- Interest cover ratio greater than X. The interest cover ratio in the secured bank loan is calculated as operating profit divided by interests on debts and borrowings (see Note 12.3). The interest cover ratio was X as at 31 December 2024 (2023: X)
- Gearing ratio below X%. See Note 5 for the definition and calculation of the Group's gearing ratio. The gearing ratio was X% as at 31 December 2024 (2023: X%)

Both covenants are tested half-yearly, at 30 June and 31 December. The Group has no indication that it will have difficulty complying with these covenants.

HK$X,XXX,XXX bank loan

The Group increased its borrowings under this loan contract by HK$XXX,XXX during the reporting period. This loan is repayable in two instalments of HK$X,XXX,XXX due on 31 December 20XX and HK$X,XXX,XXX due on 31 December 20XX.

19. Financial assets and financial liabilities (continued)

19.2 Financial liabilities: Interest-bearing loans and borrowings (continued)

*Includes the effects of related interest rate swaps.

Bank overdrafts

The bank overdrafts are secured by a portion of the Group's short-term deposits.

HK$X,XXX,XXX bank loan

This loan is unsecured and is repayable in full on X XXXX 2025.

X% debentures

The XX.XX% debentures are repayable in equal annual instalments of €XXX commencing on 1 January 20XX. The debentures include a requirement to increase the Group's use of recycled materials in the production of its products to XX.XX %. If this requirement is not met by 1 January 20XX, the interest rate will rise by 100 basis points to XX.XX %.

The XX.XX% debentures are subject to a covenant that requires the Group to maintain €XXX in minimum balance of cash and short-term deposits on a consolidated basis during the repayment period of the loan. The covenant is tested at the end of each quarter until the maturity of the XX.XX% debentures. The Group has no indication that it will have difficulty complying with this covenant.

X.XX% secured loan

The loan is secured by a first charge over certain of the Group's land and buildings with a carrying value of HK$X,XXX,XXX (2024: Nil).

Secured bank loan

This loan has been drawn down under a six-year multi-option facility (MOF). The loan is repayable within XX months after the reporting date, but has been classified as long term because the Group expects, and has the discretion, to exercise its rights under the MOF to refinance this funding. Such immediate replacement funding is available until XX XXXX 20XX. The total amount repayable on maturity is HK$X,XXX,XXX. The facility is secured by a first charge over certain of the Group's land and buildings, with a carrying value of HK$X,XXX,XXX (2024: HK$X,XXX,XXX).

The secured bank loan is subject to the following covenants:

- Interest cover ratio greater than X. The interest cover ratio in the secured bank loan is calculated as operating profit divided by interests on debts and borrowings (see Note 12.3). The interest cover ratio was X as at 31 December 2025 (2024: X)
- Gearing ratio below X%. See Note 5 for the definition and calculation of the Group's gearing ratio. The gearing ratio was X% as at 31 December 2025 (2024: X%)

Both covenants are tested half-yearly, at 30 June and 31 December. The Group has no indication that it will have difficulty complying with these covenants.

HK$X,XXX,XXX bank loan

The Group increased its borrowings under this loan contract by HK$XXX,XXX during the reporting period. This loan is repayable in two instalments of HK$X,XXX,XXX due on 31 December 20XX and HK$X,XXX,XXX due on 31 December 20XX.

HK$X,XXX,XXX bank loan

This loan is unsecured and is repayable in full on XX XXXX 20XX. As of 31 December 2024, HK$XX,XXX was repayable on XX XXXX 20XX.

19. Financial assets and financial liabilities (continued)

19.2 Financial liabilities: Interest-bearing loans and borrowings (continued)

HK$X,XXX,XXX bank loan

This loan is unsecured and is repayable in full on XX XXXX 20XX. As of 31 December 2023, HK$XX,XXX was repayable on XX XXXX 20XX.

HK$X,XXX,XXX bank loan

This loan has been transferred to the net balance of the liabilities held for sale.

Convertible preference shares

At 31 December 2024 and 2023, there were X,XXX,XXX convertible preference shares in issue. Each share has a par value of HK$X and is convertible at the option of the shareholders into ordinary shares of the parent of the Group on 1 January 20XX on the basis of one ordinary share for every three preference shares held. Any preference shares not converted will be redeemed on 31 December 20XX at a price of HK$X.XX per share. The preference shares carry a dividend of X% per annum, payable half-yearly in arrears on 30 June and 31 December. The dividend rights are non-cumulative. The preference shares rank ahead of the ordinary shares in the event of a liquidation. The presentation of the equity portion of these shares is explained in Note 24 below.

Other financial liabilities

	Notes	2024 HK$'000	2023 HK$'000
Derivatives not designated as hedging instruments			
Foreign exchange forward contracts		720	-
Embedded derivatives		782	-
Derivatives designated as hedging instruments			
Foreign exchange forward contracts		170	254
Commodity forward contracts		980	-
Interest rate swaps		35	-
Financial liabilities at fair value through profit or loss			
Contingent consideration	7	1,072	-
Total financial instruments at fair value		**3,759**	**254**
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings			
Trade and other payables	29	16,969	20,023
Total other financial liabilities		**20,728**	**20,277**
Total current		**19,922**	**20,277**
Total non-current		**806**	**-**

Derivatives not designated as hedging instruments reflect the negative change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

19. Financial assets and financial liabilities (continued)

19.2 Financial liabilities: Interest-bearing loans and borrowings (continued)

HK$X,XXX,XXX bank loan

This loan has been transferred to the net balance of the liabilities held for sale.

Convertible preference shares

At 31 December 2025 and 2024, there were X,XXX,XXX convertible preference shares in issue. Each share has a par value of HK$X and is convertible at the option of the shareholders into ordinary shares of the parent of the Group on 1 January 20XX on the basis of one ordinary share for every three preference shares held. Any preference shares not converted will be redeemed on 31 December 20XX at a price of HK$X.XX per share. The preference shares carry a dividend of X% per annum, payable half-yearly in arrears on 30 June and 31 December. The dividend rights are non-cumulative. The preference shares rank ahead of the ordinary shares in the event of a liquidation. The presentation of the equity portion of these shares is explained in Note 24 below.

Other financial liabilities

	Notes	2025 HK$'000	2024 HK$'000
Derivatives not designated as hedging instruments			
Foreign exchange forward contracts		720	-
Embedded derivatives		782	-
Derivatives designated as hedging instruments			
Foreign exchange forward contracts		170	254
Commodity forward contracts		980	-
Interest rate swaps		35	-
Financial liabilities at fair value through profit or loss			
Contingent consideration	7	1,072	-
Total financial instruments at fair value		**3,759**	**254**
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings			
Trade and other payables	29	16,969	20,023
Total other financial liabilities		**20,728**	**20,277**
Total current		**19,922**	**20,277**
Total non-current		**806**	**-**

Derivatives not designated as hedging instruments reflect the negative change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

Derivatives designated as hedging instruments reflect the negative change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future purchases in <insert currency>. This also includes the change in fair value of commodity forward contracts entered into during 2025.

19. Financial assets and financial liabilities (continued)

19.2 Financial liabilities: Interest-bearing loans and borrowings (continued)

Derivatives designated as hedging instruments reflect the negative change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future purchases in <insert currency>. This also includes the change in fair value of commodity forward contracts entered into during 2024.

Contingent consideration

As part of the purchase agreement with the previous owner of <insert Company name>, a contingent consideration has been agreed. This consideration is dependent on the profit before tax of <insert Company name> during a XX month period. The fair value of the contingent consideration at the acquisition date was HK$XXX,XXX. The fair value increased to HK$X,XXX,XXX as at 31 December 2024 due to a significantly enhanced performance compared to budget. The contingent consideration is due for final measurement and payment to the former shareholders on XX XXXX 20XX.

19.3 Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk, commodity price risk, and interest rate risk.

The Group's risk management strategy and how it is applied to manage risk are explained in Note 19.5 below.

Derivatives not designated as hedging instruments

The Group uses foreign currency-denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to XX months.

Derivatives designated as hedging instruments

Cash flow hedges

Foreign currency risk

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in Hong Kong dollar and forecast purchases in <insert currency>. These forecast transactions are highly probable, and they comprise about XX% of the Group's total expected sales in Hong Kong dollars and about XX% of its total expected purchases in <insert currency>. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

Commodity price risk

The Group purchases <insert commodity> on an ongoing basis as its operating activities in the <insert description> require a continuous supply thereof for the production of its <insert description>. The increased volatility in <insert commodity> price over the past XX months has led to the decision to enter into commodity forward contracts.

These contracts, which commenced on X XXXX 2024, are expected to reduce the volatility attributable to price fluctuations of <insert commodity>. Hedging the price volatility of forecast <insert commodity> purchases is in accordance with the risk management strategy outlined by the Board of Directors.

19. Financial assets and financial liabilities (continued)

19.2 Financial liabilities: Interest-bearing loans and borrowings (continued)

Contingent consideration

As part of the purchase agreement with the previous owner of <insert Company name>, a contingent consideration has been agreed. This consideration is dependent on the profit before tax of <insert Company name> during a XX month period. The fair value of the contingent consideration at the acquisition date was HK$XXX,XXX. The fair value increased to HK$X,XXX,XXX as at 31 December 2025 due to a significantly enhanced performance compared to budget. The contingent consideration is due for final measurement and payment to the former shareholders on XX XXXX 20XX.

19.3 Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are foreign currency risk, commodity price risk, and interest rate risk.

The Group's risk management strategy and how it is applied to manage risk are explained in Note 19.5 below.

Derivatives not designated as hedging instruments

The Group uses foreign currency-denominated borrowings and foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to XX months.

Derivatives designated as hedging instruments

Cash flow hedges

Foreign currency risk

Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in Hong Kong dollar and forecast purchases in <insert currency>. These forecast transactions are highly probable, and they comprise about XX% of the Group's total expected sales in Hong Kong dollars and about XX% of its total expected purchases in <insert currency>. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

Commodity price risk

The Group purchases <insert commodity> on an ongoing basis as its operating activities in the <insert description> require a continuous supply thereof for the production of its <insert description>. The increased volatility in <insert commodity> price over the past XX months has led to the decision to enter into commodity forward contracts.

These contracts, which commenced on X XXXX 2025, are expected to reduce the volatility attributable to price fluctuations of <insert commodity>. Hedging the price volatility of forecast <insert commodity> purchases is in accordance with the risk management strategy outlined by the Board of Directors.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of X:X for the hedging relationships as the underlying risk of the foreign exchange and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Derivatives designated as hedging instruments (continued)

Commodity price risk (continued)

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of X:X for the hedging relationships as the underlying risk of the foreign exchange and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Group is holding the following foreign exchange and commodity forward contracts:

	Maturity					
	Less than 1 month	**1 to 3 months**	**3 to 6 months**	**6 to 9 months**	**9 to 12 months**	**Total**
As at 31 December 2024						
Foreign exchange forward contracts (highly probable forecast sales)						
Notional amount (in $000)	2,950	3,000	3,150	3,450	3,250	**15,800**
Average forward rate (USD/<insert currency>)	1.166	1.169	1.172	1.175	1.185	
Foreign exchange forward contracts (highly probable forecast purchases)						
Notional amount (in $000)	1,450	1,330	1,880	1,750	1,550	**7,960**
Average forward rate (USD/<insert currency>)	0.876	0.877	0.878	0.879	0.881	

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Derivatives designated as hedging instruments (continued)

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Group is holding the following foreign exchange and commodity forward contracts:

	Maturity					
	Less than 1 month	**1 to 3 months**	**3 to 6 months**	**6 to 9 months**	**9 to 12 months**	**Total**
As at 31 December 2025						
Foreign exchange forward contracts (highly probable forecast sales)						
Notional amount (in $000)	2,950	3,000	3,150	3,450	3,250	**15,800**
Average forward rate (USD/<insert currency>)	1.166	1.169	1.172	1.175	1.185	
Foreign exchange forward contracts (highly probable forecast purchases)						
Notional amount (in $000)	1,450	1,330	1,880	1,750	1,550	**7,960**
Average forward rate (USD/<insert currency>)	0.876	0.877	0.878	0.879	0.881	
Commodity forward contracts						
Notional amount (in tonnes)				450	530	**980**
Notional amount (in $000)				2,600	3,000	**5,600**
Average hedged rate (in HK$000 per tonne)				5.77	5.66	

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Derivatives designated as hedging instruments (continued)

Commodity forward contracts				
Notional amount (in tonnes)	450	530		**980**
Notional amount (in $000)	2,600	3,000		**5,600**
Average hedged rate (in HK$000 per tonne)	5.77	5.66		

	Maturity					
	Less than 1 month	**1 to 3 months**	**3 to 6 months**	**6 to 9 months**	**9 to 12 months**	**Total**
As at 31 December 2023						
Foreign exchange forward contracts (highly probable forecast sales)						
Notional amount (in $000)	2,650	2,850	3,000	3,200	2,900	**14,600**
Average forward rate (USD/<insert currency>)	1.200	1.203	1.206	1.209	1.211	
Foreign exchange forward contracts (highly probable forecast purchases)						
Notional amount (in $000)	1,250	1,150	1,500	1,600	1,450	**6,950**
Average forward rate (USD/<insert currency>)	0.882	0.883	0.884	0.885	0.886	

The impact of the hedging instruments on the statement of financial position is, as follows:

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Derivatives designated as hedging instruments (continued)

	Maturity					
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
As at 31 December 2024						
Foreign exchange forward contracts (highly probable forecast sales)						
Notional amount (in $000)	2,650	2,850	3,000	3,200	2,900	**14,600**
Average forward rate (USD/<insert currency>)	1.200	1.203	1.206	1.209	1.211	
Foreign exchange forward contracts (highly probable forecast purchases)						
Notional amount (in $000)	1,250	1,150	1,500	1,600	1,450	**6,950**
Average forward rate (USD/<insert currency>)	0.882	0.883	0.884	0.885	0.886	

The impact of the hedging instruments on the statement of financial position is, as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness
	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 December 2025				
Foreign exchange forward contracts	15,800	252	Other current financial assets	386
Foreign exchange forward contracts	7,960	(170)	Other current financial liabilities	(99)
Commodity forward contracts	5,600	(980)	Other current financial liabilities	(980)
As at 31 December 2024				
Foreign exchange forward contracts	14,600	153	Other current financial assets	137
Foreign exchange forward contracts	6,950	(254)	Other current financial liabilities	(31)
Commodity forward contracts	-	-		-

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Derivatives designated as hedging instruments (continued)

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness
	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 December 2024				
Foreign exchange forward contracts	15,800	252	Other current financial assets	386
Foreign exchange forward contracts	7,960	(170)	Other current financial assets	(99)
Commodity forward contracts	5,600	(980)	Other current financial assets	(980)
As at 31 December 2023				
Foreign exchange forward contracts	14,600	153	Other current financial assets	137
Foreign exchange forward contracts	6,950	(254)	Other current financial assets	(31)
Commodity forward contracts	-	-		-

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Derivatives designated as hedging instruments (continued)

The impact of hedged items on the statement of financial position is, as follows:

	31 December 2024			31 December 2023
	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve	Change in fair value used for measuring ineffectiveness
	HK$'000	HK$'000	HK$'000	HK$'000
Highly probable forecast sales	386	165	12	137
Highly probable forecast purchases	(99)	(110)	(9)	(31)
<insert commodity> purchases	(915)	(617)	(23)	-

	31 December 2023
	Cash flow hedge reserve
	HK$'000
Highly probable forecast sales	107
Highly probable forecast purchases	(177)
<insert commodity> purchases	-

The effects of the cash flow hedge on the consolidated statement of profit or loss and the consolidated statement of comprehensive income are as follows:

	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
	HK$'000	HK$'000		HK$'000	HK$'000	
Year ended 31 December 2024						
Highly probable forecast sales	386	-		21	(283)	Revenue
Highly probable forecast purchases	(99)	-		(16)	-	

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Derivatives designated as hedging instruments (continued)

The impact of hedged items on the statement of financial position is, as follows:

	31 December 2025			31 December 2024
	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve	Change in fair value used for measuring ineffectiveness
	HK$'000	HK$'000	HK$'000	HK$'000
Highly probable forecast sales	386	165	12	137
Highly probable forecast purchases	(99)	(110)	(9)	(31)
<insert commodity> purchases	(915)	(617)	(23)	-

	31 December 2024
	Cash flow hedge reserve
	HK$'000
Highly probable forecast sales	107
Highly probable forecast purchases	(177)
<insert commodity> purchases	-

The effects of the cash flow hedge on the consolidated statement of profit or loss and the consolidated statement of comprehensive income are as follows:

	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
	HK$'000	HK$'000		HK$'000	HK$'000	
Year ended 31 December 2025						
Highly probable forecast sales	386	-		21	(283)	Revenue
Highly probable forecast purchases	(99)	-		(16)	-	
<insert commodity> purchases	(915)	65	Other operating expenses	(33)	-	

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Derivatives designated as hedging instruments (continued)

	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognised in profit or loss	Line item in the statement of profit or loss	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
	HK$'000	HK$'000		HK$'000	HK$'000	
<insert commodity> purchases	(915)	65	Other operating expenses	(33)	-	

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Derivatives designated as hedging instruments (continued)

Year ended 31 December 2024					
Highly probable forecast sales	137	-	-	(125)	Revenue
Highly probable forecast purchases	(31)	-	-	53	Cost of sales

Fair value hedge

At 31 December 2025, the Group had an interest rate swap agreement in place with a notional amount of HKDX,XXX,XXX (HK$X,XXX,XXX) (2024: HK$Nil) whereby the Group receives a fixed rate of interest of X.XX% and pays interest at a variable rate equal to XX+X.X% on the notional amount. The swap is being used to hedge the exposure to changes in the fair value of its fixed rate X.XX% secured loan.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of X:X for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument
- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

The impact of the hedging instrument on the statement of financial position as at 31 December 2025 is, as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness
	HK$'000	HK$'000		HK$'000
Interest rate swap	3,600	35	Other current financial liability	35

The impact of the hedged item on the statement of financial position as at 31 December 2025 is, as follows:

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Derivatives designated as hedging instruments (continued)

Year ended 31 December 2023					
Highly probable forecast sales	137	-	-	(125)	Revenue
Highly probable forecast purchases	(31)	-	-	53	Cost of sales

Fair value hedge

At 31 December 2024, the Group had an interest rate swap agreement in place with a notional amount of HKDX,XXX,XXX (HK$X,XXX,XXX) (2023: HK$Nil) whereby the Group receives a fixed rate of interest of X.XX% and pays interest at a variable rate equal to XX+X.X% on the notional amount. The swap is being used to hedge the exposure to changes in the fair value of its fixed rate X.XX% secured loan.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of X:X for the hedging relationships as the underlying risk of the interest rate swap is identical to the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument
- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

The impact of the hedging instrument on the statement of financial position as at 31 December 2024 is, as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness
	HK$'000	HK$'000		HK$'000
Interest rate swap	3,600	35	Other current financial liability	35

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Derivatives designated as hedging instruments (continued)

The impact of the hedged item on the statement of financial position as at 31 December 2024 is, as follows:

	Carrying amount	Accumulated fair value adjustments	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness
	HK$'000	HK$'000		HK$'000
Fixed-rate borrowing	2,246	35	Interest-bearing loans and borrowings	35

The ineffectiveness recognised in the statement of profit or loss was immaterial.

Hedge of net investment in foreign operation

Included in interest-bearing loans at 31 December 2024 was a borrowing of HKD X,XXX,XXX which has been designated as a hedge of the net investments in the two subsidiaries in <insert country>, <insert Company name> and <insert Company name>, beginning in 2024. This borrowing is being used to hedge the Group's exposure to the HKD foreign exchange risk on these investments. Gains or losses on the retranslation of this borrowing are transferred to OCI to offset any gains or losses on translation of the net investments in the subsidiaries.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the HKD borrowing. The Group has established a hedge ratio of X:X as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the fixed rate borrowing.

The impact of the hedging instrument on the statement of financial position as at 31 December 2024 is, as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness
	HK$'000	HK$'000		HK$'000
Foreign currency denominated borrowing	3,600	2,246	Interest-bearing loans and borrowings	278

The impact of the hedged item on the statement of financial position is, as follows:

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Derivatives designated as hedging instruments (continued)

	Carrying amount	Accumulated fair value adjustments	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness
	HK$'000	HK$'000		HK$'000
Fixed-rate borrowing	2,246	35	Interest-bearing loans and borrowings	35

The ineffectiveness recognised in the statement of profit or loss was immaterial.

Hedge of net investment in foreign operation

Included in interest-bearing loans at 31 December 2025 was a borrowing of HKD X,XXX,XXX which has been designated as a hedge of the net investments in the two subsidiaries in <insert country>, <insert Company name> and <insert Company name>, beginning in 2025. This borrowing is being used to hedge the Group's exposure to the HKD foreign exchange risk on these investments. Gains or losses on the retranslation of this borrowing are transferred to OCI to offset any gains or losses on translation of the net investments in the subsidiaries.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the HKD borrowing. The Group has established a hedge ratio of X:X as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the fixed rate borrowing.

The impact of the hedging instrument on the statement of financial position as at 31 December 2025 is, as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness
	HK$'000	HK$'000		HK$'000
Foreign currency denominated borrowing	3,600	2,246	Interest-bearing loans and borrowings	278

The impact of the hedged item on the statement of financial position is, as follows:

	Change in fair value used for measuring ineffectiveness	Foreign currency translation reserve
	HK$'000	HK$'000
Net investment in foreign subsidiaries	278	195

The hedging gain recognised in OCI before tax is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognised in profit or loss.

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Derivatives designated as hedging instruments (continued)

	Change in fair value used for measuring ineffectiveness	Foreign currency translation reserve
	HK$'000	HK$'000
Net investment in foreign subsidiaries	278	195

The hedging gain recognised in OCI before tax is equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognised in profit or loss.

Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

	Cash flow hedge reserve	Cost of hedging reserve	Foreign currency translation reserve
	HK$'000	HK$'000	HK$'000
As at 1 January 2023	**(94)**	**-**	**(327)**
Effective portion of changes in fair value arising from:			
Foreign exchange forward contracts – forecast sales	137	-	-
Foreign exchange forward contracts – forecast purchases	(31)	-	-
Amount reclassified to profit or loss	(72)	-	-
Foreign currency revaluation of the net foreign operations*	-	-	(117)
Tax effect	(10)	-	-
As at 1 January 2024	**(70)**	**-**	**(444)**
Effective portion of changes in fair value arising from:			
Foreign exchange forward contracts – forecast sales	365	21	-
Foreign exchange forward contracts – forecast purchases	(83)	(16)	-
Commodity forward contracts	(882)	(33)	-
Amount reclassified to profit or loss	(283)	(4)	-
Amount transferred to inventories	180	3	-
Foreign currency revaluation of the HKD borrowing	-	-	278
Foreign currency revaluation of the net foreign operations*	-	-	(246)
Tax effect	211	9	(83)
As at 31 December 2024	**(562)**	**(20)**	**(495)**

* Hedging of net investment in foreign operations only started in 2024.

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Derivatives designated as hedging instruments (continued)

Impact of hedging on equity

Set out below is the reconciliation of each component of equity and the analysis of other comprehensive income:

	Cash flow hedge reserve	Cost of hedging reserve	Foreign currency translation reserve
	HK$'000	HK$'000	HK$'000
As at 1 January 2024	**(94)**	**-**	**(327)**
Effective portion of changes in fair value arising from:			
Foreign exchange forward contracts – forecast sales	137	-	-
Foreign exchange forward contracts – forecast purchases	(31)	-	-
Amount reclassified to profit or loss	(72)	-	-
Foreign currency revaluation of the net foreign operations*	-	-	(117)
Tax effect	(10)	-	-
As at 1 January 2025	**(70)**	**-**	**(444)**
Effective portion of changes in fair value arising from:			
Foreign exchange forward contracts – forecast sales	365	21	-
Foreign exchange forward contracts – forecast purchases	(83)	(16)	-
Commodity forward contracts	(882)	(33)	-
Amount reclassified to profit or loss	(283)	(4)	-
Amount transferred to inventories	180	3	-
Foreign currency revaluation of the HKD borrowing	-	-	278
Foreign currency revaluation of the net foreign operations*	-	-	(246)
Tax effect	211	9	(83)
As at 31 December 2025	**(562)**	**(20)**	**(495)**

* Hedging of net investment in foreign operations only started in 2025.

Embedded derivatives

In 2025, the Group entered into long-term sale contracts with a customer in <insert country>. The functional currency of the customer is HKD. The selling price in the contracts is fixed and set in <insert currency>. The contracts require physical delivery and will be held for the purpose of the delivery of the commodity in accordance with the buyer's expected sales requirements. The contracts have embedded foreign exchange derivatives that are required to be separated.

The Group also entered into various purchase contracts for <insert commodity> and <insert commodity> (for which there is an active market) with a number of suppliers in <insert country> and <insert country>. The prices in these purchase contracts are linked to the price of <insert price dependant factor>. The contracts have embedded commodity swaps that are required to be separated.

The embedded foreign currency and commodity derivatives have been separated and are carried at fair value through profit or loss. The carrying values of the embedded derivatives at 31 December 2025 amounted to HK$XXX,XXX (other financial assets) (2024: HK$Nil) and HK$XXX,XXX (other financial liabilities) (2024: HK$Nil). The effects on profit or loss are reflected in operating income and operating expenses, respectively.

19. Financial assets and financial liabilities (continued)

19.3 Hedging activities and derivatives (continued)

Embedded derivatives

In 2024, the Group entered into long-term sale contracts with a customer in <insert country>. The functional currency of the customer is HKD. The selling price in the contracts is fixed and set in <insert currency>. The contracts require physical delivery and will be held for the purpose of the delivery of the commodity in accordance with the buyer's expected sales requirements. The contracts have embedded foreign exchange derivatives that are required to be separated.

The Group also entered into various purchase contracts for <insert commodity> and <insert commodity> (for which there is an active market) with a number of suppliers in <insert country> and <insert country>. The prices in these purchase contracts are linked to the price of <insert price dependant factor>. The contracts have embedded commodity swaps that are required to be separated.

The embedded foreign currency and commodity derivatives have been separated and are carried at fair value through profit or loss. The carrying values of the embedded derivatives at 31 December 2024 amounted to HK$XXX,XXX (other financial assets) (2023: HK$Nil) and HK$XXX,XXX (other financial liabilities) (2023: HK$Nil). The effects on profit or loss are reflected in operating income and operating expenses, respectively.

19.4 Fair values

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

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Loans to an associate and a director	213	208	8	9
Non-listed equity investments	1,038	1,038	898	898
Listed equity investments	337	337	300	300
Quoted debt instruments	1,622	1,622	1,610	1,610
Foreign exchange forward contracts	640	640	-	-
Embedded derivatives	210	210	-	-
Foreign exchange forward contracts in cash flow hedges	252	252	153	153
Total	**4,312**	**4,307**	**2,969**	**2,970**
Financial liabilities				
Interest-bearing loans and borrowings				
Floating rate borrowings*	(12,666)	(12,666)	(11,877)	(11,877)
Fixed rate borrowings	(6,374)	(6,321)	(8,239)	(8,944)
Convertible preference shares	(2,778)	(2,766)	(2,644)	(2,621)
Contingent consideration	(1,072)	(1,072)	-	-
Derivatives not designated as hedges				
Foreign exchange forward contracts	(720)	(720)	-	-
Embedded derivatives	(782)	(782)	-	-

19. Financial assets and financial liabilities (continued)

19.4 Fair values

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Loans to an associate and a director	213	208	8	9
Non-listed equity investments	1,038	1,038	898	898
Listed equity investments	337	337	300	300
Quoted debt instruments	1,622	1,622	1,610	1,610
Foreign exchange forward contracts	640	640	-	-
Embedded derivatives	210	210	-	-
Foreign exchange forward contracts in cash flow hedges	252	252	153	153
Total	**4,312**	**4,307**	**2,969**	**2,970**
Financial liabilities				
Interest-bearing loans and borrowings				
Floating rate borrowings*	(12,666)	(12,666)	(11,877)	(11,877)
Fixed rate borrowings	(6,374)	(6,321)	(8,239)	(8,944)
Convertible preference shares	(2,778)	(2,766)	(2,644)	(2,621)
Contingent consideration	(1,072)	(1,072)	-	-
Derivatives not designated as hedges				
Foreign exchange forward contracts	(720)	(720)	-	-
Embedded derivatives	(782)	(782)	-	-
Derivatives in effective hedges	(1,185)	(1,185)	(254)	(254)
Total	**(25,577)**	**(25,512)**	**(23,014)**	**(23,696)**

* Includes an X.XX% secured loan carried at amortised cost adjusted for the fair value movement due to the hedged interest rate risk.

The fair value measurement hierarchy of all Group's financial assets and liabilities is provided in Note 11.

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the estimated losses of these receivables.

19. Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	HK$'000	HK$'000	HK$'000	HK$'000
Derivatives in effective hedges	(1,185)	(1,185)	(254)	(254)
Total	**(25,577)**	**(25,512)**	**(23,014)**	**(23,696)**

19. Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

- The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.
- There is an active market for the Group's listed equity investments and quoted debt instruments.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. Some derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the Group's own non-performance risk. As at 31 December 2025, the mark-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.
- Embedded foreign currency and commodity derivatives are measured similarly to the foreign currency forward contracts and commodity derivatives. The embedded derivatives are commodity and foreign currency forward contracts which are separated from long-term sales contracts where the transaction currency differs from the functional currencies of the involved parties. However, as these contracts are not collateralised, the Group also takes into account the counterparties' credit risks (for the embedded derivative assets) or the Group's own non-performance risk (for the embedded derivative liabilities) and includes a credit valuation adjustment or debit valuation adjustment, as appropriate, by assessing the maximum credit exposure and taking into account market-based inputs concerning probabilities of default and loss given default.
- The fair values of the Group's interest-bearing loans and borrowings are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2025 was assessed to be insignificant.

19. Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

* Includes an X.XX% secured loan carried at amortised cost adjusted for the fair value movement due to the hedged interest rate risk.

The fair value measurement hierarchy of all Group's financial assets and liabilities is provided in Note 11.

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the estimated losses of these receivables.
- The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- The fair values of the non-listed equity investments have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these non-listed equity investments.
- There is an active market for the Group's listed equity investments and quoted debt instruments.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps, foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. Some derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the Group's own non-performance risk. As at 31 December 2024, the mark-to-market value of other derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

19. Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

- Embedded foreign currency and commodity derivatives are measured similarly to the foreign currency forward contracts and commodity derivatives. The embedded derivatives are commodity and foreign currency forward contracts which are separated from long-term sales contracts where the transaction currency differs from the functional currencies of the involved parties. However, as these contracts are not collateralised, the Group also takes into account the counterparties' credit risks (for the embedded derivative assets) or the Group's own non-performance risk (for the embedded derivative liabilities) and includes a credit valuation adjustment or debit valuation adjustment, as appropriate, by assessing the maximum credit exposure and taking into account market-based inputs concerning probabilities of default and loss given default.
- The fair values of the Group's interest-bearing loans and borrowings are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2024 was assessed to be insignificant.

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2024 and 2023 are shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Non-listed equity investments <insert description> sector	DCF method	Long-term growth rate for cash flows for subsequent years	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.X%-X.X% (X.X%)	
		Long-term operating margin	20XX: X.X%-X.X% (X.X%)	XX% (20XX: XX%) increase (decrease) in the margin would result in an increase (decrease) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.X%-X.X% (X.X%)	

19. Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2025 and 2024 are shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Non-listed equity investments <insert description> sector	DCF method	Long-term growth rate for cash flows for subsequent years	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.X%-X.X% (X.X%)	
		Long-term operating margin	20XX: X.X%-X.X% (X.X%)	XX% (20XX: XX%) increase (decrease) in the margin would result in an increase (decrease) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.X%-X.X% (X.X%)	
		WACC	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) in the WACC would result in a decrease (increase) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.X%-X.X% (X.X%)	
		Discount for lack of marketability	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) in the discount would decrease (increase) the fair value by $X,XXX (20XX: $X,XXX).
			20XX: X.X%-X.X% (X.X%)	

19. Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

Description of significant unobservable inputs to valuation (continued)

		WACC	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) in the WACC would result in a decrease (increase) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.X%-X.X% (X.X%)	
		Discount for lack of marketability	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) in the discount would decrease (increase) the fair value by $X,XXX (20XX: $X,XXX).
			20XX: X.X%-X.X% (X.X%)	
Non-listed equity investments <insert description> sector	DCF method	Long-term growth rate for cash flows for subsequent years	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.X%-X.X% (X.X%)	
		Long-term operating margin	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) in the margin would result in an increase (decrease) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.X%-X.X% (X.X%)	
		WACC	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) in the WACC would result in a decrease (increase) in fair value by $XX,XXX (20XX: $XX,XXX)

19. Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

Description of significant unobservable inputs to valuation (continued)

Non-listed equity investments <insert description> sector	DCF method	Long-term growth rate for cash flows for subsequent years	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.X%-X.X% (X.X%)	
		Long-term operating margin	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) in the margin would result in an increase (decrease) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.X%-X.X% (X.X%)	
		WACC	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) in the WACC would result in a decrease (increase) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.X%-X.X% (X.X%)	
		Discount for lack of marketability	20XX: X.X%-X.X% (X.X%)	X.X% (20XX: X%) increase (decrease) in the discount would decrease (increase) the fair value by $X,XXX (20XX: $X,XXX).
			20XX: X.X%-X.X% (X.X%)	
Embedded derivative assets	Forward pricing model	Discount for counterparty credit risk	20XX: X.XX%-X.XX% (X.XX%)	X.X% increase (decrease) would result in an increase (decrease) in fair value by $XX,XXX.
			20XX: -	
Embedded derivative liabilities	Forward pricing model	Discount for non-performance risk	20XX: X.XX%-X.XX% (X.XX%)	X.X% increase (decrease) would result in an increase (decrease) in fair value by $XX,XXX.

19. Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

Description of significant unobservable inputs to valuation (continued)

			20XX: X.X%-X.X% (X.X%)	
		Discount for lack of marketability	20XX: X.X%-X.X% (X.X%)	X.X% (20XX: X%) increase (decrease) in the discount would decrease (increase) the fair value by $X,XXX (20XX: $X,XXX).
			20XX: X.X%-X.X% (X.X%)	
Embedded derivative assets	Forward pricing model	Discount for counterparty credit risk	20XX: X.XX%-X.XX% (X.XX%)	X.X% increase (decrease) would result in an increase (decrease) in fair value by $XX,XXX.
			20XX: -	
Embedded derivative liabilities	Forward pricing model	Discount for non-performance risk	20XX: X.XX%-X.XX% (X.XX%)	X.X% increase (decrease) would result in an increase (decrease) in fair value by $XX,XXX.
			20XX: -	
Loan to an associate and a director	DCF method	Constant prepayment rate	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) would result in an increase (decrease) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.X%-X.X% (X.X%)	
		Discount for non-performance risk	20XX: X.XX%	X.X% (20XX: X.X%) increase (decrease) would result in an increase (decrease) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.XX%	

19. Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

Description of significant unobservable inputs to valuation (continued)

Contingent consideration liability	DCF method	Assumed probability adjusted profit before tax of <insert Company name>	20XX: $X,XXX,XXX	XX% decrease in the assumed probability-adjusted profit before tax of <insert Company name> results in a decrease in fair value of the contingent consideration liability by $XXX,XXX.
			20XX: -	X% increase in the assumed probability-adjusted profit before tax of <insert Company name> would not change fair value of the contingent consideration liability.
		Discount rate	20XX: X.XX%	X% increase (decrease) in the discount rate would result in an increase (decrease) in fair value of the contingent consideration liability by $XX,XXX.
			20XX: -	
		Discount for own non performance risk	20XX: X.XX%	X.X% increase (decrease) in the discount for own non-performance risk would result in an increase (decrease) in fair value of the contingent consideration liability by $X,XXX.
			20XX: -	

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

19. Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

Description of significant unobservable inputs to valuation (continued)

			20XX: -	
Loan to an associate and a director	DCF method	Constant prepayment rate	20XX: X.X%-X.X% (X.X%)	X% (20XX: X%) increase (decrease) would result in an increase (decrease) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.X%-X.X% (X.X%)	
		Discount for non-performance risk	20XX: X.XX%	X.X% (20XX: X.X%) increase (decrease) would result in an increase (decrease) in fair value by $XX,XXX (20XX: $XX,XXX)
			20XX: X.XX%	
Contingent consideration liability	DCF method	Assumed probability adjusted profit before tax of <insert Company name>	20XX: $X,XXX,XXX	XX% decrease in the assumed probability-adjusted profit before tax of <insert Company name> results in a decrease in fair value of the contingent consideration liability by $XXX,XXX.
			20XX: -	X% increase in the assumed probability-adjusted profit before tax of <insert Company name> would not change fair value of the contingent consideration liability.
		Discount rate	20XX: X.XX%	X% increase (decrease) in the discount rate would result in an increase (decrease) in fair value of the contingent consideration liability by $XX,XXX.
			20XX: -	

19. Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

Reconciliation of fair value measurement of non-listed equity investments classified as equity instruments designated at fair value through OCI (Level 3):

	<insert description1>	<insert description2>	Total
	HK$'000	HK$'000	HK$'000
As at 1 January 2023	**386**	**502**	**888**
Remeasurement recognised in OCI	4	6	10
Purchases	-	-	-
Sales	-	-	-
As at 1 January 2024	**390**	**508**	**898**
Remeasurement recognised in OCI	54	(80)	(26)
Purchases	231	293	524
Reclassified in assets held for sale	-	(308)	(308)
Sales	-	(50)	(50)
As at 31 December 2024	**675**	**363**	**1,038**

Reconciliation of fair value measurement of embedded derivative assets and liabilities (Level 3):

	Embedded foreign exchange derivative asset	Embedded commodity derivative liability	
	<insert currency>	<insert commodity 1>	<insert commodity 2>
	HK$'000	HK$'000	HK$'000
As at 1 January 2023	**-**	**-**	**-**
Remeasurement recognised in statement of profit or loss during the period	-	-	-
Purchases	-	-	-
Sales	-	-	-
As at 31 December 2023	**-**	**-**	**-**
Remeasurement recognised in statement of profit or loss during the period	(363)	(209)	(80)
Purchases	573	809	262
Sales	-	-	-
As at 31 December 2024	**210**	**600**	**182**

19. Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

Description of significant unobservable inputs to valuation (continued)

	Discount for own non performance risk	20XX: X.XX% 20XX: -	X.X% increase (decrease) in the discount for own non-performance risk would result in an increase (decrease) in fair value of the contingent consideration liability by $X,XXX.

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

Reconciliation of fair value measurement of non-listed equity investments classified as equity instruments designated at fair value through OCI (Level 3):

	<insert description1>	<insert description2>	Total
	HK$'000	HK$'000	HK$'000
As at 1 January 2024	**386**	**502**	**888**
Remeasurement recognised in OCI	4	6	10
Purchases	-	-	-
Sales	-	-	-
As at 1 January 2025	**390**	**508**	**898**
Remeasurement recognised in OCI	54	(80)	(26)
Purchases	231	293	524
Reclassified in assets held for sale	-	(308)	(308)
Sales	-	(50)	(50)
As at 31 December 2025	**675**	**363**	**1,038**

Reconciliation of fair value measurement of embedded derivative assets and liabilities (Level 3):

	Embedded foreign exchange derivative asset	Embedded commodity derivative liability	
	<insert currency>	<insert commodity 1>	<insert commodity 2>
	HK$'000	HK$'000	HK$'000
As at 1 January 2024	**-**	**-**	**-**
Remeasurement recognised in statement of profit or loss during the period	-	-	-
Purchases	-	-	-
Sales	-	-	-
As at 31 December 2024	**-**	**-**	**-**

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds investments in debt and equity instruments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2024 and 2023.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December 2024.

The analyses exclude the impact of movements in market variables on: the carrying values of pension and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for the contingent consideration liability is provided in Note 7.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2024 and 2023 including the effect of hedge accounting.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign operation at 31 December 2024 for the effects of the assumed changes of the underlying risk.

19. Financial assets and financial liabilities (continued)

19.4 Fair values (continued)

Reconciliation of fair value measurement of embedded derivative assets and liabilities (Level 3): (continued)

Remeasurement recognised in statement of profit or loss during the period	(363)	(209)	(80)
Purchases	573	809	262
Sales	-	-	-
As at 31 December 2025	**210**	**600**	**182**

19.5 Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds investments in debt and equity instruments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2025 and 2024.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December 2025.

The analyses exclude the impact of movements in market variables on: the carrying values of pension and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for the contingent consideration liability is provided in Note 7.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2025 and 2024 including the effect of hedge accounting.

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to maintain borrowings at fixed rates of interest of not more than XX%, excluding borrowings that relate to discontinued operations. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2024, after taking into account the effect of interest rate swaps, approximately XX% of the Group's borrowings are at a fixed rate of interest (2023: XX%).

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit before tax
		HK$'000
2024		
US dollar	+45	(48)
<insert currency>	+60	(13)
US dollar	-45	**33**
<insert currency>	-60	12
2023		
US dollar	+10	(19)
<insert currency>	+15	-
US dollar	-10	**12**
<insert currency>	-15	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Market risk (continued)

- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign operation at 31 December 2025 for the effects of the assumed changes of the underlying risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to maintain borrowings at fixed rates of interest of not more than XX%, excluding borrowings that relate to discontinued operations. To manage this, the Group enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2025, after taking into account the effect of interest rate swaps, approximately XX% of the Group's borrowings are at a fixed rate of interest (2024: XX%).

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit before tax
		HK$'000
2025		
US dollar	+45	(48)
<insert currency>	+60	(13)
US dollar	-45	**33**
<insert currency>	-60	12
2024		
US dollar	+10	(19)
<insert currency>	+15	-
US dollar	-10	**12**
<insert currency>	-15	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum XX-month period for hedges of forecasted sales and purchases and XX-month period for net investment hedges.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Group hedges its exposure to fluctuations on the translation into Hong Kong dollars of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forwards.

At 31 December 2024 and 2023, the Group hedged XX% and XX%, for X and XX months, respectively, of its expected foreign currency sales. Those hedged sales were highly probable at the reporting date. This foreign currency risk is hedged by using foreign currency forward contracts.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in HKD and <insert currency> exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in <insert currency>	Effect on profit before tax	Effect on pre-tax equity
		HK$'000	HK$'000
2024			
	+5%	(30)	(154)
	-5%	20	172
2023			
	+4%	(40)	(146)
	-4%	40	158

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum XX-month period for hedges of forecasted sales and purchases and XX-month period for net investment hedges.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Group hedges its exposure to fluctuations on the translation into Hong Kong dollars of its foreign operations by holding net borrowings in foreign currencies and by using foreign currency swaps and forwards.

At 31 December 2025 and 2024, the Group hedged XX% and XX%, for X and XX months, respectively, of its expected foreign currency sales. Those hedged sales were highly probable at the reporting date. This foreign currency risk is hedged by using foreign currency forward contracts.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in HKD and <insert currency> exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in <insert currency>	Effect on profit before tax	Effect on pre-tax equity
		HK$'000	HK$'000
2025			
	+5%	(30)	(154)
	-5%	20	172
2024			
	+4%	(40)	(146)
	-4%	40	158

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency sensitivity (continued)

	Change in <insert currency>	Effect on profit before tax	Effect on pre-tax equity
		HK$'000	HK$'000
2024			
	+5%	26	102
	-5%	(15)	(113)
2023			
	+4%	31	92
	-4%	(28)	(96)

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in Hong Kong dollars, where the functional currency of the entity is a currency other than Hong Kong dollars. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

The movement in pre-tax equity arises from changes in Hong Kong dollar borrowings (net of cash and cash equivalents) in the hedge of net investments in <insert country> operations and cash flow hedges. These movements will offset the translation of the <insert country>operations' net assets into Hong Kong dollars.

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of <insert description> and therefore require a continuous supply of <insert commodity>. The Group is exposed to changes in the price of <insert commodity>on its forecast <insert commodity> purchases.

The Group's Board of Directors has developed and enacted a risk management strategy for commodity price risk and its mitigation. Based on a XX-month forecast of the required <insert commodity> supply, the Group hedges the purchase price using forward commodity purchase contracts. The forward contracts do not result in physical delivery of <insert commodity>, but are designated as cash flow hedges to offset the effect of price changes in <insert commodity>. The Group hedges approximately XX% of its expected <insert commodity> purchases considered to be highly probable.

The Group also entered into various purchase contracts for <insert commodity> and <insert commodity> (for which there is an active market). The prices in these purchase contracts are linked to the price of <insert price dependant factor>.

Forward contracts with a physical delivery that qualify for normal purchase, sale or usage and that are therefore not recognised as derivatives are disclosed in Note 19.3.

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency sensitivity (continued)

	Change in <insert currency>	Effect on profit before tax	Effect on pre-tax equity
		HK$'000	HK$'000
2025			
	+5%	26	102
	-5%	(15)	(113)
2024			
	+4%	31	92
	-4%	(28)	(96)

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in Hong Kong dollars, where the functional currency of the entity is a currency other than Hong Kong dollars. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

The movement in pre-tax equity arises from changes in Hong Kong dollar borrowings (net of cash and cash equivalents) in the hedge of net investments in <insert country> operations and cash flow hedges. These movements will offset the translation of the <insert country>operations' net assets into Hong Kong dollars.

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of <insert description> and therefore require a continuous supply of <insert commodity>. The Group is exposed to changes in the price of <insert commodity>on its forecast <insert commodity> purchases.

The Group's Board of Directors has developed and enacted a risk management strategy for commodity price risk and its mitigation. Based on a XX-month forecast of the required <insert commodity> supply, the Group hedges the purchase price using forward commodity purchase contracts. The forward contracts do not result in physical delivery of <insert commodity>, but are designated as cash flow hedges to offset the effect of price changes in <insert commodity>. The Group hedges approximately XX% of its expected <insert commodity> purchases considered to be highly probable.

The Group also entered into various purchase contracts for <insert commodity> and <insert commodity> (for which there is an active market). The prices in these purchase contracts are linked to the price of <insert price dependant factor>.

Forward contracts with a physical delivery that qualify for normal purchase, sale or usage and that are therefore not recognised as derivatives are disclosed in Note 19.3.

Commodity price sensitivity

The following table shows the effect of price changes in <insert commodity> net of hedge accounting impact.

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Market risk (continued)

Commodity price sensitivity

The following table shows the effect of price changes in <insert commodity> net of hedge accounting impact.

	Change in year-end price	Effect on profit before tax	Effect on equity
		HK$'000	HK$'000
2024			
<insert commodity>	+15%	(220)	(585)
	-15%	220	585
<insert commodity>	+4%	(8)	(8)
	-4%	8	8
<insert commodity>	+2%	(10)	(10)
	-2%	10	10

Equity price risk

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to non-listed equity investments at fair value was HK$X,XXX,XXX. Sensitivity analyses of these investments have been provided in Note 19.4.

At the reporting date, the exposure to equity investments at fair value listed on the <insert stock exchange> was HK$XXX,XXX. Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the <insert stock exchange> market index, the Group has determined that an increase/(decrease) of XX% on the <insert stock exchange> market index could have an impact of approximately HK$XX,XXX increase/(decrease) on the income and equity attributable to the Group.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Market risk (continued)

Commodity price sensitivity (continued)

	Change in year-end price	Effect on profit before tax	Effect on equity
		HK$'000	HK$'000
2025			
<insert commodity>	+15%	(220)	(585)
	-15%	220	585
<insert commodity>	+4%	(8)	(8)
	-4%	8	8
<insert commodity>	+2%	(10)	(10)
	-2%	10	10

Equity price risk

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to non-listed equity investments at fair value was HK$X,XXX,XXX. Sensitivity analyses of these investments have been provided in Note 19.4.

At the reporting date, the exposure to equity investments at fair value listed on the <insert stock exchange> was HK$XXX,XXX. Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the <insert stock exchange> market index, the Group has determined that an increase/(decrease) of XX% on the <insert stock exchange> market index could have an impact of approximately HK$XX,XXX increase/(decrease) on the income and equity attributable to the Group.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Credit risk (continued)

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. At 31 December 2024, the Group had XX customers (2023: XX) that owed it more than HK$XXX,XXX each and accounted for approximately XX% (2023: XX%) of all the receivables and contract assets outstanding. There were X customers (2023: X customers) with balances greater than HK$X million accounting for just over XX% (2023: XX%) of the total amounts of receivable and contract assets.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 21. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered an integral part of trade receivables and the calculation of impairment.

At 31 December 2024, XX% (2023: XX%) of the Group's trade receivables are covered by letters of credit and other forms of credit insurance. These credit enhancements obtained by the Group resulted in a decrease in the ECL of HK$XX,XXX as at 31 December 2024 (2023: HK$XX,XXX). The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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

31 December 2024		**Trade receivables**					
			Days past due				
	Contract assets	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Expected credit loss rate	0.13%	0.12%	1.50%	4.00%	7.00%	12.00%	

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Credit risk (continued)

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. At 31 December 2025, the Group had XX customers (2024: XX) that owed it more than HK$XXX,XXX each and accounted for approximately XX% (2024: XX%) of all the receivables and contract assets outstanding. There were X customers (2024: X customers) with balances greater than HK$X million accounting for just over XX% (2024: XX%) of the total amounts of receivable and contract assets.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 21. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered an integral part of trade receivables and the calculation of impairment.

At 31 December 2025, XX% (2024: XX%) of the Group's trade receivables are covered by letters of credit and other forms of credit insurance. These credit enhancements obtained by the Group resulted in a decrease in the ECL of HK$XX,XXX as at 31 December 2025 (2024: HK$XX,XXX). The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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

31 December 2025		**Trade receivables**					
			Days past due				
	Contract assets	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Expected credit loss rate	0.13%	0.12%	1.50%	4.00%	7.00%	12.00%	

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Credit risk (continued)

Trade receivables and contract assets (continued)

Gross carrying amount	**4,547**	16,787	4,864	2,700	1,151	514	**26,016**
Expected credit losses	**6**	20	73	108	81	62	**344**

31 December 2023		**Trade receivables**					
			Days past due				
	Contract assets	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Expected credit loss rate	0.10%	0.10%	1.20%	3.00%	5.00%	10.00%	
Gross carrying amount	**5,185**	15,603	3,482	1,897	995	531	**22,508**
Expected credit losses	**5**	16	42	57	50	53	**218**

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group invests only on quoted debt securities with very low credit risk. The Group's debt instruments at fair value through OCI comprised solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the and, therefore, are considered to be low credit risk investments. The Group recognised provision for expected credit losses on its debt instruments at fair value through OCI of HK$X,XXX in 2024 (2023: HK$X,XXX).

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Credit risk (continued)

Trade receivables and contract assets (continued)

Gross carrying amount	**4,547**	16,787	4,864	2,700	1,151	514	**26,016**
Expected credit losses	**6**	20	73	108	81	62	**344**

31 December 2024		**Trade receivables**					
			Days past due				
	Contract assets	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Expected credit loss rate	0.10%	0.10%	1.20%	3.00%	5.00%	10.00%	
Gross carrying amount	**5,185**	15,603	3,482	1,897	995	531	**22,508**
Expected credit losses	**5**	16	42	57	50	53	**218**

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group invests only on quoted debt securities with very low credit risk. The Group's debt instruments at fair value through OCI comprised solely of quoted bonds that are graded in the top investment category (Very Good and Good) by the <insert Credit Rating Agency name> and, therefore, are considered to be low credit risk investments. The Group recognised provision for expected credit losses on its debt instruments at fair value through OCI of HK$X,XXX in 2025 (2024: HK$X,XXX).

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Credit risk (continued)

Financial instruments and cash deposits (continued)

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2024 and 2023 is the carrying amounts as illustrated in Note 19.1 except for derivative financial instruments. The Group's maximum exposure relating to financial derivative instruments is noted in the liquidity table below.

Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, and lease contracts. The Group's policy is that not more than XX% of borrowings should mature in the next XX-month period. Approximately XX% of the Group's debt will mature in less than one year at 31 December 2024 (2023: XX%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within XX months can be rolled over with existing lenders.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

A substantial portion of the Group's trade payables are included in the Group's supplier finance arrangement and are, thus, with a single counterparty rather than individual suppliers. This results in the Group being required to settle a significant amount with a single counterparty, rather than less significant amounts with several counterparties. However, the Group's payment terms for trade payables covered by the arrangement are identical to the payment terms for other trade payables. Management does not consider the supplier finance arrangement to result in excessive concentrations of liquidity risk, and the arrangement has been established to ease the administrative burden of managing invoices from a significant number of suppliers, rather than to obtain financing. Please refer to Note 29 for further disclosures about the arrangement.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Credit risk (continued)

Financial instruments and cash deposits (continued)

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2025 and 2024 is the carrying amounts as illustrated in Note 19.1 except for derivative financial instruments. The Group's maximum exposure relating to financial derivative instruments is noted in the liquidity table below.

Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, and lease contracts. The Group's policy is that not more than XX% of borrowings should mature in the next XX-month period. Approximately XX% of the Group's debt will mature in less than one year at 31 December 2025 (2024: XX%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within XX months can be rolled over with existing lenders.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

A substantial portion of the Group's trade payables are included in the Group's supplier finance arrangement and are, thus, with a single counterparty rather than individual suppliers. This results in the Group being required to settle a significant amount with a single counterparty, rather than less significant amounts with several counterparties. However, the Group's payment terms for trade payables covered by the arrangement are identical to the payment terms for other trade payables. Management does not consider the supplier finance arrangement to result in excessive concentrations of liquidity risk, and the arrangement has been established to ease the administrative burden of managing invoices from a significant number of suppliers, rather than to obtain financing. Please refer to Note 29 for further disclosures about the arrangement.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 December 2025		On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Notes	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Interest-bearing loans and borrowings (excluding items below)		966	-	1,422	10,554	8,000	20,942

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Excessive risk concentration (continued)

Year ended 31 December 2024	Notes	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Interest-bearing loans and borrowings (excluding items below)		966	-	1,422	10,554	8,000	20,942
Lease liabilities	30	48	117	290	2,454	1,473	4,382
Convertible preference shares		-	-	-	676	2,324	3,000
Contingent consideration		-	-	1,125	-	-	1,125
Other financial liabilities		-	-	-	150	-	150
Trade and other payables		3,620	12,547	802	-	-	16,969
Derivatives and embedded derivatives		1,970	2,740	391	1,191	1,329	7,621
		6,604	**15,404**	**4,030**	**15,025**	**13,126**	**54,189**

Year ended 31 December 2023	Notes	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Interest-bearing loans and borrowings (excluding items below)		2,650	-	76	8,872	11,600	23,198
Lease liabilities	30	32	90	296	2,386	1,432	4,236
Convertible preference shares		-	-	-	624	2,376	3,000
Other financial liabilities		-	-	-	202	-	202
Trade and other payables		4,321	13,959	1,743	-	-	20,023
Derivatives and embedded derivatives		549	1,255	-	-	-	1,804
		7,552	**15,304**	**2,115**	**12,084**	**15,408**	**52,463**

The financial derivative instruments disclosed in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation of those amounts to their carrying amounts:

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Excessive risk concentration (continued)

Year ended 31 December 2025	Notes	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Lease liabilities	30	48	117	290	2,454	1,473	4,382
Convertible preference shares		-	-	-	676	2,324	3,000
Contingent consideration		-	-	1,125	-	-	1,125
Other financial liabilities		-	-	-	150	-	150
Trade and other payables		3,620	12,547	802	-	-	16,969
Derivatives and embedded derivatives		1,970	2,740	391	1,191	1,329	7,621
		6,604	**15,404**	**4,030**	**15,025**	**13,126**	**54,189**

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Excessive risk concentration (continued)

Year ended 31 December 2024	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Inflows	800	1,000	250	700	950	3,700
Outflows	(1,970)	(2,740)	(391)	(1,191)	(1,329)	(7,621)
Net	**(1,170)**	**(1,740)**	**(141)**	**(491)**	**(379)**	**(3,921)**
Discounted at the applicable interbank rates	(1,170)	(1,731)	(139)	(463)	(343)	(3,846)

Year ended 31 December 2023	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Inflows	800	1,000	-	-	-	1,800
Outflows	(1,970)	(2,740)	-	-	-	(4,710)
Net	**(1,170)**	**(1,740)**	**-**	**-**	**-**	**(2,910)**
Discounted at the applicable interbank rates	(1,170)	(1,731)	-	-	-	(2,901)

Collateral

The Group has pledged part of its short-term deposits in order to fulfil the collateral requirements for the derivatives contracts. At 31 December 2024 and 2023, respectively, the fair values of the short-term deposits pledged were HK$X,XXX,XXX and HK$X,XXX,XXX, respectively. The counterparties have an obligation to return the securities to the Group. The Group also holds a deposit in respect of derivative contracts of HK$XXX,XXX as at 31 December 2024 (2023: HK$XXX,XXX). The Group has an obligation to repay the deposit to the counterparties upon settlement of the contracts. There are no other significant terms and conditions associated with the use of collateral.

19.6 Changes in liabilities arising from financing activities

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Excessive risk concentration (continued)

Year ended 31 December 2024	Notes	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Interest-bearing loans and borrowings (excluding items below)		2,650	-	76	8,872	11,600	23,198
Lease liabilities	30	32	90	296	2,386	1,432	4,236
Convertible preference shares		-	-	-	624	2,376	3,000
Other financial liabilities		-	-	-	202	-	202
Trade and other payables		4,321	13,959	1,743	-	-	20,023
Derivatives and embedded derivatives		549	1,255	-	-	-	1,804
		7,552	**15,304**	**2,115**	**12,084**	**15,408**	**52,463**

The financial derivative instruments disclosed in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation of those amounts to their carrying amounts:

Year ended 31 December 2025	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Inflows	800	1,000	250	700	950	3,700
Outflows	(1,970)	(2,740)	(391)	(1,191)	(1,329)	(7,621)
Net	**(1,170)**	**(1,740)**	**(141)**	**(491)**	**(379)**	**(3,921)**
Discounted at the applicable interbank rates	(1,170)	(1,731)	(139)	(463)	(343)	(3,846)

Year ended 31 December 2024	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Inflows	800	1,000	-	-	-	1,800
Outflows	(1,970)	(2,740)	-	-	-	(4,710)
Net	**(1,170)**	**(1,740)**	**-**	**-**	**-**	**(2,910)**
Discounted at the applicable interbank rates	(1,170)	(1,731)	-	-	-	(2,901)

19. Financial assets and financial liabilities (continued)

19.5 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Collateral

The Group has pledged part of its short-term deposits in order to fulfil the collateral requirements for the derivatives contracts. At 31 December 2025 and 2024, respectively, the fair values of the short-term deposits pledged were HK$X,XXX,XXX and HK$X,XXX,XXX, respectively. The counterparties have an obligation to return the securities to the Group. The Group also holds a deposit in respect of derivative contracts of HK$XXX,XXX as at 31 December 2025 (2024: HK$XXX,XXX). The Group has an obligation to repay the deposit to the counterparties upon settlement of the contracts. There are no other significant terms and conditions associated with the use of collateral.

19.6 Changes in liabilities arising from financing activities

19. Financial assets and financial liabilities (continued)

19.6 Changes in liabilities arising from financing activities (continued)

	Notes	1 January 2024	Cash flows	Reclassified as part of disposal group	Foreign exchange movement	Changes in fair values	New leases	Other	31 December 2024
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current interest-bearing loans and borrowings (excluding items listed below)		**2,724**	(2,032)	-	(6)	-	-	1,691	**2,377**
Current lease liabilities	30	**418**	(406)	-	-	-	42	401	**455**
Non-current interest-bearing loans and borrowings (excluding items listed below)		**20,760**	5,649	(5,809)	(51)	-	-	(1,108)	**19,441**
Non-current lease liabilities	30	**2,553**	-	-	-	-	551	(398)	**2,706**
Dividends payable		-	-	-	-	-	-	410	**410**
Derivatives		-	-	-	-	58	-	-	**58**
Total liabilities from financing activities		**26,455**	**3,211**	**(5,809)**	**(57)**	**58**	**593**	**996**	**25,447**

19. Financial assets and financial liabilities (continued)

19.6 Changes in liabilities arising from financing activities (continued)

	Notes	1 January 2025	Cash flows	Reclassified as part of disposal group	Foreign exchange movement	Changes in fair values	New leases	Other	31 December 2025
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current interest-bearing loans and borrowings (excluding items listed below)		**2,724**	(2,032)	-	(6)	-	-	1,691	**2,377**
Current lease liabilities	30	**418**	(406)	-	-	-	42	401	**455**
Non-current interest-bearing loans and borrowings (excluding items listed below)		**20,760**	5,649	(5,809)	(51)	-	-	(1,108)	**19,441**
Non-current lease liabilities	30	**2,553**	-	-	-	-	551	(398)	**2,706**
Dividends payable		-	-	-	-	-	-	410	**410**
Derivatives		-	-	-	-	58	-	-	**58**
Total liabilities from financing activities		**26,455**	**3,211**	**(5,809)**	**(57)**	**58**	**593**	**996**	**25,447**

	Notes	1 January 2024	Cash flows	Reclassified as part of disposal group	Foreign exchange movement	Changes in fair values	New leases	Other	31 December 2024
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000

19. Financial assets and financial liabilities (continued)

19.6 Changes in liabilities arising from financing activities (continued)

	Notes	1 January 2023 HK$'000	Cash flows HK$'000	Reclassified as part of disposal group HK$'000	Foreign exchange movement HK$'000	Changes in fair values HK$'000	New leases HK$'000	Other HK$'000	31 December 2023 HK$'000
Current interest-bearing loans and borrowings (excluding items listed below)		**4,479**	(4,250)	-	(10)	-	-	2,505	**2,724**
Current lease liabilities	30	**355**	(341)	-	-	-	22	382	**418**
Non-current interest-bearing loans and borrowings (excluding items listed below)		**18,624**	4,871	-	(57)	-	-	(2,678)	**20,760**
Non-current lease liabilities	30	**2,734**	-	-	-	-	203	(384)	**2,553**
Total liabilities from financing activities		**26,192**	**280**	**-**	**(67)**	**-**	**225**	**(175)**	**26,455**

19. Financial assets and financial liabilities (continued)

19.6 Changes in liabilities arising from financing activities (continued)

	Notes	1 January 2024	Cash flows	Reclassified as part of disposal group	Foreign exchange movement	Changes in fair values	New leases	Other	31 December 2024
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current interest-bearing loans and borrowings (excluding items listed below)		**4,479**	(4,250)	-	(10)	-	-	2,505	**2,724**
Current lease liabilities	30	**355**	(341)	-	-	-	22	382	**418**
Non-current interest-bearing loans and borrowings (excluding items listed below)		**18,624**	4,871	-	(57)	-	-	(2,678)	**20,760**
Non-current lease liabilities	30	**2,734**	-	-	-	-	203	(384)	**2,553**
Total liabilities from financing activities		**26,192**	**280**	**-**	**(67)**	**-**	**225**	**(175)**	**26,455**

19. Financial assets and financial liabilities (continued)

19.6 Changes in liabilities arising from financing activities (continued)

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including lease liabilities to current due to the passage of time, the accrual of special dividends that were not yet paid at year-end, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings, including lease liabilities. The Group classifies interest paid as cash flows from operating activities.

20. Inventories

	2024	2023
	HK$'000	HK$'000
Raw materials (at cost)	6,240	7,136
Work in progress (at cost)	13,357	9,722
Finished goods (at lower of cost and net reliazable value)	6,430	6,972
Total inventories at the lower of cost and net realisable value	**26,027**	**23,830**

During 2024, HK$XXX,XXX (2023: HK$XXX,XXX) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales. For a subsequent event related to inventories, refer to Note 36.

19. Financial assets and financial liabilities (continued)

19.6 Changes in liabilities arising from financing activities (continued)

The 'Other' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including lease liabilities to current due to the passage of time, the accrual of special dividends that were not yet paid at year-end, and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings, including lease liabilities. The Group classifies interest paid as cash flows from operating activities.

20. Inventories

	2025	2024
	HK$'000	HK$'000
Raw materials (at cost)	6,240	7,136
Work in progress (at cost)	13,357	9,722
Finished goods (at lower of cost and net reliazable value)	6,430	6,972
Total inventories at the lower of cost and net realisable value	**26,027**	**23,830**

During 2025, HK$XXX,XXX (2024: HK$XXX,XXX) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales. For a subsequent event related to inventories, refer to Note 36.

21. Trade receivables and contract assets

Trade receivables

	Notes	2024 HK$'000	2023 HK$'000
Receivables from third-party customers		24,845	21,376
Receivables from an associate	34	551	582
Receivables from other related parties	34	620	550
		26,016	**22,508**
Allowance for expected credit losses		(344)	(218)
		25,672	**22,290**

Trade receivables are non-interest bearing and are generally on terms of XX to XX days.

For terms and conditions relating to related party receivables, refer to Note 34.

Contract assets

As at 31 December 2024, the Group has contract assets of HK$X,XXX,XXX (2023: HK$X,XXX,XXX) which is net of an allowance for expected credit losses of HK$X,XXX (2023: HK$X,XXX).

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

	Notes	2024 HK$'000	2023 HK$'000
As at 1 January		223	244
Provision for expected credit losses	12.9	185	76
Write-off		(54)	(95)
Foreign exchange movement		(4)	(2)
As at 31 December		**350**	**223**

The significant changes in the balances of trade receivables and contract assets are disclosed in Note 4.2 information about the credit exposures are disclosed in Note 19.5.

22. Prepayments

	2024 HK$'000	2023 HK$'000
Prepaid insurance	168	89
Creditable withholding taxes	76	76
	244	**165**

In 20XX, the Group paid for an insurance policy covering three years. The prepayments pertain to the unexpired portion of the insurance.

21. Trade receivables and contract assets

Trade receivables

	Notes	2025 HK$'000	2024 HK$'000
Receivables from third-party customers		24,845	21,376
Receivables from an associate	34	551	582
Receivables from other related parties	34	620	550
		26,016	**22,508**
Allowance for expected credit losses		(344)	(218)
		25,672	**22,290**

Trade receivables are non-interest bearing and are generally on terms of XX to XX days.

For terms and conditions relating to related party receivables, refer to Note 34.

Contract assets

As at 31 December 2025, the Group has contract assets of HK$X,XXX,XXX (2024: HK$X,XXX,XXX) which is net of an allowance for expected credit losses of HK$X,XXX (2024: HK$X,XXX).

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

	Notes	2025 HK$'000	2024 HK$'000
As at 1 January		223	244
Provision for expected credit losses	12.9	185	76
Write-off		(54)	(95)
Foreign exchange movement		(4)	(2)
As at 31 December		**350**	**223**

The significant changes in the balances of trade receivables and contract assets are disclosed in Note 4.2 while the information about the credit exposures are disclosed in Note 19.5.

22. Prepayments

	2025 HK$'000	2024 HK$'000
Prepaid insurance	168	89
Creditable withholding taxes	76	76
	244	**165**

In 20XX, the Group paid for an insurance policy covering three years. The prepayments pertain to the unexpired portion of the insurance.

23. Cash and short-term deposits

23. Cash and short-term deposits

	2024	2023
	HK$'000	HK$'000
Cash at banks and on hand	11,732	11,125
Short-term deposits	5,796	3,791
	17,528	**14,916**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

At 31 December 2024, the Group had available HK$X,XXX,XXX (2023: HK$X,XXX,XXX) of undrawn committed borrowing facilities.

The Group has pledged a part of its short-term deposits to fulfil collateral requirements. Refer to Note 19.5 for further details.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2024	2023
	HK$'000	HK$'000
Cash and bank balances	11,732	11,125
Short-term deposits	5,796	3,791
Cash and short-term deposits	1,294	-
	18,822	**14,916**
Bank overdrafts	(966)	(2,650)
Cash and cash equivalents	**17,856**	**12,266**

24. Issued capital and reserves

Authorised shares

	2024	2023
	Thousands	Thousands
Ordinary shares of $X each	22,588	20,088
X% convertible preference shares	2,500	2,500
	25,088	**22,588**

Ordinary shares issued and fully paid

	Thousands	HK$'000
At 1 January 2023	**19,388**	**18,814**

23. Cash and short-term deposits (continued)

	2025	2024
	HK$'000	HK$'000
Cash at banks and on hand	11,732	11,125
Short-term deposits	5,796	3,791
	17,528	**14,916**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

At 31 December 2025, the Group had available HK$X,XXX,XXX (2024: HK$X,XXX,XXX) of undrawn committed borrowing facilities.

The Group has pledged a part of its short-term deposits to fulfil collateral requirements. Refer to Note 19.5 for further details.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2025	2024
	HK$'000	HK$'000
Cash at banks and on hand	11,732	11,125
Short-term deposits	5,796	3,791
Cash at banks and short-term deposits	1,294	-
	18,822	**14,916**
Bank overdrafts	(966)	(2,650)
Cash and cash equivalents	**17,856**	**12,266**

24. Issued capital and reserves

Authorised shares

	2025	2024
	Thousands	Thousands
Ordinary shares of HK$X each	22,588	20,088
X% convertible preference shares of HK$X each	2,500	2,500
	25,088	**22,588**

Ordinary shares issued and fully paid

	Thousands	HK$'000
At 1 January 2024	**19,388**	**18,814**
At 31 December 2025	**21,888**	**26,017**

During the year, the authorised share capital was increased by HK$X,XXX,XXX by the issue of X,XXX,XXX ordinary shares of HK$X each.

24. Issued capital and reserves (continued)

Ordinary shares issued and fully paid (continued)

At 31 December 2024	**21,888**	**26,017**

During the year, the authorised share capital was increased by HK$X,XXX,XXX by the issue of X,XXX,XXX ordinary shares of HK$X each.

Share option scheme

The Group has two share option schemes under which options to subscribe for the Group's shares have been granted to certain senior executives and certain other employees. Refer to Note 30 for further details.

Share options exercised in each respective year have been settled using the treasury shares of the Group. The reduction in the treasury share equity component is equal to the cost incurred to acquire the shares, on a weighted average basis. Any excess of the cash received from employees over the reduction in treasury shares is recorded in share premium.

Other capital reserves

	Share-based payments	Convertible preference shares	Total
	HK$'000	HK$'000	HK$'000
As at 1 January 2023	**338**	**228**	**566**
Share-based payments expensed during the year	298	-	298
At 31 December 2023	**636**	**228**	**864**
Share-based payments expensed during the year	307	-	307
At 31 December 2024	**943**	**228**	**1,171**

Nature and purpose of reserves

Other capital reserves

Share-based payments

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 32 for further details of these plans.

Convertible preference shares

The convertible preference share reserve covers the equity component of the issued convertible preference shares. The liability component is included in Interest-bearing loans and borrowings (see Note 19.2).

All other reserves are as stated in the consolidated statement of changes in equity.

24. Issued capital and reserves (continued)

Share option scheme

The Group has two share option schemes under which options to subscribe for the Group's shares have been granted to certain senior executives and certain other employees. Refer to Note 30 for further details.

Share options exercised in each respective year have been settled using the treasury shares of the Group. The reduction in the treasury share equity component is equal to the cost incurred to acquire the shares, on a weighted average basis. Any excess of the cash received from employees over the reduction in treasury shares is recorded in share premium.

Other capital reserves

	Share-based payments	Convertible preference shares	Total
	HK$'000	HK$'000	HK$'000
As at 1 January 2024	**338**	**228**	**566**
Share-based payments expensed during the year	298	-	298
At 31 December 2024	**636**	**228**	**864**
Share-based payments expensed during the year	307	-	307
At 31 December 2025	**943**	**228**	**1,171**

Nature and purpose of reserves

Other capital reserves

Share-based payments

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 32 for further details of these plans.

Convertible preference shares

The convertible preference share reserve covers the equity component of the issued convertible preference shares. The liability component is included in Interest-bearing loans and borrowings (see Note 19.2).

All other reserves are as stated in the consolidated statement of changes in equity.

OCI items, net of tax:

The disaggregation of changes of OCI by each type of reserve in equity is shown below:

24. Issued capital and reserves (continued)

Nature and purpose of reserves (continued)

OCI items, net of tax:

The disaggregation of changes of OCI by each type of reserve in equity is shown below:

24. Issued capital and reserves (continued)

Nature and purpose of reserves (continued)

OCI items, net of tax: (continued)

Year ended 31 December 2025	Cash flow hedge reserve	Cost of hedging reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus	Retained earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Net gain on a hedge of net investment	-	-	-	195	-	-	195
Exchange differences on translation of foreign operations	-	-	-	(246)	-	-	(246)
Currency forward contracts	197	4	-	-	-	-	201
Commodity forward contracts	(617)	(23)	-	-	-	-	(640)
Reclassified to statement of profit or loss	(198)	(3)	(6)	-	-	-	(207)
Fair value loss on debt instruments at FVOCI	-	-	(9)	-	-	-	(9)
Fair value loss on equity instruments designated at FVOCI	-	-	(18)	-	-	-	(18)
Share of OCI of an associate	-	-	(30)	-	30	-	-
Remeasurement on defined benefit plan	-	-	-	-	-	257	257
Revaluation of office properties in <insert country>	-	-	-	-	592	-	592
	(618)	**(22)**	**(63)**	**(51)**	**622**	**257**	**125**

Year ended 31 December 2024	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Retained earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000

24. Issued capital and reserves (continued)

Nature and purpose of reserves (continued)

OCI items, net of tax: (continued)

Year ended 31 December 2024	Cash flow hedge reserve	Cost of hedging reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus	Retained earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Net gain on a hedge of net investment	-	-	-	195	-	-	195
Exchange differences on translation of foreign operations	-	-	-	(246)	-	-	(246)
Currency forward contracts	197	4	-	-	-	-	201
Commodity forward contracts	(617)	(23)	-	-	-	-	(640)
Reclassified to statement of profit or loss	(198)	(3)	(6)	-	-	-	(207)
Fair value loss on debt instruments at FVOCI	-	-	(9)	-	-	-	(9)
Fair value loss on equity instruments designated at FVOCI	-	-	(18)	-	-	-	(18)
Share of OCI of an associate	-	-	(30)	-	30	-	-
Remeasurement on defined benefit plan	-	-	-	-	-	257	257
Revaluation of office properties in <insert country>	-	-	-	-	592	-	592
	(618)	**(22)**	**(63)**	**(51)**	**622**	**257**	**125**

Year ended 31 December 2023	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Retained earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000

24. Issued capital and reserves (continued)

Nature and purpose of reserves (continued)

OCI items, net of tax: (continued)

Year ended 31 December 2023	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Retained earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Exchange differences on translation of foreign operations	-	-	(117)	-	(117)
Currency forward contracts	(265)	-	-	-	(265)
Reclassified to statement of profit or loss	289	-	-	-	289
Fair value loss on debt instruments at FVOCI	-	(4)	-	-	(4)
Reclassification to statement of profit or loss	-	3	-	-	3
Fair value loss on equity instruments designated at FVOCI	-	7	-	-	7
Remeasurement on defined benefit plan	-	-	-	(273)	(273)
	24	**6**	**(117)**	**(273)**	**(360)**

24. Issued capital and reserves (continued)

Nature and purpose of reserves (continued)

OCI items, net of tax: (continued)

Year ended 31 December 2024	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Retained earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Exchange differences on translation of foreign operations	-	-	(117)	-	(117)
Currency forward contracts	(265)	-	-	-	(265)
Reclassified to statement of profit or loss	289	-	-	-	289
Fair value loss on debt instruments at FVOCI	-	(4)	-	-	(4)
Reclassification to statement of profit or loss	-	3	-	-	3
Fair value loss on equity instruments designated at FVOCI	-	7	-	-	7
Remeasurement on defined benefit plan	-	-	-	(273)	(273)
	24	**6**	**(117)**	**(273)**	**(360)**

25. Distributions made and proposed

	2024	2023
	HK$'000	HK$'000
Cash dividends on ordinary shares declared and paid:		
Final dividend for 2023: X.XX cents per share (2022: X.XX cents per share)	1,089	749
Interim dividend for 2024: X.XX cents per share (2023: X.XX cents per share)	890	851
	1,979	**1,600**
Special cash dividends on ordinary shares declared but not paid:		
Special dividends for 2024: X.XX cents per share (2023: Nil)	410	-
Proposed dividends on ordinary shares:		
Final cash dividend for 2024: X.XX cents per share (2023: X.XX cents per share)	1,087	1,082

Special dividends were approved by an extraordinary shareholders meeting on XX XXXX 2024 and are included as a separate line item in to the statement of financial position. Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 December.

25. Distributions made and proposed

	2025	2024
	HK$'000	HK$'000
Cash dividends on ordinary shares declared and paid:		
Final dividend for 2024: X.XX cents per share (2023: X.XX cents per share)	1,089	749
Interim dividend for 2025: X.XX cents per share (2024: X.XX cents per share)	890	851
	1,979	**1,600**
Special cash dividends on ordinary shares declared but not paid:		
Special dividends for 2025: X.XX cents per share (2024: Nil)	410	-
Proposed dividends on ordinary shares:		
Final cash dividend for 2025: X.XX cents per share (2024: X.XX cents per share)	1,087	1,082

Special dividends were approved by an extraordinary shareholders meeting on XX XXXX 2025 and are included as a separate line item in to the statement of financial position. Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 December.

26. Provisions

26. Provisions

26. Provisions (continued)

	Notes	Assurance-type warranties	Restructuring	De-commissioning	Social security contributions on share options	Waste electrical and electronic equipment	Contingent liability recognised in a business combination	Onerous contract	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2024		**118**	**-**	**-**	**4**	**53**	**-**	**-**	**175**
Acquisition of a subsidiary		-	900	1,200	-	-	380	-	2,480
Arising during the year	7	112	-	-	26	102	20	20	280
Utilised		(60)	(59)	-	(19)	(8)	-	-	(146)
Unused amounts reversed		(6)	(6)	-	-	-	-	-	(12)
Unwinding of discount and changes in the discount rate		2	17	21	1	2	-	-	43
At 31 December 2024		**166**	**852**	**1,221**	**12**	**149**	**400**	**20**	**2,820**
Current		166	305	-	3	28	400	20	922
Non-current		-	547	1,221	9	121	-	-	1,898

	Notes	Assurance-type warranties	Social security contributions on share options	Waste electrical and electronic equipment	Total
		HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2023		**66**	**3**	**31**	**100**
Arising during the year	7	52	1	22	75
At 31 December 2023		**118**	**4**	**53**	**175**
Current		118	-	38	156
Non-current		-	4	15	19

26. Provisions (continued)

	Notes	Assurance-type warranties	Restructuring	De-commissioning	Social security contributions on share options	Waste electrical and electronic equipment	Contingent liability recognised in a business combination	Onerous contract	Total
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2025		**118**	**-**	**-**	**4**	**53**	**-**	**-**	**175**
Acquisition of a subsidiary		-	900	1,200	-	-	380	-	2,480
Arising during the year	7	112	-	-	26	102	20	20	280
Utilised		(60)	(59)	-	(19)	(8)	-	-	(146)
Unused amounts reversed		(6)	(6)	-	-	-	-	-	(12)
Unwinding of discount and changes in the discount rate		2	17	21	1	2	-	-	43
At 31 December 2025		**166**	**852**	**1,221**	**12**	**149**	**400**	**20**	**2,820**
Current		166	305	-	3	28	400	20	922
Non-current		-	547	1,221	9	121	-	-	1,898

	Notes	Assurance-type warranties	Social security contributions on share options	Waste electrical and electronic equipment	Total
		HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2024		**66**	**3**	**31**	**100**
Arising during the year	7	52	1	22	75
At 31 December 2024		**118**	**4**	**53**	**175**
Current		118	-	38	156
Non-current		-	4	15	19

26. Provisions (continued)

Assurance-type warranties

A provision is recognised for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns. It is expected that these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

Restructuring

<insert Company name> recorded a restructuring provision prior to being acquired by the Group. The provision relates principally to the elimination of certain of its product lines. The restructuring plan was drawn up and announced to the employees of <insert Company name> in 20XX when the provision was recognised in its financial statements. The restructuring is expected to be completed by 20XX.

Decommissioning

A provision has been recognised for decommissioning costs associated with a factory owned by <insert Company name>. The Group is committed to decommissioning the site as a result of the construction of the manufacturing facility for the production of <insert description>.

Social security contributions on share options

The provision for social security contributions on share options is calculated based on the number of options outstanding at the reporting date that are expected to be exercised. The provision is based on market price of the shares at the reporting date which is the best estimate of the market price at the date of exercise. It is expected that the costs will be incurred during the exercise period of 1 January 2024 to 31 December 20XX.

Waste electrical and electronic equipment

The provision for waste electrical and electronic equipment is calculated based on sales after XX XXXX 20XX (new waste) and expected disposals of historical waste (sales up to XX XXXX 20XX).

Onerous contracts

A provision is recognised for certain contracts with suppliers for which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received. It is anticipated that these costs will be incurred in the next financial year.

27. Government grants

26. Provisions (continued)

Assurance-type warranties

A provision is recognised for expected warranty claims on products sold during the year, based on past experience of the level of repairs and returns. It is expected that these costs will be incurred in the next financial year. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the warranty period for all products sold.

Restructuring

<insert Company name> recorded a restructuring provision prior to being acquired by the Group. The provision relates principally to the elimination of certain of its product lines. The restructuring plan was drawn up and announced to the employees of <insert Company name> in 20XX when the provision was recognised in its financial statements. The restructuring is expected to be completed by 20XX.

Decommissioning

A provision has been recognised for decommissioning costs associated with a factory owned by <insert Company name>. The Group is committed to decommissioning the site as a result of the construction of the manufacturing facility for the production of <insert description>.

Social security contributions on share options

The provision for social security contributions on share options is calculated based on the number of options outstanding at the reporting date that are expected to be exercised. The provision is based on market price of the shares at the reporting date which is the best estimate of the market price at the date of exercise. It is expected that the costs will be incurred during the exercise period of 1 January 2025 to 31 December 20XX.

Waste electrical and electronic equipment

The provision for waste electrical and electronic equipment is calculated based on sales after XX XXXX 20XX (new waste) and expected disposals of historical waste (sales up to XX XXXX 20XX).

Onerous contracts

A provision is recognised for certain contracts with suppliers for which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received. It is anticipated that these costs will be incurred in the next financial year.

27. Government grants

27. Government grants (continued)

	2024	2023
	HK$'000	HK$'000
At 1 January	**1,551**	**1,450**
Received during the year	2,951	642
Released to the statement of profit or loss	(1,053)	(541)
At 31 December	**3,449**	**1,551**
Current	149	151
Non-current	3,300	1,400

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

28. Contract liabilities

	2024	2023
	HK$'000	HK$'000
Long-term advances for equipment	2,820	844
Short-term advances for installation services	1,374	1,258
Customer loyalty points	900	678
Service-type warranties	524	410
Equipment received from customers	224	184
Total contract liabilities (Note 4)	**5,842**	**3,374**
Current	2,880	2,486
Non-current	2,962	888

28.1 Loyalty program transactions

27. Government grants (continued)

	2025	2024
	HK$'000	HK$'000
At 1 January	**1,551**	**1,450**
Received during the year	2,951	642
Released to the statement of profit or loss	(1,053)	(541)
At 31 December	**3,449**	**1,551**
Current	149	151
Non-current	3,300	1,400

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

28. Contract liabilities

	2025	2024
	HK$'000	HK$'000
Long-term advances for equipment	2,820	844
Short-term advances for installation services	1,374	1,258
Customer loyalty points	900	678
Service-type warranties	524	410
Equipment received from customers	224	184
Total contract liabilities (Note 4)	**5,842**	**3,374**
Current	2,880	2,486
Non-current	2,962	888

28.1 Loyalty program transactions

28. Contract liabilities (continued)

28.1 Loyalty program transactions (continued)

	2024	2023
	HK$'000	HK$'000
At 1 January	**678**	**551**
Deferred during the year	1,381	1,256
Recognised as revenue during the year	(1,159)	(1,129)
At 31 December	**900**	**678**
Current	398	346
Non-current	502	332

These amounts relate to the accrual and release of <name of the loyalty program> transactions. As at 31 December 2024, the estimated liability for unredeemed points amounted to HK$XXX,XXX (2023: HK$XXX,XXX).

29. Trade and other payables

	2024	2023
	HK$'000	HK$'000
Trade payables	15,421	18,551
Other payables	1,508	1,450
Related parties	40	22
	16,969	**20,023**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled terms by the Group on XX-day terms, including those trade payables that are included in the Group's supplier finance arrangement
- Other payables are non-interest bearing and have an average term of X months
- Interest payable is normally settled quarterly throughout the financial year

28. Contract liabilities (continued)

28.1 Loyalty program transactions (continued)

	2025	2024
	HK$'000	HK$'000
At 1 January	**678**	**551**
Deferred during the year	1,381	1,256
Recognised as revenue during the year	(1,159)	(1,129)
At 31 December	**900**	**678**
Current	398	346
Non-current	502	332

These amounts relate to the accrual and release of <name of the loyalty program> transactions. As at 31 December 2025, the estimated liability for unredeemed points amounted to HK$XXX,XXX (2024: HK$XXX,XXX).

29. Trade and other payables

	2025	2024
	HK$'000	HK$'000
Trade payables	15,421	18,551
Other payables	1,508	1,450
Related parties	40	22
	16,969	**20,023**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled terms by the Group on XX-day terms, including those trade payables that are included in the Group's supplier finance arrangement
- Other payables are non-interest bearing and have an average term of X months

29. Trade and other payables (continued)

- For terms and conditions with related parties, refer to Note 34

For explanations on the Groups liquidity risk management processes, refer to Note 19.5.

The Group has established a supplier finance arrangement that is offered to some of the Group's key suppliers in <insert country>. Participation in the arrangement is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangement will receive early payment on invoices sent to the Group from the Group's external finance provider. If suppliers choose to receive early payment, they pay a fee to the finance provider, to which the Group is not party. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices approved by the Group. Payments to suppliers ahead of the invoice due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date described above. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The Group provides no security to the finance provider.

All trade payables subject to the supplier finance arrangement are included in trade and other payables in the consolidated statement of financial position and within trade payables in the table above.

	2024 HK$'000	2023 HK$'000
Carrying amount of trade payables that are part of a supplier finance arrangement	8,278	7,437
Of which suppliers have received payment	4,697	4,140

There were no significant non-cash changes in the carrying amount of the trade payables included in the Group's supplier finance arrangement.

30. Leases

Group as a lessee

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between X and XX years, while motor vehicles and other equipment generally have lease terms between X and X years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

29. Trade and other payables (continued)

- Interest payable is normally settled quarterly throughout the financial year
- For terms and conditions with related parties, refer to Note 34

For explanations on the Groups liquidity risk management processes, refer to Note 19.5.

The Group has established a supplier finance arrangement that is offered to some of the Group's key suppliers in <insert country>. Participation in the arrangement is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangement will receive early payment on invoices sent to the Group from the Group's external finance provider. If suppliers choose to receive early payment, they pay a fee to the finance provider, to which the Group is not party. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices approved by the Group. Payments to suppliers ahead of the invoice due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date described above. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The Group provides no security to the finance provider.

All trade payables subject to the supplier finance arrangement are included in trade and other payables in the consolidated statement of financial position and within trade payables in the table above.

	2025 HK$'000	2024 HK$'000
Carrying amount of trade payables that are part of a supplier finance arrangement	8,278	7,437
Of which suppliers have received payment	4,697	4,140

There were no significant non-cash changes in the carrying amount of the trade payables included in the Group's supplier finance arrangement.

30. Leases (continued)

Group as a lessee (continued)

The Group also has certain leases of machinery with lease terms of XX months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Notes	Plant and machinery	Motor vehicles	Other equipment	Total
		HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2023		**1,552**	**699**	**664**	**2,915**
Additions	7	124	58	46	228
Depreciation expense		(158)	(131)	(122)	(411)
As at 31 December 2023		**1,518**	**626**	**588**	**2,732**
Additions	7	424	108	78	610
Depreciation expense		(173)	(136)	(125)	(434)
As at 31 December 2024		**1,769**	**598**	**541**	**2,908**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	Notes	2024	2023
		HK$'000	HK$'000
As at 1 January		**2,971**	**3,089**
Additions		593	225
Accretion of interest		178	185
Payments		(581)	(528)
As at 31 December		**3,161**	**2,971**
Current	19.2	455	418
Non-current	19.2	2,706	2,553

30. Leases

Group as a lessee

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between X and XX years, while motor vehicles and other equipment generally have lease terms between X and X years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of machinery with lease terms of XX months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Notes	Plant and machinery	Motor vehicles	Other equipment	Total
		HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2024		**1,552**	**699**	**664**	**2,915**
Additions	7	124	58	46	228
Depreciation expense		(158)	(131)	(122)	(411)
As at 31 December 2024		**1,518**	**626**	**588**	**2,732**
Additions	7	424	108	78	610
Depreciation expense		(173)	(136)	(125)	(434)
As at 31 December 2025		**1,769**	**598**	**541**	**2,908**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

30. Leases (continued)

Group as a lessee (continued)

As at 1 January		**2,971**	**3,089**
Additions		593	225
Accretion of interest		178	185
Payments		(581)	(528)
As at 31 December		**3,161**	**2,971**
Current	19.2	455	418
Non-current	19.2	2,706	2,553

30. Leases (continued)

Group as a lessee (continued)

The maturity analysis of lease liabilities is disclosed in Note 19.5.

The following are the amounts recognised in profit or loss:

	2024	2023
	HK$'000	HK$'000
Depreciation expense of right-of-use assets	434	411
Interest expense on lease liabilities	178	185
Expense relating to short-term leases (included in cost of sales)	22	21
Expense relating to leases of low-value assets (included in administrative expenses)	18	17
Variable lease payments (included in cost of sales)	32	28
Total amount recognised in profit or loss	**684**	**662**

The Group had total cash outflows for leases of HK$XXX,XXX in 2024 (HK$XXX,XXX in 2023). The Group also had non-cash additions to right-of-use assets and lease liabilities of HK$XXX,XXX in 2024 (HK$XXX,XXX in 2023). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 33.

The Group has lease contracts for machinery that contain variable payments based on the number of units to be manufactured. These terms are negotiated by management for certain machinery that is used to manufacture products without steady customer demand. Management's objective is to align the lease expense with the units manufactured and revenue earned. The following table provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

	Fixed payments	Variable payments	Total
	HK$'000	HK$'000	HK$'000
2024			
Fixed rent	352	-	352
Variable rent with minimum payment	176	47	223
Variable rent only	-	24	24
	528	**71**	**599**

30. Leases (continued)

Group as a lessee (continued)

The maturity analysis of lease liabilities is disclosed in Note 19.5.

The following are the amounts recognised in profit or loss:

	2025	2024
	HK$'000	HK$'000
Depreciation expense of right-of-use assets	434	411
Interest expense on lease liabilities	178	185
Expense relating to short-term leases (included in cost of sales)	22	21
Expense relating to leases of low-value assets (included in administrative expenses)	18	17
Variable lease payments (included in cost of sales)	32	28
Total amount recognised in profit or loss	**684**	**662**

The Group had total cash outflows for leases of HK$XXX,XXX in 2025 (HK$XXX,XXX in 2024). The Group also had non-cash additions to right-of-use assets and lease liabilities of HK$XXX,XXX in 2025 (HK$XXX,XXX in 2024). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 33.

The Group has lease contracts for machinery that contain variable payments based on the number of units to be manufactured. These terms are negotiated by management for certain machinery that is used to manufacture products without steady customer demand. Management's objective is to align the lease expense with the units manufactured and revenue earned. The following table provides information on the Group's variable lease payments, including the magnitude in relation to fixed payments:

30. Leases (continued)

Group as a lessee (continued)

2023			
Fixed rent	392	-	392
Variable rent with minimum payment	189	45	234
Variable rent only	-	21	21
	581	**66**	**647**

A X% increase in units produced for the relevant products would increase total lease payments by X%.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within five years	More than five years	Total
	HK$'000	**HK$'000**	**HK$'000**
Extension options expected not to be exercised	525	403	928
Termination options expected to be exercised	424	202	626
	949	**605**	**1,554**
Extension options expected not to be exercised	504	398	902
Termination options expected to be exercised	388	176	564
	892	**574**	**1,466**

30. Leases (continued)

Group as a lessee (continued)

	Fixed payments	Variable payments	Total
	HK$'000	HK$'000	HK$'000
2025			
Fixed rent	352	-	352
Variable rent with minimum payment	176	47	223
Variable rent only	-	24	24
	528	**71**	**599**
2024			
Fixed rent	392	-	392
Variable rent with minimum payment	189	45	234
Variable rent only	-	21	21
	581	**66**	**647**

A X% increase in units produced for the relevant products would increase total lease payments by X%.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

30. Leases (continued)

Group as a lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain office and manufacturing buildings (see Note 16). These leases have terms of between X and XX years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties. Rental income recognised by the Group during the year is HK$X,XXX,XXX (2023: HK$X,XXX,XXX).

Future undiscounted lease payments to be received under operating leases as at 31 December are as follows:

	2024	2023
	HK$'000	HK$'000
Within one year	1,418	1,390
Between 1 and 2 years	1,387	1,371
Between 2 and 3 years	1,411	1,389
Between 3 and 4 years	1,452	1,420
Between 4 and 5 years	1,380	1,340
More than five years	5,901	5,864
Total expected payments	**12,949**	**12,774**

31. Pensions and other post-employment benefit plans

Net employee defined benefit liabilities

	2024	2023
	HK$'000	HK$'000
<insert country> post-employment healthcare benefit plan	339	197
<insert country> pension plan	2,711	2,780
Total	**3,050**	**2,977**

30. Leases (continued)

Group as a lessee (continued)

	Within five years	More than five years	Total
	HK$'000	HK$'000	HK$'000
Extension options expected not to be exercised	525	403	928
Termination options expected to be exercised	424	202	626
	949	**605**	**1,554**
Extension options expected not to be exercised	504	398	902
Termination options expected to be exercised	388	176	564
	892	**574**	**1,466**

Group as a lessor

The Group has entered into operating leases on its investment property portfolio consisting of certain office and manufacturing buildings (see Note 16). These leases have terms of between X and XX years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties. Rental income recognised by the Group during the year is HK$X,XXX,XXX (2024: HK$X,XXX,XXX).

Future undiscounted lease payments to be received under operating leases as at 31 December are as follows:

	2025	2024
	HK$'000	HK$'000
Within one year	1,418	1,390
Between 1 and 2 years	1,387	1,371
Between 2 and 3 years	1,411	1,389
Between 3 and 4 years	1,452	1,420
Between 4 and 5 years	1,380	1,340
More than five years	5,901	5,864

31. Pensions and other post-employment benefit plans (continued)

Net employee defined benefit liabilities (continued)

The Group has a defined benefit pension plan in <insert country> (funded). Also, in the <insert country>, the Group provides certain post-employment healthcare benefits to employees (unfunded). The Group's defined benefit pension plan is a final salary plan for <insert country> employees, which requires contributions to be made to a separately administered fund.

This plan is governed by the employment laws of <insert country>, which require final salary payments to be adjusted for the consumer price index upon payment during retirement. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the legal form of a foundation, and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Each year, the Board of Trustees reviews the level of funding in the <insert country> pension plan as required by <insert country>'s employment legislation. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of a combined XX% in equity and property and XX% in debt instruments. <insert country>'s employment legislation requires the Group to clear any plan deficit (based on a valuation performed in accordance with the regulations in <insert country>) over a period of no more than five years after the period in which the deficit arises. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed in accordance with the regulations in <insert country>) will arise.

Since the pension liability is adjusted to the consumer price index, the pension plan is exposed to <insert country>'s inflation, interest rate risks and changes in the life expectancy for pensioners. As the plan assets include significant investments in listed equity shares of entities in <insert sector>, the Group is also exposed to equity market risk arising in the <insert sector>.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the statement of financial position for the respective plans:

Post-employment healthcare benefit plan

Net benefit expense (recognised in profit or loss)

30. Leases (continued)

Group as a lessor (continued)

	2025	2024
	HK$'000	HK$'000
Total expected payments	12,949	12,774

30. Leases (continued)

Group as a lessor (continued)

31. Pensions and other post-employment benefit plans

Net employee defined benefit liabilities

	2025	2024
	HK$'000	HK$'000
<insert country> post-employment healthcare benefit plan	339	197
<insert country> pension plan	2,711	2,780
Total	**3,050**	**2,977**

The Group has a defined benefit pension plan in <insert country> (funded). Also, in the <insert country>, the Group provides certain post-employment healthcare benefits to employees (unfunded). The Group's defined benefit pension plan is a final salary plan for <insert country> employees, which requires contributions to be made to a separately administered fund.

This plan is governed by the employment laws of <insert country>, which require final salary payments to be adjusted for the consumer price index upon payment during retirement. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the legal form of a foundation, and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

Each year, the Board of Trustees reviews the level of funding in the <insert country> pension plan as required by <insert country>'s employment legislation. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The Board of Trustees decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of a combined XX% in equity and property and XX% in debt instruments. <insert country>'s employment legislation requires the Group to clear any plan deficit (based on a valuation performed in accordance with the regulations in <insert country>) over a period of no more than five years after the period in which the deficit arises. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed in accordance with the regulations in <insert country>) will arise.

Since the pension liability is adjusted to the consumer price index, the pension plan is exposed to <insert country>'s inflation, interest rate risks and changes in the life expectancy for pensioners. As the plan assets include significant investments in listed equity shares of entities in <insert sector>, the Group is also exposed to equity market risk arising in the <insert sector>.

31. Pensions and other post-employment benefit plans (continued)

Post-employment healthcare benefit plan (continued)

Net benefit expense (recognised in profit or loss) (continued)

	2024	2023
	HK$'000	HK$'000
Current service cost	142	108
Interest cost on benefit obligation	11	5
Net benefit expense	**153**	**113**

Changes in the present value of the defined benefit obligations:

	HK$'000
Defined benefit obligation at 1 January 2023	**88**
Interest cost	5
Current service cost	108
Benefits paid	(34)
Exchange differences	30
Defined benefit obligation at 31 December 2023	**197**
Interest cost	11
Current service cost	142
Benefits paid	(21)
Exchange differences	10
Defined benefit obligation at 31 December 2024	**339**

<insert country> Plan

Changes in the defined benefit obligation and fair value of plan assets

31. Pensions and other post-employment benefit plans (continued)

Net employee defined benefit liabilities (continued)

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the statement of financial position for the respective plans:

Post-employment healthcare benefit plan

Net benefit expense (recognised in profit or loss)

	2025	2024
	HK$'000	HK$'000
Current service cost	142	108
Interest cost on benefit obligation	11	5
Net benefit expense	**153**	**113**

Changes in the present value of the defined benefit obligations:

	HK$'000
Defined benefit obligation at 1 January 2024	**88**
Interest cost	5
Current service cost	108
Benefits paid	(34)
Exchange differences	30
Defined benefit obligation at 31 December 2024	**197**

31. Pensions and other post-employment benefit plans (continued)

Post-employment healthcare benefit plan (continued)

Changes in the present value of the defined benefit obligations: (continued)

Interest cost	11
Current service cost	142
Benefits paid	(21)
Exchange differences	10
Defined benefit obligation at 31 December 2025	**339**

<insert country> Plan

Changes in the defined benefit obligation and fair value of plan assets

		Pension cost charged to profit or loss				Remeasurement gains/(losses) in OCI		
	1 January 2025	Service cost	Net interest expense	Sub-total included in profit or loss (Note 12.7)	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Defined benefit obligation	(5,610)	(1,267)	(256)	(1,523)	868	-	211	(80)
Fair value of plan assets	2,830	-	125	125	(868)	256	-	-
Benefit liability	**(2,780)**			**(1,398)**	**-**	**256**	**211**	**(80)**

31. Pensions and other post-employment benefit plans (continued)

<insert country> Plan (continued)

Changes in the defined benefit obligation and fair value of plan assets (continued)

		Pension cost charged to profit or loss				Remeasurement gains/(losses) in OCI	
	1 January 2024	Service cost	Net interest expense	Sub-total included in profit or loss (Note 12.7)	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Defined benefit obligation	(5,610)	(1,267)	(256)	(1,523)	868	-	211
Fair value of plan assets	2,830	-	125	125	(868)	256	-
Benefit liability	**(2,780)**			**(1,398)**	**-**	**256**	**211**

31. Pensions and other post-employment benefit plans (continued)

<insert country> Plan (continued)

Changes in the defined benefit obligation and fair value of plan assets (continued)

	Remeasurement gains/(losses) in OCI			
	Experience adjustments	Sub-Total included in OCI	Contributions by employer	31 December 2025
	HK$'000	HK$'000	HK$'000	HK$'000
Defined benefit obligation	(20)	111	-	(6,154)
Fair value of plan assets	-	256	1,100	3,443
Benefit liability	**(20)**	**367**	**1,100**	**(2,711)**

Changes in the defined benefit obligation and fair value of plan assets

		Pension cost charged to profit or loss				Remeasurement gains/(losses) in OCI		
	1 January 2024	Service cost	Net interest expense	Sub-total included in profit or loss (Note 12.7)	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Defined benefit obligation	(5,248)	(1,144)	(283)	(1,427)	1,166	-	(201)	70
Fair value of plan assets	2,810	-	161	161	(1,166)	(289)	-	-

31. Pensions and other post-employment benefit plans (continued)

<insert country> Plan (continued)

Changes in the defined benefit obligation and fair value of plan assets (continued)

	Remeasurement gains/(losses) in OCI				
	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-Total included in OCI	Contributions by employer	31 December 2024
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Defined benefit obligation	(80)	(20)	111	-	(6,154)
Fair value of plan assets	-	-	256	1,100	3,443
Benefit liability	**(80)**	**(20)**	**367**	**1,100**	**(2,711)**

Changes in the defined benefit obligation and fair value of plan assets

		Pension cost charged to profit or loss				Remeasurement gains/(losses) in OCI	
	1 January 2024	Service cost	Net interest expense	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Defined benefit obligation	(5,248)	(1,144)	(283)	(1,427)	1,166	-	(201)
Fair value of plan assets	2,810	-	161	161	(1,166)	(289)	-
Benefit liability	**(2,438)**			**(1,266)**	**-**	**(289)**	**(201)**

31. Pensions and other post-employment benefit plans (continued)

<insert country> Plan (continued)

Changes in the defined benefit obligation and fair value of plan assets (continued)

	Remeasurement gains/(losses) in OCI			
	Experience adjustments	Sub-Total included in OCI	Contributions by employer	31 December 2024
	HK$'000	HK$'000	HK$'000	HK$'000
Defined benefit obligation	30	(101)	-	(5,610)
Fair value of plan assets	-	(289)	1,314	2,830

31. Pensions and other post-employment benefit plans (continued)

<insert country> Plan (continued)

Changes in the defined benefit obligation and fair value of plan assets (continued)

		Pension cost charged to profit or loss				Remeasurement gains/(losses) in OCI		
	1 January 2024	Service cost	Net interest expense	Sub-total included in profit or loss (Note 12.7)	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Benefit liability	(2,438)			(1,266)	-	(289)	(201)	70

31. Pensions and other post-employment benefit plans (continued)

<insert country> Plan (continued)

Changes in the defined benefit obligation and fair value of plan assets (continued)

	Remeasurement gains/(losses) in OCI				
	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-Total included in OCI	Contributions by employer	31 December 2024
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Defined benefit obligation	70	30	(101)	-	(5,610)
Fair value of plan assets	-	-	(289)	1,314	2,830
Benefit liability	**70**	**30**	**(390)**	**1,314**	**(2,780)**

31. Pensions and other post-employment benefit plans (continued)

<insert country> Plan (continued)

Changes in the defined benefit obligation and fair value of plan assets (continued)

	Remeasurement gains/(losses) in OCI			
	Experience adjustments	Sub-Total included in OCI	Contributions by employer	31 December 2024
	HK$'000	HK$'000	HK$'000	HK$'000
Benefit liability	30	(390)	1,314	(2,780)

31. Pensions and other post-employment benefit plans (continued)

The acquisitions of <insert Company name> in 2024 and <insert Company name> in 2023 did not affect plan assets or the defined benefit obligation, as neither of the entities had defined benefit plans.

The fair values of each major class of plan assets are as follows:

	<insert country> plan	
	2024	**2023**
	HK$'000	**HK$'000**
Investments quoted in active markets:		
Listed equity investments		
<insert sector>	830	655
<insert sector>	45	33
Bonds issued by <insert country> Government	1,670	1,615
Cash and cash equivalents	400	250
Unquoted investments:		
Debt instruments issued by <insert Bank name>	428	222
Property	70	55
Total	**3,443**	**2,830**

The plan assets include a property occupied by the Group with a fair value of HK$XX,XXX (2023: HK$XX,XXX).

The principal assumptions used in determining pension and post-employment medical benefit obligations for the Group's plans are shown below:

	2024	**2023**
	%	**%**
Discount rate:		
<insert country> pension plan	4.9	5.5
Post-employment medical plan	5.7	5.9
Future salary increases:		
<insert country> pension plan	3.5	4.0
Future consumer price index increases:		
<insert country> pension plan	2.1	2.1
Healthcare cost increase rate	**7.2**	**7.4**

31. Pensions and other post-employment benefit plans (continued)

The acquisitions of <insert Company name> in 2025 and <insert Company name> in 2024 did not affect plan assets or the defined benefit obligation, as neither of the entities had defined benefit plans.

The fair values of each major class of plan assets are as follows:

	<insert country> plan	
	2025	**2024**
	HK$'000	**HK$'000**
Investments quoted in active markets:		
Listed equity investments		
<insert sector>	830	655
<insert sector>	45	33
Bonds issued by <insert country> Government	1,670	1,615
Cash and cash equivalents	400	250
Unquoted investments:		
Debt instruments issued by <insert Bank name>	428	222
Property	70	55
Total	**3,443**	**2,830**

The plan assets include a property occupied by the Group with a fair value of HK$XX,XXX (2024: HK$XX,XXX).

The principal assumptions used in determining pension and post-employment medical benefit obligations for the Group's plans are shown below:

	2025	**2024**
	%	**%**
Discount rate:		
<insert country> pension plan	4.9	5.5
Post-employment medical plan	5.7	5.9
Future salary increases:		
<insert country> pension plan	3.5	4.0
Future consumer price index increases:		
<insert country> pension plan	2.1	2.1
Healthcare cost increase rate	**7.2**	**7.4**

31. Pensions and other post-employment benefit plans (continued)

	Years	Years
Life expectation for pensioners at the age of 65:		
<insert country> pension plan		
Male	20.0	20.0
Female	23.0	23.0
Post-employment healthcare benefit plan		
Male	19.0	19.0
Female	22.0	22.0

A quantitative sensitivity analysis for significant assumptions as at 31 December is, as shown below:

	Impact on defined benefit obligation	
	2024	2023
	HK$'000	HK$'000
Assumptions for <insert country> pension plan:		
Future pension cost increase:		
X% increase	70	60
X% decrease	(80)	(70)
Discount rate:		
X.X% increase	(90)	(100)
X.X% decrease	80	70
Future salary increases:		
X.X% increase	120	110
X.X% decrease	(110)	(130)
Life expectancy of male pensioners:		
Increase by X year	110	100
Decrease by X year	(120)	(130)
Life expectancy of female pensioners:		
Increase by X year	70	60
Decrease by X year	(60)	(70)

31. Pensions and other post-employment benefit plans (continued)

	Years	Years
Life expectation for pensioners at the age of 65:		
<insert country> pension plan		
Male	20.0	20.0
Female	23.0	23.0
Post-employment healthcare benefit plan		
Male	19.0	19.0
Female	22.0	22.0

A quantitative sensitivity analysis for significant assumptions as at 31 December is, as shown below:

	Impact on defined benefit obligation	
	2025	**2024**
	HK$'000	**HK$'000**
Assumptions for <insert country> pension plan:		
Future pension cost increase:		
X% increase	70	60
X% decrease	(80)	(70)
Discount rate:		
X.X% increase	(90)	(100)
X.X% decrease	80	70
Future salary increases:		
X.X% increase	120	110
X.X% decrease	(110)	(130)
Life expectancy of male pensioners:		
Increase by X year	110	100
Decrease by X year	(120)	(130)
Life expectancy of female pensioners:		
Increase by X year	70	60
Decrease by X year	(60)	(70)
Assumptions for <insert country> post-employment healthcare benefit plan:		
Future pension cost increase:		
X% increase	110	105
X% decrease	(90)	(95)
Discount rate:		
X.X% increase	(90)	(120)
X.X% decrease	100	80
Life expectancy of male pensioners:		
Increase by X year	130	125
Decrease by X year	(150)	(155)
Life expectancy of female pensioners:		
Increase by X year	90	75
Decrease by X year	(80)	(95)

31. Pensions and other post-employment benefit plans (continued)

Assumptions for <insert country> post-employment healthcare benefit plan:		
Future pension cost increase:		
X% increase	110	105
X% decrease	(90)	(95)
Discount rate:		
X.X% increase	(90)	(120)
X.X% decrease	100	80
Life expectancy of male pensioners:		
Increase by X year	130	125
Decrease by X year	(150)	(155)
Life expectancy of female pensioners:		
Increase by X year	90	75
Decrease by X year	(80)	(95)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following are the expected payments or contributions to the defined benefit plan in future years:

	2024	**2023**
	HK$'000	**HK$'000**
Within the next XX months (next annual reporting period)	1,500	1,350
Between X and X years	2,150	2,050
Between X and XX years	2,160	2,340
Beyond XX years	3,000	2,600
Total expected payments	**8,810**	**8,340**

The average duration of the defined benefit plan obligation at the end of the reporting period is XX.X years (2023: XX.X years).

32. Share-based payments

<insert name of the plan 1>

Under the <insert name of the plan 1>, share options of the parent are granted to senior executives of the parent with more than XX months' service. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if and when the Group's <insert condition for vesting> (non-market condition) increases by XX% within three years from the date of grant and the senior executive remains employed on such date. The share options granted will not vest if the <insert condition for vesting> performance condition is not met.

31. Pensions and other post-employment benefit plans (continued)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

The following are the expected payments or contributions to the defined benefit plan in future years:

	2025	2024
	HK$'000	HK$'000
Within the next XX months (next annual reporting period)	1,500	1,350
Between X and X years	2,150	2,050
Between X and XX years	2,160	2,340
Beyond XX years	3,000	2,600
Total expected payments	**8,810**	**8,340**

The average duration of the defined benefit plan obligation at the end of the reporting period is XX.X years (2024: XX.X years).

32. Share-based payments

<insert name of the plan 1>

Under the <insert name of the plan 1>, share options of the parent are granted to senior executives of the parent with more than XX months' service. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if and when the Group's <insert condition for vesting> (non-market condition) increases by XX% within three years from the date of grant and the senior executive remains employed on such date. The share options granted will not vest if the <insert condition for vesting> performance condition is not met.

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions on which the share options were granted. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest.

The share options can be exercised up to two years after the three-year vesting period and therefore, the contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the <insert name of the plan> as an equity-settled plan.

<insert name of the plan 2>

Under the <insert name of the plan 2>, the Group, at its discretion, may grant share options of the parent to employees other than senior executives, once the employee has completed two years of service. Vesting of the share options is dependent on the Group's total shareholder return (TSR) as compared to a group of principal competitors. Employees must remain in service for a period of three years from the date of grant. The fair value of share options granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions on which the share options were granted. The model simulates the TSR and compares it against the group of principal competitors. It takes into account historical and expected dividends, and the share price volatility of the Group relative to that of its competitors so as to predict the share performance.

32. Share-based payments (continued)

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions on which the share options were granted. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest.

The share options can be exercised up to two years after the three-year vesting period and therefore, the contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the <insert name of the plan> as an equity-settled plan.

<insert name of the plan 2>

Under the <insert name of the plan 2>, the Group, at its discretion, may grant share options of the parent to employees other than senior executives, once the employee has completed two years of service. Vesting of the share options is dependent on the Group's total shareholder return (TSR) as compared to a group of principal competitors. Employees must remain in service for a period of three years from the date of grant. The fair value of share options granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions on which the share options were granted. The model simulates the TSR and compares it against the group of principal competitors. It takes into account historical and expected dividends, and the share price volatility of the Group relative to that of its competitors so as to predict the share performance.

The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The contractual term of the share options is five years and there are no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards.

Share Appreciation Rights

The Group's business development employees are granted share appreciation rights (SARs), settled in cash. The SARs vest when a specified target number of new sales contracts (non-market vesting condition) are closed within three years from the date of grant and the employee continues to be employed by the Group at the vesting date. The share options can be exercised up to three years after the three-year vesting period and therefore, the contractual term of the SARs is six years. The liability for the share appreciation rights is measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered services to date.

The carrying amount of the liability relating to the SARs at 31 December 2024 was HK$XXX,XXX (2023: HK$XXX,XXX). No SARs had vested, granted or forfeited at 31 December 2024 and 2023, respectively.

The expense recognised for employee services received during the year is shown in the following table:

	2024	2023
	HK$'000	HK$'000
Expense arising from equity-settled share-based payment transactions	307	298
Expense arising from cash-settled share-based payment transactions	105	194
Total expense arising from share-based payment transactions	**412**	**492**

32. Share-based payments (continued)

The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The contractual term of the share options is five years and there are no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards.

Share Appreciation Rights

The Group's business development employees are granted share appreciation rights (SARs), settled in cash. The SARs vest when a specified target number of new sales contracts (non-market vesting condition) are closed within three years from the date of grant and the employee continues to be employed by the Group at the vesting date. The share options can be exercised up to three years after the three-year vesting period and therefore, the contractual term of the SARs is six years. The liability for the share appreciation rights is measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered services to date.

The carrying amount of the liability relating to the SARs at 31 December 2025 was HK$XXX,XXX (2024: HK$XXX,XXX). No SARs had vested, granted or forfeited at 31 December 2025 and 2024, respectively.

The expense recognised for employee services received during the year is shown in the following table:

	2025	2024
	HK$'000	HK$'000
Expense arising from equity-settled share-based payment transactions	307	298
Expense arising from cash-settled share-based payment transactions	105	194
Total expense arising from share-based payment transactions	**412**	**492**

There were no cancellations or modifications to the awards in 2025 or 2024.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year (excluding SARs):

	2025 Number	2025 WAEP	2024 Number	2024 WAEP
Outstanding at 1 January	**575,000**	**$2.75**	**525,000**	**$2.75**
Granted during the year	250,000	$3.85	155,000	$3.13
Forfeited during the year	-	-	(25,000)	$2.33
Exercised during the year	(75,000)	$2.33	(65,000)	$3.08
Expired during the year	(25,000)	$3.02	(15,000)	$2.13
Outstanding at 31 December	**725,000**	**$3.24**	**575,000**	**$2.85**
Exercisable at 31 December	110,000	$2.98	100,000	$2.51

* The weighted average share price at the date of exercise of these options was HK$X.XX.

** The weighted average share price at the date of exercise of these options was HK$X.XX.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2025 was X.XX years (2024: X.XX years).

32. Share-based payments (continued)

There were no cancellations or modifications to the awards in 2024 or 2023.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year (excluding SARs):

	2024 Number	2024 WAEP	2023 Number	2023 WAEP
Outstanding at 1 January	**575,000**	**$2.75**	**525,000**	**$2.75**
Granted during the year	250,000	$3.85	155,000	$3.13
Forfeited during the year	-	-	(25,000)	$2.33
Exercised during the year	(75,000)	$2.33	(65,000)	$3.08
Expired during the year	(25,000)	$3.02	(15,000)	$2.13
Outstanding at 31 December	**725,000**	**$3.24**	**575,000**	**$2.85**
Exercisable at 31 December	110,000	$2.98	100,000	$2.51

* The weighted average share price at the date of exercise of these options was HK$X.XX.

** The weighted average share price at the date of exercise of these options was HK$X.XX.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2024 was X.XX years (2023: X.XX years).

The weighted average fair value of options granted during the year was HK$X.XX (2023: HK$X.XX).

The range of exercise prices for options outstanding at the end of the year was HK$X.XX to HK$X.XX (2023: HK$X.XX to HK$X.XX).

The following tables list the inputs to the models used for the three plans for the years ended 31 December 2024 and 2023, respectively:

	2024 <insert name of plan 1>	2024 <insert name of plan 2>	2024 SAR
Weighted average fair values at the measurement date	3.45	3.10	2.80
Dividend yield (%)	3.13	3.13	3.13
Expected volatility (%)	15.00	16.00	18.00
Risk-free interest rate (%)	5.10	5.10	5.10
Expected life of share options/SARs (years)	4.25	3.00	6.00
Weighted average share price (HK$)	3.10	3.10	3.12
Model used	Binomial	Monte Carlo	Binomial

32. Share-based payments (continued)

Movements during the year (continued)

The weighted average fair value of options granted during the year was HK$X.XX (2024: HK$X.XX).

The range of exercise prices for options outstanding at the end of the year was HK$X.XX to HK$X.XX (2024: HK$X.XX to HK$X.XX).

The following tables list the inputs to the models used for the three plans for the years ended 31 December 2025 and 2024, respectively:

	2025 <insert name of plan 1>	2025 <insert name of plan 2>	2025 SAR
Weighted average fair values at the measurement date	3.45	3.10	2.80
Dividend yield (%)	3.13	3.13	3.13
Expected volatility (%)	15.00	16.00	18.00
Risk-free interest rate (%)	5.10	5.10	5.10
Expected life of share options/SARs (years)	4.25	3.00	6.00
Weighted average share price (HK$)	3.10	3.10	3.12
Model used	Binomial	Monte Carlo	Binomial

	2024 <insert name of plan 1>	2024 <insert name of plan 2>	2024 SAR
Weighted average fair values at the measurement date	3.30	3.00	2.60
Dividend yield (%)	3.01	3.01	3.01
Expected volatility (%)	16.30	17.50	18.10
Risk-free interest rate (%)	5.00	5.00	5.00
Expected life of share options/SARs (years)	4.25	3.00	6.00
Weighted average share price (HK$)	2.86	2.86	2.88
Model used	Binomial	Monte Carlo	Binomial

The expected life of the share options and SARs is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Modifications

The Board permitted XXX <specify, e.g. by number of employees, name or function> to retain a pro-rated (based on time and performance) portion of the awards made under the 20XX LTI plan. As the options were no longer subject to these employees employment with the Group, the expense relating to XXX <indicate the number> unvested options at departure has been accelerated and recognised in profit or loss. The incremental fair value granted as a result of this modification was XXX <indicate the amount>. This incremental fair value has been measured using the <insert description of option pricing model used and the inputs used>.

33. Commitments and contingencies

Commitments

At 31 December 2025, the Group had commitments of HK$X,XXX,XXX (2024: HK$X,XXX,XXX) including HK$X,XXX,XXX (2024: HK$Nil) relating to <insert description> and HK$XXX,XXX, (2024: HK$XXX,XXX) relating to trade purchase commitments by the Group's joint venture.

32. Share-based payments (continued)

Movements during the year (continued)

	2024 <insert name of plan 1>	2024 <insert name of plan 2>	2024 SAR
Weighted average fair values at the measurement date	3.30	3.00	2.60
Dividend yield (%)	3.01	3.01	3.01
Expected volatility (%)	16.30	17.50	18.10
Risk-free interest rate (%)	5.00	5.00	5.00
Expected life of share options/SARs (years)	4.25	3.00	6.00
Weighted average share price (HK$)	2.86	2.86	2.88
Model used	Binomial	Monte Carlo	Binomial

The expected life of the share options and SARs is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Modifications

The Board permitted XXX <specify, e.g. by number of employees, name or function> to retain a pro-rated (based on time and performance) portion of the awards made under the 20XX LTI plan. As the options were no longer subject to these employees employment with the Group, the expense relating to XXX <indicate the number> unvested options at departure has been accelerated and recognised in profit or loss. The incremental fair value granted as a result of this modification was XXX <indicate the amount>. This incremental fair value has been measured using the <insert description of option pricing model used and the inputs used>.

33. Commitments and contingencies

Commitments

At 31 December 2024, the Group had commitments of HK$X,XXX,XXX (2023: HK$X,XXX,XXX) including HK$X,XXX,XXX (2023: HK$Nil) relating to <insert description> and HK$XXX,XXX, (2023: HK$XXX,XXX) relating to trade purchase commitments by the Group's joint venture.

The Group has various lease contracts that have not yet commenced as at 31 December 2024. The future lease payments for these non-cancellable lease contracts are HK$XX,XXX within one year, HK$XXX,XXX within five years and HK$XXX,XXX thereafter.

Legal claim contingency

An overseas customer has commenced an action against the Group in respect of equipment claimed to be defective. The estimated payout is HK$XXX,XXX should the action be successful. A trial date has not yet been set. Therefore, it is not practicable to state the timing of the payment, if any.

The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

Guarantees

The Group has provided the following guarantees at 31 December 2024:

33. Commitments and contingencies (continued)

Commitments (continued)

The Group has various lease contracts that have not yet commenced as at 31 December 2025. The future lease payments for these non-cancellable lease contracts are HK$XX,XXX within one year, HK$XXX,XXX within five years and HK$XXX,XXX thereafter.

Legal claim contingency

An overseas customer has commenced an action against the Group in respect of equipment claimed to be defective. The estimated payout is HK$XXX,XXX should the action be successful. A trial date has not yet been set. Therefore, it is not practicable to state the timing of the payment, if any.

The Group has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

Guarantees

The Group has provided the following guarantees at 31 December 2025:

- Guarantee to an unrelated party for the performance in a contract by the joint venture. No liability is expected to arise
- Guarantee of its share of HK$XX,XXX (2024: HK$XX,XXX) of the associate's contingent liabilities which have been incurred jointly with other investors

Contingent liabilities

The Group recognised a contingent liability of HK$XXX,XXX in the course of the acquisition of <insert Company name> (see Notes 7 and 26).

34. Related party disclosures

Note 6 provides information about the Group's structure, including details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Sales to related parties	Purchases from related parties	Amounts owned by related parties*	Amounts owned to related parties*
		HK$'000	HK$'000	HK$'000	HK$'000
Entity with significant influence over the Group:					
<insert Company name>	2025	7,115	-	620	-
	2024	5,975	-	550	-
Associate:					
<insert Company name>	2025	2,900	-	551	-
	2024	2,100	-	582	-
Joint venture in which the parent is a venturer:					
<insert Company name>	2025	-	590	-	30
	2024	-	430	-	12
Key management personnel of the Group:					
Other directors' interests					
<insert Company name>	2025	225	510	-	10
	2024	135	490	-	10

33. Commitments and contingencies (continued)

Guarantees (continued)

- Guarantee to an unrelated party for the performance in a contract by the joint venture. No liability is expected to arise
- Guarantee of its share of HK$XX,XXX (2023: HK$XX,XXX) of the associate's contingent liabilities which have been incurred jointly with other investors

Contingent liabilities

The Group recognised a contingent liability of HK$XXX,XXX in the course of the acquisition of <insert Company name> (see Notes 7 and 26).

34. Related party disclosures

Note 6 provides information about the Group's structure, including details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Sales to related parties	Purchases from related parties	Amounts owned by related parties*	Amounts owned to related parties*
		HK$'000	HK$'000	HK$'000	HK$'000
Entity with significant influence over the Group:					
<insert Company name>	2024	7,115	-	620	-
	2023	5,975	-	550	-
Associate:					
<insert Company name>	2024	2,900	-	551	-
	2023	2,100	-	582	-
Joint venture in which the parent is a venturer:					
<insert Company name>	2024	-	590	-	30
	2023	-	430	-	12
Key management personnel of the Group:					
Other directors' interests					
<insert Company name>	2024	225	510	-	10
	2023	135	490	-	10

* The amounts are classified as trade receivables and trade payables, respectively (see 21 and 29).

34. Related party disclosures (continued)

		Interest received	Amounts owned by related parties
		HK$'000	HK$'000
Loans from/to related parties			
Associate:			
<insert Company name>	2024	20	200
Key management personnel of the Group:			
Directors' loans	2024	1	13
	2023	-	8

There were no transactions other than dividends paid between the Group and <insert Company name>, the ultimate parent during the financial year (2023: HK$Nil).

Loan to an associate

The loan granted to <insert Company name> is intended to finance an acquisition of new machines for the manufacturing of <insert description>. The loan is fully-secured and repayable in full on X XXXX 2024. Interest is charged at XX%.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, the Group recognised provision for expected credit losses of HK$X,XXX relating to amounts owed by related parties (2023: HK$X,XXX).

Commitments with related parties

On X XXXX 2024, <insert Company name> entered into a two-year agreement ending XX XXXX 20XX with <insert Company name> to purchase specific <insert description of product> that <insert Company name> uses in its production cycle. <insert Company name> expects the potential purchase volume to be HK$XXX,XXX in 20XX and HK$XXX,XXX in the first X months of 20XX. The purchase price is based on <insert Company name>'s actual cost plus a X% margin and will be settled in cash within XX days of receiving the inventories.

The Group has provided a contractual commitment to <insert Company name>, whereby if the assets held as collateral by <insert Company name> for its borrowing fall below a credit rating of 'AA', the parent will substitute assets of an equivalent of 'AA' rating. The maximum fair value of the assets to be replaced is HK$XXX,XXX as at 31 December 2024 (2023: HK$XXX,XXX).

Transactions with key management personnel

Directors' loans

The Group offers senior management a facility to borrow up to HK$XX,XXX, repayable within five years from the date of disbursement. Such loans are unsecured and the interest rate is based on XX plus X.X%. Any loans granted are included in financial instruments on the face of the statement of financial position.

34. Related party disclosures (continued)

* The amounts are classified as trade receivables and trade payables, respectively (see Notes 21 and 29).

		Interest received	Amounts owned by related parties
		HK$'000	HK$'000
Loans from/to related parties			
Associate:			
<insert Company name>	2025	20	200
Key management personnel of the Group:			
Directors' loans	2025	1	13
	2024	-	8

There were no transactions other than dividends paid between the Group and <insert Company name>, the ultimate parent during the financial year (2024: HK$Nil).

Loan to an associate

The loan granted to <insert Company name> is intended to finance an acquisition of new machines for the manufacturing of <insert description>. The loan is fully-secured and repayable in full on X XXXX 2025. Interest is charged at XX%.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2025, the Group recognised provision for expected credit losses of HK$X,XXX relating to amounts owed by related parties (2024: HK$X,XXX).

Commitments with related parties

On X XXXX 2025, <insert Company name> entered into a two-year agreement ending XX XXXX 20XX with <insert Company name> to purchase specific <insert description of product> that <insert Company name> uses in its production cycle. <insert Company name> expects the potential purchase volume to be HK$XXX,XXX in 20XX and HK$XXX,XXX in the first X months of 20XX. The purchase price is based on <insert Company name>'s actual cost plus a X% margin and will be settled in cash within XX days of receiving the inventories.

The Group has provided a contractual commitment to <insert Company name>, whereby if the assets held as collateral by <insert Company name> for its borrowing fall below a credit rating of 'AA', the parent will substitute assets of an equivalent of 'AA' rating. The maximum fair value of the assets to be replaced is HK$XXX,XXX as at 31 December 2025 (2024: HK$XXX,XXX).

Transactions with key management personnel

Directors' loans

The Group offers senior management a facility to borrow up to HK$XX,XXX, repayable within five years from the date of disbursement. Such loans are unsecured and the interest rate is based on XX plus X.X%. Any loans granted are included in financial instruments on the face of the statement of financial position.

34. Related party disclosures (continued)

Transactions with key management personnel (continued)

Other directors' interests

During both 2024 and 2023, Group companies made purchases at market prices from <insert Company name>, of which the spouse of one of the directors of the Group is a director and controlling shareholder.

One director has a XX% (2023: XX%) equity interest in <insert Company name>. The Group has a contract for the supply of <insert description of product> to <insert Company name>. During 2024 and 2023, the Group supplied <insert description of product> to <insert Company name> at market prices.

Investments

During the year, TR Example Group acquired an equity interest of XX% in the shares of <name of company>, a company which is XX% owned by one of TR Example Group's directors. The amount paid for the interest acquired was XXX.

Compensation of key management personnel of the Group

	2024	2023
	HK$'000	HK$'000
Short term employee benefits	435	424
Post-employment pension and medical benefits	110	80
Termination benefits	40	-
Share-based payment transactions	18	12
Total compensation paid to key management personnel	**603**	**516**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Senior management personnel of the Group, excluding non-executive directors, are included in an annual cash bonus scheme. Bonuses in this scheme are determined on the basis of both financial and non-financial KPIs, such as emission reduction targets and recycling targets, depending on their roles. Amounts awarded under this scheme are included in short-term employee benefits in the table above.

Generally, the non-executive directors do not receive pension entitlements from the Group. During 2024, an amount of HK$XX,XXX was paid to a director who retired from an executive director's position in 2023.

Directors' interests in the <insert name of plan>

Share options held by executive members of the Board of Directors under the <insert name of plan>to purchase ordinary shares have the following expiry dates and exercise prices:

Date of grant	Expiry date	Exercise price	2024	2023
		HK$	Number outstanding	Number outstanding
20XX	20XX	2.33	10,000	10,000
20XX	20XX	3.13	83,000	83,000
20XX	20XX	3.85	27,000	-
Total			**120,000**	**93,000**

34. Related party disclosures (continued)

Transactions with key management personnel (continued)

Other directors' interests

During both 2025 and 2024, Group companies made purchases at market prices from <insert Company name>, of which the spouse of one of the directors of the Group is a director and controlling shareholder.

One director has a XX% (2024: XX%) equity interest in <insert Company name>. The Group has a contract for the supply of <insert description of product> to <insert Company name>. During 2025 and 2024, the Group supplied <insert description of product> to <insert Company name> at market prices.

Investments

During the year, TR Example Group acquired an equity interest of XX% in the shares of <name of company>, a company which is XX% owned by one of TR Example Group's directors. The amount paid for the interest acquired was XXX.

Compensation of key management personnel of the Group

	2025	2024
	HK$'000	HK$'000
Short term employee benefits	435	424
Post-employment pension and medical benefits	110	80
Termination benefits	40	-
Share-based payment transactions	18	12
Total compensation paid to key management personnel	**603**	**516**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Senior management personnel of the Group, excluding non-executive directors, are included in an annual cash bonus scheme. Bonuses in this scheme are determined on the basis of both financial and non-financial KPIs, such as emission reduction targets and recycling targets, depending on their roles. Amounts awarded under this scheme are included in short-term employee benefits in the table above.

Generally, the non-executive directors do not receive pension entitlements from the Group. During 2025, an amount of HK$XX,XXX was paid to a director who retired from an executive director's position in 2024.

Directors' interests in the <insert name of plan>

Share options held by executive members of the Board of Directors under the <insert name of plan>to purchase ordinary shares have the following expiry dates and exercise prices:

Date of grant	Expiry date	Exercise price	2025	2024
		HK$	Number outstanding	Number outstanding
20XX	20XX	2.33	10,000	10,000
20XX	20XX	3.13	83,000	83,000
20XX	20XX	3.85	27,000	-
Total			**120,000**	**93,000**

No share options have been granted to the non-executive members of the Board of Directors under this scheme. Refer to Note 32 for further details on the scheme.

34. Related party disclosures (continued)

Compensation of key management personnel of the Group (continued)

No share options have been granted to the non-executive members of the Board of Directors under this scheme. Refer to Note 32 for further details on the scheme.

35. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability - Amendments to HKAS 21

In August 2023, the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance issued amendments to HKAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but must be disclosed. When applying the amendments, an entity cannot restate comparative information.

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

HKFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance issued HKFRS 18, which replaces HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to HKAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. HKFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

35. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

HKFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance issued HKFRS 18, which replaces HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to HKAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. HKFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements. The initial expected material impacts on Group's financial statements are, as follows:

- Rental income, change in fair value from investment properties and share of profit or an associate and a joint venture will be classified in the investing category within the statement of profit or loss.
- Foreign exchange difference will be classified in the category where the related income and expense form the item giving rising to the foreign exchange difference.
- New disclosure will be added: (a) management-defined performance measures; (b) specified expense by nature if expenses are presented by function in the operating category of the statement of profit or loss; and (c) a reconciliation for each line item in the statement of profit or loss between the restated amounts presented applying HKFRS 18 and the amounts previously presented applying HKAS 1.
- Interest received and interest paid will be classified in the investing activities and financing activities, respectively, on the statement of cash flows.

35. Standards issued but not yet effective (continued)

HKFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance issued HKFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with HKFRS accounting standards.

HKFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply HKFRS 19.

36. Events after the reporting period

On XX XXXX 20XX, a building with a net book value of HK$X,XXX,XXX was severely damaged by flooding and inventories with a net book value of HK$XXX,XXX were destroyed. It is expected that insurance proceeds will fall short of the costs of rebuilding and loss of inventories by HK$XXX,XXX.

35. Standards issued but not yet effective (continued)

HKFRS 18 Presentation and Disclosure in Financial Statements (continued)

HKFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance issued HKFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with HKFRS accounting standards.

HKFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply HKFRS 19.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to HKFRS 9 and HKFRS 7

In May 2024, the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance issued Amendments to HKFRS 9 and HKFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Group does not anticipate that the amendments will have a material effect on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of HKFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in HKFRS 1 First-time Adoption of International Financial Reporting Standards, HKFRS 7 Financial instruments: Disclosure and its accompanying Guidance on implementing HKFRS 7, HKFRS 9 Financial Instruments, HKFRS 10 Consolidated Financial Statements and HKAS 7 Statements of Cash Flows.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

Contents of the Appendices

	Pages
HKFRS 1 First-time Adoption of International Financial Reporting Standards	173
Simple revenue disclosure by “Type of revenue”.	184
Consolidated statement of financial position with separate presentation lease liability, including disclosure	185
Material accounting policy information – an illustrative example	189
Example of a “Auditors' remuneration Note”	194
Illustrative disclosure about Pillar Two taxes	195
Hong Kong GAAP overlay	196
Example for Directors’ report	196
Replacement for “Consolidated statement of financial position”	198
Replacement for “Consolidated statement of changes in equity”	202
Replacement for “Consolidated statement of cash flows”	206
Replacement for “Note 2.1 Basis of preparation”	210
Replacement for “Note 2.3 Material accounting policies”	210
Replacement for “Note 2.4 Changes in accounting policies and disclosures”	211
Replacement for “Note 12 Other income/expenses”	212
Example for “Note 14 Income tax”	215
Replacement for “Note 19 Financial assets and financial liabilities”	218
Replacement for “Note 24 Issued capital and reserves”	220
Replacement for “Note 34 Related party disclosures”	220
Replacement for “Note 35 Standards issued but not yet effective”	222
Example for “Statement of Financial Position of the Company”	225
Example for “Loans to directors/ Due from related parties”	228
Additional contents not illustrated in IFRS	230

35. Standards issued but not yet effective (continued)

Contracts Referencing Nature-dependent Electricity – Amendments to HKFRS 9 and HKFRS 7

In December 2024, the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance issued Amendments to HKFRS 9 and HKFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the HKFRS 7 disclosure amendments must be implemented alongside the HKFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Group does not expect that the amendments will have a material impact on its financial statements.

36. Events after the reporting period

On XX XXXX 20XX, a building with a net book value of HK$X,XXX,XXX was severely damaged by flooding and inventories with a net book value of HK$XXX,XXX were destroyed. It is expected that insurance proceeds will fall short of the costs of rebuilding and loss of inventories by HK$XXX,XXX.

Contents of the Appendices

	Pages
HKFRS 1 First-time Adoption of International Financial Reporting Standards	168
Simple revenue disclosure by “Type of revenue”.	179
Consolidated statement of financial position with separate presentation lease liability, including disclosure	180
Material accounting policy information – an illustrative example	184
Example of a “Auditors' remuneration Note”	188
Illustrative disclosure about Pillar Two taxes	190
Hong Kong GAAP overlay	191
Example for Directors’ report	191
Replacement for “Consolidated statement of financial position”	193
Replacement for “Consolidated statement of changes in equity”	197
Replacement for “Consolidated statement of cash flows”	201
Replacement for “Note 2.1 Basis of preparation”	205
Replacement for “Note 2.3 Material accounting policies”	205
Replacement for “Note 2.4 Changes in accounting policies and disclosures”	206
Replacement for “Note 12 Other income/expenses”	206
Example for “Note 14 Income tax”	209
Replacement for “Note 19 Financial assets and financial liabilities”	212
Replacement for “Note 24 Issued capital and reserves”	214
Replacement for “Note 34 Related party disclosures”	214
Replacement for “Note 35 Standards issued but not yet effective”	216
Example for “Statement of Financial Position of the Company”	219
Example for “Loans to directors/ Due from related parties”	221
Additional contents not illustrated in IFRS	222

Appendix 1 - HKFRS 1 First-time Adoption of International Financial Reporting Standards

1 Material accounting policies

(a) First-time adoption of HKFRS

These financial statements, for the year ended 31 December 2024, are the first the Group has prepared in accordance with HKFRS. For periods up to and including the year ended 31 December 2023, the Group prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP).

Accordingly, the Group has prepared financial statements that comply with HKFRS applicable as at 31 December 2024, together with the comparative period data for the year ended 31 December 2023, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 January 2023, the Group's date of transition to HKFRS. This note explains the principal adjustments made by the Group in restating its Local GAAP financial statements, including the statement of financial position as at 1 January 2023 and the financial statements as of, and for, the year ended 31 December 2023.

Exemptions applied

HKFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under HKFRS.

The Group has applied the following exemptions:

- HKFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under HKFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2023. Use of this exemption means that the Local GAAP carrying amounts of assets and liabilities, that are required to be recognised under HKFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with HKFRS. Assets and liabilities that do not qualify for recognition under HKFRS are excluded from the opening HKFRS statement of financial position. The Group did not recognise any assets or liabilities that were not recognised under the Local GAAP or exclude any previously recognised amounts as a result of HKFRS recognition requirements. HKFRS 1 also requires that the Local GAAP carrying amount of goodwill must be used in the opening HKFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with HKFRS 1, the Group has tested goodwill for impairment at the date of transition to HKFRS. There was no impairment recognised on goodwill at 1 January 2023.
- The Group has not applied HKAS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to HKFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.
- Freehold land and buildings, other than investment property, were carried in the statement of financial position prepared in accordance with Local GAAP on the basis of valuations performed on <insert date>. The Group has elected to regard those values as deemed cost at the date of the revaluation since they were broadly comparable to fair value.
- Certain items of property, plant and equipment have been measured at fair value at the date of transition to HKFRS.

Appendix 1 - HKFRS 1 First-time Adoption of International Financial Reporting Standards

1 Material accounting policies

(a) First-time adoption of HKFRS

These financial statements, for the year ended 31 December 2025, are the first the Group has prepared in accordance with HKFRS. For periods up to and including the year ended 31 December 2024, the Group prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP).

Accordingly, the Group has prepared financial statements that comply with HKFRS applicable as at 31 December 2025, together with the comparative period data for the year ended 31 December 2024, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 January 2024, the Group's date of transition to HKFRS. This note explains the principal adjustments made by the Group in restating its Local GAAP financial statements, including the statement of financial position as at 1 January 2024 and the financial statements as of, and for, the year ended 31 December 2024.

Exemptions applied

HKFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under HKFRS.

The Group has applied the following exemptions:

- HKFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under HKFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2024. Use of this exemption means that the Local GAAP carrying amounts of assets and liabilities, that are required to be recognised under HKFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with HKFRS. Assets and liabilities that do not qualify for recognition under HKFRS are excluded from the opening HKFRS statement of financial position. The Group did not recognise any assets or liabilities that were not recognised under the Local GAAP or exclude any previously recognised amounts as a result of HKFRS recognition requirements. HKFRS 1 also requires that the Local GAAP carrying amount of goodwill must be used in the opening HKFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with HKFRS 1, the Group has tested goodwill for impairment at the date of transition to HKFRS. There was no impairment recognised on goodwill at 1 January 2024.
- The Group has not applied HKAS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to HKFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.
- Freehold land and buildings, other than investment property, were carried in the statement of financial position prepared in accordance with Local GAAP on the basis of valuations performed on <insert date>. The Group has elected to regard those values as deemed cost at the date of the revaluation since they were broadly comparable to fair value.
- Certain items of property, plant and equipment have been measured at fair value at the date of transition to HKFRS.
- Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2024.

Appendix 1 - HKFRS 1 First-time Adoption of International Financial Reporting Standards (continued)

1 Material accounting policies (continued)

(a) First-time adoption of HKFRS (continued)

Exemptions applied (continued)

- Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2023.
- HKFRS 2 Share-based Payment has not been applied to equity instruments in share-based payment transactions that were granted on or before 7 November 2002, nor has it been applied to equity instruments granted after 7 November 2002 that vested before 1 January 2023. For cash-settled share-based payment transactions, the Group has not applied HKFRS 2 to liabilities that were settled before 1 January 2023.
- The Group assessed all contracts existing at 1 January 2023 to determine whether a contract contains a lease based upon the conditions in place as at 1 January 2023.
- Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2023. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2023. The lease payments associated with leases for which the lease term ends within XX months of the date of transition to HKFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.
- The Group has applied the transitional provisions in HKAS 23 Borrowing Costs and capitalises borrowing costs relating to all qualifying assets after the date of transition. Similarly, the Group has not restated for borrowing costs capitalised under Local GAAP on qualifying assets prior to the date of transition to HKFRS.
- The Group has designated investments in equity instruments including unquoted equity instruments as equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that exist at 1 January 2023.

Estimates

The estimates at 1 January 2023 and at 31 December 2023 are consistent with those made for the same dates in accordance with Local GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Local GAAP did not require estimation:

- Pensions and other postemployment benefits
- Share-based payment transactions
- Investments in equity instruments - unquoted equity shares

The estimates used by the Group to present these amounts in accordance with HKFRS reflect conditions at 1 January 2023, the date of transition to HKFRS and as at 31 December 2023.

Appendix 1 - HKFRS 1 First-time Adoption of International Financial Reporting Standards (continued)

1 Material accounting policies (continued)

(a) First-time adoption of HKFRS (continued)

Exemptions applied (continued)

- HKFRS 2 Share-based Payment has not been applied to equity instruments in share-based payment transactions that were granted on or before 7 November 2002, nor has it been applied to equity instruments granted after 7 November 2002 that vested before 1 January 2024. For cash-settled share-based payment transactions, the Group has not applied HKFRS 2 to liabilities that were settled before 1 January 2024.
- The Group assessed all contracts existing at 1 January 2024 to determine whether a contract contains a lease based upon the conditions in place as at 1 January 2024.
- Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2024. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2024. The lease payments associated with leases for which the lease term ends within XX months of the date of transition to HKFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.
- The Group has applied the transitional provisions in HKAS 23 Borrowing Costs and capitalises borrowing costs relating to all qualifying assets after the date of transition. Similarly, the Group has not restated for borrowing costs capitalised under Local GAAP on qualifying assets prior to the date of transition to HKFRS.
- The Group has designated investments in equity instruments including unquoted equity instruments as equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that exist at 1 January 2024.

Estimates

The estimates at 1 January 2024 and at 31 December 2024 are consistent with those made for the same dates in accordance with Local GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Local GAAP did not require estimation:

- Pensions and other postemployment benefits
- Share-based payment transactions
- Investments in equity instruments - unquoted equity shares

The estimates used by the Group to present these amounts in accordance with HKFRS reflect conditions at 1 January 2024, the date of transition to HKFRS and as at 31 December 2024.

Appendix 1 - HKFRS 1 First-time Adoption of International Financial Reporting Standards (continued)

Group reconciliation of equity as at 1 January 2023 (date of transition to HKFRS)

	Notes	Local GAAP	Reclassifications and remeasurements	HKFRS as at 1 January 2023
		HK$'000	HK$'000	HK$'000
Assets				
Non-current assets				
Property, plant and equipment	(l), (m), (n), (o)	19,436	(496)	18,940
Investment properties		7,091	-	7,091
Start-up expenses	(a)	300	(300)	-
Intangible assets	(f)	2,114	-	2,114
Right-of-use assets	(o)	-	2,915	2,915
Investment in subsidiaries		1,878	-	1,878
Investment in an associate and a joint venture	(b)	2,123	150	2,273
Non-current financial assets		321	-	321
		33,263	**2,269**	**35,532**
Current assets				
Inventories	(p)	25,152	(856)	24,296
Right of return assets	(p)	-	856	856
Trade receivables	(c), (r)	29,115	(3,578)	25,537
Contract assets	(r)	-	3,450	3,450
Prepayments		226	-	226
Other current financial assets	(d)	-	137	137
Cash and short-term deposits	(s)	11,066	-	11,066
		65,559	**9**	**65,568**
Total assets		**98,822**	**2,278**	**101,100**
Equity and liabilities				
Equity				
Issued capital		19,388	-	19,388
Treasury shares		(774)	-	(774)
Other capital reserves	(j)	228	338	566
Retained earnings		25,615	(4,033)	21,582
Other components of equity	(b), (d), (i), (k)	(706)	288	(418)
Equity attributable to equity holders of the parent		**43,751**	**(3,407)**	**40,344**
Non-controlling interests		198	10	208
Total equity		**43,949**	**(3,397)**	**40,552**
Non-current liabilities				
Interest-bearing loans and borrowing	(o)	20,247	1,111	21,358
Provisions	(h)	140	(125)	15
Government grants		1,300	-	1,300
Deferred revenue	(r)	692	(692)	-
Contract liabilities	(r)	-	692	692
Net employee defined benefit liabilities	(g)	-	2,526	2,526
Deferred tax liabilities	(i)	(727)	1,507	780
		21,652	**5,019**	**26,671**

Appendix 1 - HKFRS 1 First-time Adoption of International Financial Reporting Standards (continued)

Group reconciliation of equity as at 1 January 2024 (date of transition to HKFRS)

	Notes	Local GAAP	Reclassifications and remeasurements	HKFRS as at 1 January 2024
		HK$'000	HK$'000	HK$'000
Assets				
Non-current assets				
Property, plant and equipment	(l), (m), (n), (o)	19,436	(496)	18,940
Investment properties		7,091	-	7,091
Start-up expenses	(a)	300	(300)	-
Intangible assets	(f)	2,114	-	2,114
Right-of-use assets	(o)	-	2,915	2,915
Investment in subsidiaries		1,878	-	1,878
Investment in an associate and a joint venture	(b)	2,123	150	2,273
Non-current financial assets		321	-	321
		33,263	**2,269**	**35,532**
Current assets				
Inventories	(p)	25,152	(856)	24,296
Right of return assets	(p)	-	856	856
Trade receivables	(c), (r)	29,115	(3,578)	25,537
Contract assets	(r)	-	3,450	3,450
Prepayments		226	-	226
Other current financial assets	(d)	-	137	137
Cash and short-term deposits	(s)	11,066	-	11,066
		65,559	**9**	**65,568**
Total assets		**98,822**	**2,278**	**101,100**
Equity and liabilities				
Equity				
Issued capital		19,388	-	19,388
Treasury shares		(774)	-	(774)
Other capital reserves	(j)	228	338	566
Retained earnings		25,615	(4,033)	21,582
Other components of equity	(b), (d), (i), (k)	(706)	288	(418)
Equity attributable to equity holders of the parent		**43,751**	**(3,407)**	**40,344**
Non-controlling interests		198	10	208
Total equity		**43,949**	**(3,397)**	**40,552**
Non-current liabilities				
Interest-bearing loans and borrowing	(o)	20,247	1,111	21,358
Provisions	(h)	140	(125)	15
Government grants		1,300	-	1,300
Deferred revenue	(r)	692	(692)	-
Contract liabilities	(r)	-	692	692
Net employee defined benefit liabilities	(g)	-	2,526	2,526
Deferred tax liabilities	(i)	(727)	1,507	780
		21,652	**5,019**	**26,671**

Group reconciliation of equity as at 1 January 2023 (date of transition to HKFRS)

	Notes	Local GAAP	Reclassifications and remeasurements	HKFRS as at 1 January 2023
		HK$'000	HK$'000	HK$'000
Current liabilities				
Trade and other payables	(e), (p), (q)	21,993	(3,745)	18,248
Deferred revenue	(r)	1,836	(1,836)	-
Contract liabilities	(r)	-	1,836	1,836
Refund liabilities	(p), (q)	-	3,796	3,796
Interest-bearing loans and borrowings	(o)	4,500	334	4,834
Other current financial liabilities	(d)	32	271	303
Government grants		150	-	150
Income tax payable		4,625	-	4,625
Provisions		85	-	85
		33,221	**656**	**33,877**
Total liabilities		**54,873**	**5,675**	**60,548**
Total liabilities and equity		**98,822**	**2,278**	**101,100**

Appendix 1 - HKFRS 1 First-time Adoption of International Financial Reporting Standards (continued)

Group reconciliation of equity as at 1 January 2024 (date of transition to HKFRS)

	Notes	Local GAAP	Reclassifications and remeasurements	HKFRS as at 1 January 2024
		HK$'000	HK$'000	HK$'000
Current liabilities				
Trade and other payables	(e), (p), (q)	21,993	(3,745)	18,248
Deferred revenue	(r)	1,836	(1,836)	-
Contract liabilities	(r)	-	1,836	1,836
Refund liabilities	(p), (q)	-	3,796	3,796
Interest-bearing loans and borrowings	(o)	4,500	334	4,834
Other current financial liabilities	(d)	32	271	303
Government grants		150	-	150
Income tax payable		4,625	-	4,625
Provisions		85	-	85
		33,221	**656**	**33,877**
Total liabilities		**54,873**	**5,675**	**60,548**
Total liabilities and equity		**98,822**	**2,278**	**101,100**

Appendix 1 - HKFRS 1 First-time Adoption of International Financial Reporting Standards (continued)

Group reconciliation of equity as at 31 December 2023

	Notes	Local GAAP	Reclassifications and remeasurements	HKFRS as at 31 December 2023
		HK$'000	HK$'000	HK$'000
Assets				
Non-current assets				
Property, plant and equipment	(l), (m), (n), (o)	24,797	(468)	24,329
Investment properties		7,983	-	7,983
Start-up expenses	(a)	200	(200)	-
Intangible assets	(f)	2,461	-	2,461
Right-of-use assets	(o)	-	2,732	2,732
Investment in subsidiaries		2,516	-	2,516
Investment in an associate and a joint venture	(b)	2,691	125	2,816
Non-current financial assets		365	-	365
		41,013	**2,189**	**43,202**
Current assets				
Inventories	(p)	24,759	(929)	23,830
Right of return assets	(p)	-	929	929
Trade receivables	(c), (r)	27,604	(5,314)	22,290
Contract assets	(r)	-	5,180	5,180
Prepayments		165	-	165
Other current financial assets	(d)	-	153	153
Cash and short-term deposits	(s)	14,916	-	14,916
		67,444	**19**	**67,463**
Total assets		**108,457**	**2,208**	**110,665**
Equity and liabilities				
Equity				
Issued capital		19,388	-	19,388
Share premium		80	-	80
Treasury shares		(654)	-	(654)
Other capital reserves	(j)	294	570	864
Retained earnings		30,673	(4,744)	25,929
Other components of equity	(b), (d), (i), (k)	(798)	293	(505)
Equity attributable to equity holders of the parent		**48,983**	**(3,881)**	**45,102**
Non-controlling interests		728	12	740
Total equity		**49,711**	**(3,869)**	**45,842**
Non-current liabilities				
Interest-bearing loans and borrowing	(o)	22,222	1,091	23,313
Provisions	(h)	144	(125)	19
Government grants		1,400	-	1,400
Deferred revenue	(r)	888	(888)	-
Contract liabilities	(r)	-	888	888
Net employee defined benefit liabilities	(g)	-	2,977	2,977
Deferred tax liabilities	(i)	(671)	1,278	607

Group reconciliation of equity as at 31 December 2024

	Notes	Local GAAP	Reclassifications and remeasurements	HKFRS as at 31 December 2024
		HK$'000	HK$'000	HK$'000
Assets				
Non-current assets				
Property, plant and equipment	(l), (m), (n), (o)	24,797	(468)	24,329
Investment properties		7,983	-	7,983
Start-up expenses	(a)	200	(200)	-
Intangible assets	(f)	2,461	-	2,461
Right-of-use assets	(o)	-	2,732	2,732
Investment in subsidiaries		2,516	-	2,516
Investment in an associate and a joint venture	(b)	2,691	125	2,816
Non-current financial assets		365	-	365
		41,013	**2,189**	**43,202**
Current assets				
Inventories	(p)	24,759	(929)	23,830
Right of return assets	(p)	-	929	929
Trade receivables	(c), (r)	27,604	(5,314)	22,290
Contract assets	(r)	-	5,180	5,180
Prepayments		165	-	165
Other current financial assets	(d)	-	153	153
Cash and short-term deposits	(s)	14,916	-	14,916
		67,444	**19**	**67,463**
Total assets		**108,457**	**2,208**	**110,665**
Equity and liabilities				
Equity				
Issued capital		19,388	-	19,388
Share premium		80	-	80
Treasury shares		(654)	-	(654)
Other capital reserves	(j)	294	570	864
Retained earnings		30,673	(4,744)	25,929
Other components of equity	(b), (d), (i), (k)	(798)	293	(505)
Equity attributable to equity holders of the parent		**48,983**	**(3,881)**	**45,102**
Non-controlling interests		728	12	740
Total equity		**49,711**	**(3,869)**	**45,842**
Non-current liabilities				
Interest-bearing loans and borrowing	(o)	22,222	1,091	23,313
Provisions	(h)	144	(125)	19
Government grants		1,400	-	1,400
Deferred revenue	(r)	888	(888)	-
Contract liabilities	(r)	-	888	888
Net employee defined benefit liabilities	(g)	-	2,977	2,977
Deferred tax liabilities	(i)	(671)	1,278	607
		23,983	**5,221**	**29,204**

Appendix 1 - HKFRS 1 First-time Adoption of International Financial Reporting Standards (continued)

Group reconciliation of equity as at 31 December 2023

	Notes	Local GAAP	Reclassifications and remeasurements	HKFRS as at 31 December 2023
		HK$'000	HK$'000	HK$'000
		23,983	**5,221**	**29,204**
Current liabilities				
Trade and other payables	(e), (p), (q)	25,518	(5,495)	20,023
Deferred revenue	(r)	2,486	(2,486)	-
Contract liabilities	(r)	-	2,486	2,486
Refund liabilities	(p), (q)	-	5,844	5,844
Interest-bearing loans and borrowings	(o)	2,840	302	3,142
Other current financial liabilities	(d)	49	205	254
Government grants		151	-	151
Income tax payable		3,563	-	3,563
Provisions		156	-	156
		34,763	**856**	**35,619**
Total liabilities		**58,746**	**6,077**	**64,823**
Total liabilities and equity		**108,457**	**2,208**	**110,665**

Group reconciliation of equity as at 31 December 2024

	Notes	Local GAAP	Reclassifications and remeasurements	HKFRS as at 31 December 2024
		HK$'000	HK$'000	HK$'000
Current liabilities				
Trade and other payables	(e), (p), (q)	25,518	(5,495)	20,023
Deferred revenue	(r)	2,486	(2,486)	-
Contract liabilities	(r)	-	2,486	2,486
Refund liabilities	(p), (q)	-	5,844	5,844
Interest-bearing loans and borrowings	(o)	2,840	302	3,142
Other current financial liabilities	(d)	49	205	254
Government grants		151	-	151
Income tax payable		3,563	-	3,563
Provisions		156	-	156
		34,763	**856**	**35,619**
Total liabilities		**58,746**	**6,077**	**64,823**
Total liabilities and equity		**108,457**	**2,208**	**110,665**

Appendix 1 - HKFRS 1 First-time Adoption of International Financial Reporting Standards (continued)

Group reconciliation of total comprehensive income for the year ended 31 December 2023

	Notes	Local GAAP	Remeasurements	HKFRS for the year ended 31 December 2023
		HK$'000	HK$'000	HK$'000
Continuing operations				
Revenue from contracts with customers	(q)	159,719	(631)	159,088
Rental income		1,377	-	1,377
Revenue		**161,096**	**(631)**	**160,465**
Cost of sales	(l), (m), (n), (o)	(128,274)	(112)	(128,386)
Gross profit/(loss)		**32,822**	**(743)**	**32,079**
Other operating income		2,548	-	2,548
Selling and distribution expenses	(c), (g)	(12,885)	(79)	(12,964)
Administrative expenses	(j), (p)	(11,748)	(263)	(12,011)
Other operating expenses	(a)	(453)	100	(353)
Operating profit/(loss)		**10,284**	**(985)**	**9,299**
Finance costs	(o)	(1,156)	(112)	(1,268)
Finance income		145	-	145
Other income		66	-	66
Share of profit of an associate and a joint venture		638	-	638
Profit/(loss) before tax from continuing operations		**9,977**	**(1,097)**	**8,880**
Income tax expense	(i)	(2,345)	112	(2,233)
Profit/(loss) for the year from continuing operations		**7,632**	**(985)**	**6,647**
Profit/(loss) after tax for the year from discontinued operations		(188)	-	(188)
Profit/(loss) for the year		**7,444**	**(985)**	**6,459**
Other comprehensive income				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):				
Exchange differences on translation of foreign operations		(117)	-	(117)
Net gain/(loss) on cash flow hedges	(d)	-	24	24
Net loss on debt instruments at fair value through other comprehensive income		(1)	-	(1)
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		**(118)**	**24**	**(94)**
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	(b)	32	(25)	7
Remeasurement gain/(loss) on defined	(g)	-	(273)	(273)

Group reconciliation of total comprehensive income for the year ended 31 December 2024

	Notes	Local GAAP	Remeasurements	HKFRS for the year ended 31 December 2024
		HK$'000	HK$'000	HK$'000
Continuing operations				
Revenue from contracts with customers	(q)	159,719	(631)	159,088
Rental income		1,377	-	1,377
Revenue		**161,096**	**(631)**	**160,465**
Cost of sales	(l), (m), (n), (o)	(128,274)	(112)	(128,386)
Gross profit/(loss)		**32,822**	**(743)**	**32,079**
Other operating income		2,548	-	2,548
Selling and distribution expenses	(c), (g)	(12,885)	(79)	(12,964)
Administrative expenses	(j), (p)	(11,748)	(263)	(12,011)
Other operating expenses	(a)	(453)	100	(353)
Operating profit/(loss)		**10,284**	**(985)**	**9,299**
Finance costs	(o)	(1,156)	(112)	(1,268)
Finance income		145	-	145
Other income		66	-	66
Share of profit of an associate and a joint venture		638	-	638
Profit/(loss) before tax from continuing operations		**9,977**	**(1,097)**	**8,880**
Income tax expense	(i)	(2,345)	112	(2,233)
Profit/(loss) for the year from continuing operations		**7,632**	**(985)**	**6,647**
Profit/(loss) after tax for the year from discontinued operations		(188)	-	(188)
Profit/(loss) for the year		**7,444**	**(985)**	**6,459**
Other comprehensive income				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):				
Exchange differences on translation of foreign operations		(117)	-	(117)
Net gain/(loss) on cash flow hedges	(d)	-	24	24
Net loss on debt instruments at fair value through other comprehensive income		(1)	-	(1)
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		**(118)**	**24**	**(94)**
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income	(b)	32	(25)	7
Remeasurement gain/(loss) on defined	(g)	-	(273)	(273)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**32**	**(298)**	**(266)**

Group reconciliation of total comprehensive income for the year ended 31 December 2023

	Notes	Local GAAP	Remeasurements	HKFRS for the year ended 31 December 2023
		HK$'000	HK$'000	HK$'000
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		32	(298)	(266)
Other comprehensive loss for the year, net of tax		(86)	(274)	(360)
Total comprehensive income/(loss) for the year, net of tax		7,358	(1,259)	6,099

Group reconciliation of total comprehensive income for the year ended 31 December 2024

	Notes	Local GAAP	Remeasurements	HKFRS for the year ended 31 December 2024
		HK$'000	HK$'000	HK$'000
Other comprehensive loss for the year, net of tax		(86)	(274)	(360)
Total comprehensive income/(loss) for the year, net of tax		7,358	(1,259)	6,099

Appendix 1 - HKFRS 1 First-time Adoption of International Financial Reporting Standards (continued)

Notes to the reconciliation of equity as at 1 January 2023 and 31 December 2023 and total comprehensive income for the year ended 31 December 2023

a Start-up expenses

Under Local GAAP, the Group capitalised the cost of incorporation of a new subsidiary and depreciated this on a straight-line basis over five years. As such cost does not qualify for recognition as an asset under HKFRS, this asset is derecognised against retained earnings.

b Equity instrument as at fair value through other comprehensive income

Under Local GAAP, the Group accounted for investments in unquoted equity shares as financial instruments measured at cost. Under HKFRS, the Group has designated such investments as an equity instrument as at fair value through other comprehensive income. At the date of transition to HKFRS, the fair value of these assets is HK$X,XXX,XXX and their previous Local GAAP carrying amount was HK$XXX,XXX. The HK$XXX,XXX difference between the instruments' fair value and Local GAAP carrying amount has been recognised as other components of equity, in fair value reserve of financial assets at FVOCI, net of related deferred taxes.

c Trade and other receivables

The adoption of HKFRS has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing incurred loss approach under Local GAAP with a forward-looking expected credit loss (ECL) approach. HKFRS requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. At the date of transition to HKFRS, the Group recognised additional impairment on its Trade receivables of HK$XXX,XXX (31 December 2023: HK$XXX,XXX), which resulted in a decrease in retained earnings by the same amount.

d Other financial assets and liabilities

The fair value of forward foreign exchange contracts is recognised under HKFRS, and was not recognised under Local GAAP. The contracts have been designated as at the date of transition to HKFRS as hedging instruments in cash flow hedges of either expected future sales, for which the group has firm commitments, or expected purchases from suppliers that are highly probable. The corresponding adjustment has been recognised as a separate component of equity, in the cash flow hedge reserve.

e Trade and other payables

Under Local GAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under HKFRS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the Group, the declaration of dividend occurs after period end. Therefore, the liability recorded for this dividend has been derecognised against retained earnings.

f Intangible assets

Under Local GAAP, the Group recognised indefinite lived intangible assets amounting to HK$XX,XXX on a business combination that does not qualify for recognition under HKFRS. These intangible assets have been reclassified as part of goodwill on transition to HKFRS. Goodwill has been presented within Intangible assets on the Statement of Financial Position.

Notes to the reconciliation of equity as at 1 January 2024 and 31 December 2024 and total comprehensive income for the year ended 31 December 2024

a Start-up expenses

Under Local GAAP, the Group capitalised the cost of incorporation of a new subsidiary and depreciated this on a straight-line basis over five years. As such cost does not qualify for recognition as an asset under HKFRS, this asset is derecognised against retained earnings.

b Equity instrument as at fair value through other comprehensive income

Under Local GAAP, the Group accounted for investments in unquoted equity shares as financial instruments measured at cost. Under HKFRS, the Group has designated such investments as an equity instrument as at fair value through other comprehensive income. At the date of transition to HKFRS, the fair value of these assets is HK$X,XXX,XXX and their previous Local GAAP carrying amount was HK$XXX,XXX. The HK$XXX,XXX difference between the instruments' fair value and Local GAAP carrying amount has been recognised as other components of equity, in fair value reserve of financial assets at FVOCI, net of related deferred taxes.

c Trade and other receivables

The adoption of HKFRS has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing incurred loss approach under Local GAAP with a forward-looking expected credit loss (ECL) approach. HKFRS requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. At the date of transition to HKFRS, the Group recognised additional impairment on its Trade receivables of HK$XXX,XXX (31 December 2024: HK$XXX,XXX), which resulted in a decrease in retained earnings by the same amount.

d Other financial assets and liabilities

The fair value of forward foreign exchange contracts is recognised under HKFRS, and was not recognised under Local GAAP. The contracts have been designated as at the date of transition to HKFRS as hedging instruments in cash flow hedges of either expected future sales, for which the group has firm commitments, or expected purchases from suppliers that are highly probable. The corresponding adjustment has been recognised as a separate component of equity, in the cash flow hedge reserve.

e Trade and other payables

Under Local GAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under HKFRS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the Group, the declaration of dividend occurs after period end. Therefore, the liability recorded for this dividend has been derecognised against retained earnings.

f Intangible assets

Under Local GAAP, the Group recognised indefinite lived intangible assets amounting to HK$XX,XXX on a business combination that does not qualify for recognition under HKFRS. These intangible assets have been reclassified as part of goodwill on transition to HKFRS. Goodwill has been presented within Intangible assets on the Statement of Financial Position.

Notes to the reconciliation of equity as at 1 January 2023 and 31 December 2023 and total comprehensive income for the year ended 31 December 2023 (continued)

g Defined benefit obligation

Under Local GAAP, the Group recognised costs related to its pension plan on a cash basis. Under HKFRS, defined benefit plan obligations are recognised and are measured using the projected unit credit method. The pension liability has been recognised in full against retained earnings.

h Provisions

Under Local GAAP, a restructuring provision has been recorded relating to downsizing head office activities. The provision does not qualify for recognition as a liability according to HKAS 37, and has been derecognised against retained earnings.

i Deferred tax

The various transitional adjustments resulted in various temporary differences. According to the accounting policies, the Group has to recognise the tax effects of such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

j Share-based payments

Under Local GAAP, the Group recognised only the cost for the long-term incentive plan as an expense. HKFRS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of HK$XXX,XXX has been recognised in profit or loss for the year ended 31 December 2023. Share options with grant date fair value totalling HK$XXX,XXX, which were granted before and still vesting at 1 January 2023, have been recognised as a separate component of equity against retained earnings at 1 January 2023.

k Foreign currency translation

Under Local GAAP, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2023. The resulting adjustment was recognised against retained earnings.

l Property, plant and equipment

The group has elected to measure certain items of property, plant and equipment at fair value at the date of transition to HKFRS. At the date of transition to HKFRS, the aggregate of those fair values was HK$XX,XXX,XXX and an increase of HK$XXX,XXX (31 December 2023: HK$XXX,XXX) was recognised in property, plant and equipment. This amount has been recognised against retained earnings.

m Depreciation of property, plant and equipment

HKAS 16 requires significant component parts of an item of property, plant and equipment to be depreciated separately. At the date of transition to HKFRS, an increase of HK$XXX,XXX (31 December 2023: HK$XXX,XXX) was recognised in property, plant and equipment net of accumulated depreciation due to separate depreciation of significant components of property, plant and equipment. This amount has been recognised against retained earnings.

Notes to the reconciliation of equity as at 1 January 2024 and 31 December 2024 and total comprehensive income for the year ended 31 December 2024 (continued)

g Defined benefit obligation

Under Local GAAP, the Group recognised costs related to its pension plan on a cash basis. Under HKFRS, defined benefit plan obligations are recognised and are measured using the projected unit credit method. The pension liability has been recognised in full against retained earnings.

h Provisions

Under Local GAAP, a restructuring provision has been recorded relating to downsizing head office activities. The provision does not qualify for recognition as a liability according to HKAS 37, and has been derecognised against retained earnings.

i Deferred tax

The various transitional adjustments resulted in various temporary differences. According to the accounting policies in Note 2.3, the Group has to recognise the tax effects of such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

j Share-based payments

Under Local GAAP, the Group recognised only the cost for the long-term incentive plan as an expense. HKFRS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of HK$XXX,XXX has been recognised in profit or loss for the year ended 31 December 2024. Share options with grant date fair value totalling HK$XXX,XXX, which were granted before and still vesting at 1 January 2024, have been recognised as a separate component of equity against retained earnings at 1 January 2024.

k Foreign currency translation

Under Local GAAP, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2024. The resulting adjustment was recognised against retained earnings.

l Property, plant and equipment

The group has elected to measure certain items of property, plant and equipment at fair value at the date of transition to HKFRS. At the date of transition to HKFRS, the aggregate of those fair values was HK$XX,XXX,XXX and an increase of HK$XXX,XXX (31 December 2024: HK$XXX,XXX) was recognised in property, plant and equipment. This amount has been recognised against retained earnings.

m Depreciation of property, plant and equipment

HKAS 16 requires significant component parts of an item of property, plant and equipment to be depreciated separately. As explained in Note 2.3, the cost of major inspections is capitalised and depreciated separately over the period to the next major inspection. At the date of transition to HKFRS, an increase of HK$XXX,XXX (31 December 2024: HK$XXX,XXX) was recognised in property, plant and equipment net of accumulated depreciation due to separate depreciation of significant components of property, plant and equipment. This amount has been recognised against retained earnings.

Notes to the reconciliation of equity as at 1 January 2023 and 31 December 2023 and total comprehensive income for the year ended 31 December 2023 (continued)

n Impairment of property, plant and equipment

Under Local GAAP, long-lived assets were reviewed for impairment when events or changes in circumstances indicated that their carrying value may exceed the sum of the undiscounted future cash flows expected from use and eventual disposal. For the purposes of assessing impairment, assets were grouped at the lowest level for which identifiable cash flows were largely independent of the cash flows of other assets. If the estimated undiscounted cash flows for the asset group were less than the asset group's carrying amount, the impairment loss was measured as the excess of the carrying value over fair value. Under HKFRS, as explained in Note 2.3), impairment of assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, is assessed at the CGU level based on the CGU's recoverable amount. At the date of transition to HKFRS, as a result of the changes in methodology, the Group determined that the recoverable amount of its manufacturing plant, which is considered a CGU was less than its carrying amount. The recoverable amount was HK$X,XXX,XXX, based on the CGU's value in use using a pre-tax discount rate of X%. This resulted in an impairment loss of HK$XXX,XXX being recognised as at 1 January 2023. This amount has been recognised against retained earnings. Additionally, depreciation for the year ended 31 December 2023 was reduced by HK$XX,XXX.

o Leases

Under Local GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under HKFRS, as explained in Note 2.3), a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to HKFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to HKFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Group recognised an increase of HK$X,XXX,XXX (31 December 2023: HK$X,XXX,XXX) of lease liabilities included under interest-bearing loans and borrowings and HK$X,XXX,XXX (31 December 2023: HK$X,XXX,XXX) of right-of-use assets. The difference between lease liabilities and right-of-use assets has been recognised in retained earnings. Under Local GAAP, assets held under finance leases are capitalised and included in property, plant and equipment. Under HKFRS, they are presented in right-of-use assets. At the date of transition to HKFRS, HK$X,XXX,XXX (31 December 2023: HK$X,XXX,XXX) was reclassified from property, plant and equipment to right-of-use assets. Additionally, depreciation increased by HK$XX,XXX (HK$XX,XXX was included in cost of sales, HK$XX,XXX was included in administrative expenses) and finance costs increased by HK$XXX,XXX for the year ended 31 December 2023.

Notes to the reconciliation of equity as at 1 January 2024 and 31 December 2024 and total comprehensive income for the year ended 31 December 2024 (continued)

n Impairment of property, plant and equipment

Under Local GAAP, long-lived assets were reviewed for impairment when events or changes in circumstances indicated that their carrying value may exceed the sum of the undiscounted future cash flows expected from use and eventual disposal. For the purposes of assessing impairment, assets were grouped at the lowest level for which identifiable cash flows were largely independent of the cash flows of other assets. If the estimated undiscounted cash flows for the asset group were less than the asset group's carrying amount, the impairment loss was measured as the excess of the carrying value over fair value. Under HKFRS, as explained in Note 2.3), impairment of assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, is assessed at the CGU level based on the CGU's recoverable amount. At the date of transition to HKFRS, as a result of the changes in methodology, the Group determined that the recoverable amount of its manufacturing plant, which is considered a CGU was less than its carrying amount. The recoverable amount was HK$X,XXX,XXX, based on the CGU's value in use using a pre-tax discount rate of X%. This resulted in an impairment loss of HK$XXX,XXX being recognised as at 1 January 2024. This amount has been recognised against retained earnings. Additionally, depreciation for the year ended 31 December 2024 was reduced by HK$XX,XXX.

o Leases

Under Local GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under HKFRS, as explained in Note 2.3), a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to HKFRS, the Group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to HKFRS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Group recognised an increase of HK$X,XXX,XXX (31 December 2024: HK$X,XXX,XXX) of lease liabilities included under interest-bearing loans and borrowings and HK$X,XXX,XXX (31 December 2024: HK$X,XXX,XXX) of right-of-use assets. The difference between lease liabilities and right-of-use assets has been recognised in retained earnings. Under Local GAAP, assets held under finance leases are capitalised and included in property, plant and equipment. Under HKFRS, they are presented in right-of-use assets. At the date of transition to HKFRS, HK$X,XXX,XXX (31 December 2024: HK$X,XXX,XXX) was reclassified from property, plant and equipment to right-of-use assets. Additionally, depreciation increased by HK$XX,XXX (HK$XX,XXX was included in cost of sales, HK$XX,XXX was included in administrative expenses) and finance costs increased by HK$XXX,XXX for the year ended 31 December 2024.

p Rights of return

Under Local GAAP, the amount of revenue related to the expected returns was deferred and recognised in the statement of financial position within trade and other payables with a corresponding adjustment to cost of sales. The initial carrying amount of goods expected to be returned was included in Inventories. Under HKFRS, the consideration received from the customer is variable because the contract allows the customer to return the products. For goods expected to be returned, the Group presented a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position. At the date of transition to HKFRS, the Group reclassified trade and other payables of HK$X,XXX,XXX (31 December 2024: HK$X,XXX,XXX) to refund liabilities and Inventories of HK$XXX,XXX (31 December 2024: HK$XXX,XXX) to right of return assets.

Appendix 1 - HKFRS 1 First-time Adoption of International Financial Reporting Standards (continued)

Notes to the reconciliation of equity as at 1 January 2023 and 31 December 2023 and total comprehensive income for the year ended 31 December 2023 (continued)

p Rights of return

Under Local GAAP, the amount of revenue related to the expected returns was deferred and recognised in the statement of financial position within trade and other payables with a corresponding adjustment to cost of sales. The initial carrying amount of goods expected to be returned was included in Inventories. Under HKFRS, the consideration received from the customer is variable because the contract allows the customer to return the products. For goods expected to be returned, the Group presented a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position. At the date of transition to HKFRS, the Group reclassified trade and other payables of HK$X,XXX,XXX (31 December 2023: HK$X,XXX,XXX) to refund liabilities and Inventories of HK$XXX,XXX (31 December 2023: HK$XXX,XXX) to right of return assets.

q Volume rebates

Under Local GAAP, the Group estimated the expected volume rebates using the probability-weighted average amount of rebates approach and included an allowance for rebates in trade and other payables. Under HKFRS, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold. At the date of transition to HKFRS, the Group recognised refund liabilities of HK$X,XXX,XXX (31 December 2023: HK$X,XXX,XXX) for the expected future rebates. The Group also derecognised the provision included in trade and other payables of HK$X,XXX,XXX (31 December 2023: HK$X,XXX,XXX), and reduced the retained earnings for the difference of HK$XXX,XXX (31 December 2023: HK$X,XXX,XXX). Additionally, revenue from contracts with customers for the year ended 31 December 2023 was reduced by HK$XXX,XXX.

r Contract assets and contract liabilities

Under Local GAAP, the Group recognised trade receivables, even if the receipt of the total consideration was conditional on successful completion of installation services. Under HKFRS, any earned consideration that is conditional should be recognised as a contract asset rather than a receivable. Therefore, at the date of transition to HKFRS, the Group reclassified HK$X,XXX,XXX (31 December 2023: HK$X,XXX,XXX) from trade receivables to contract assets. Under Local GAAP, the Group recognised deferred revenue for an obligation to transfer goods or services to a customer for which the entity has received consideration or the amount is due from the customer. Under HKFRS, the obligation should be recognised as a contract liability rather than deferred revenue. Therefore, at the date of transition to HKFRS, the Group reclassified HK$X,XXX,XXX (31 December 2023: HK$X,XXX,XXX) from deferred revenue to contract liabilities.

s Statement of cash flows

Under Local GAAP, a lease is classified as a finance lease or an operating lease. Cash flows arising from operating lease payments are classified as operating activities. Under HKFRS, a lessee generally applies a single recognition and measurement approach for all leases and recognises lease liabilities. Cash flows arising from payments of principal portion of lease liabilities are classified as financing activities. Therefore, cash outflows from operating activities decreased by HK$XXX,XXX and cash outflows from financing activities increased by the same amount for the year ended 31 December 2023.

Appendix 2 - Simple revenue disclosure by "Type of revenue".

Appendix 1 - HKFRS 1 First-time Adoption of International Financial Reporting Standards (continued)

Notes to the reconciliation of equity as at 1 January 2024 and 31 December 2024 and total comprehensive income for the year ended 31 December 2024 (continued)

q Volume rebates

Under Local GAAP, the Group estimated the expected volume rebates using the probability-weighted average amount of rebates approach and included an allowance for rebates in trade and other payables. Under HKFRS, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold. At the date of transition to HKFRS, the Group recognised refund liabilities of HK$X,XXX,XXX (31 December 2024: HK$X,XXX,XXX) for the expected future rebates. The Group also derecognised the provision included in trade and other payables of HK$X,XXX,XXX (31 December 2024: HK$X,XXX,XXX), and reduced the retained earnings for the difference of HK$XXX,XXX (31 December 2024: HK$X,XXX,XXX). Additionally, revenue from contracts with customers for the year ended 31 December 2024 was reduced by HK$XXX,XXX.

r Contract assets and contract liabilities

Under Local GAAP, the Group recognised trade receivables, even if the receipt of the total consideration was conditional on successful completion of installation services. Under HKFRS, any earned consideration that is conditional should be recognised as a contract asset rather than a receivable. Therefore, at the date of transition to HKFRS, the Group reclassified HK$X,XXX,XXX (31 December 2024: HK$X,XXX,XXX) from trade receivables to contract assets. Under Local GAAP, the Group recognised deferred revenue for an obligation to transfer goods or services to a customer for which the entity has received consideration or the amount is due from the customer. Under HKFRS, the obligation should be recognised as a contract liability rather than deferred revenue. Therefore, at the date of transition to HKFRS, the Group reclassified HK$X,XXX,XXX (31 December 2024: HK$X,XXX,XXX) from deferred revenue to contract liabilities.

s Statement of cash flows

Under Local GAAP, a lease is classified as a finance lease or an operating lease. Cash flows arising from operating lease payments are classified as operating activities. Under HKFRS, a lessee generally applies a single recognition and measurement approach for all leases and recognises lease liabilities. Cash flows arising from payments of principal portion of lease liabilities are classified as financing activities. Therefore, cash outflows from operating activities decreased by HK$XXX,XXX and cash outflows from financing activities increased by the same amount for the year ended 31 December 2024.

Appendix 2 - Simple revenue disclosure by "Type of revenue".

1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Appendix 2 - Simple revenue disclosure by "Type of revenue". (continued)

1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For year ended 31 December 2024	For year ended 31 December 2023
Revenue from contracts with customers		
Sale of goods	154,701	137,452
Rendering of services	24,357	21,636
Total revenue from contracts with customers	**179,058**	**159,088**

	31 December 2024	31 December 2023
Other revenue		
Rent from investment properties	1,404	1,377
Other revenue	-	-
Total other revenue	**1,404**	**1,377**
Total revenue from continuing operations	**180,462**	**160,465**

Appendix 3 - Consolidated statement of financial position with separate presentation lease liability, including disclosure

Consolidated statement of financial position as at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated) (Note 2.5)	2022 HK$'000 (Restated) (Note 2.5)
Assets				
Non-current assets				
Property, plant and equipment	15	32,979	24,329	18,940
Investment properties	16	8,893	7,983	7,091
Intangible assets and goodwill	17	6,019	2,461	2,114
Right-of-use assets	30	2,908	2,732	2,915
Investment in an associate and a joint venture	9, 10	3,187	2,516	1,878
Non-current financial assets	19	3,761	2,816	2,273
Deferred tax assets	14	389	365	321
Non-current trade and other receivables		-	-	-

Appendix 2 - Simple revenue disclosure by "Type of revenue". (continued)

1 Disaggregated revenue information (continued)

	For year ended 31 December 2025	For year ended 31 December 2024
Revenue from contracts with customers		
Sale of goods	154,701	137,452
Rendering of services	24,357	21,636
Total revenue from contracts with customers	**179,058**	**159,088**

	31 December 2025	31 December 2024
Other revenue		
Rent from investment properties	1,404	1,377
Other revenue	-	-
Total other revenue	**1,404**	**1,377**
Total revenue from continuing operations	**180,462**	**160,465**

Appendix 3 - Consolidated statement of financial position with separate presentation lease liability, including disclosure

Consolidated statement of financial position as at 31 December 2025

		[As at]		
		31 December 2025	31 December 2024	1 January 2024
	Notes	HK$'000	HK$'000	HK$'000
			Restated (Note 2.5)	Restated (Note 2.5)
Assets				
Non-current assets				
Property, plant and equipment	15	32,979	24,329	18,940
Investment properties	16	8,893	7,983	7,091
Intangible assets and goodwill	17	6,019	2,461	2,114
Right-of-use assets	30	2,908	2,732	2,915
Investment in an associate and a joint venture	9, 10	3,187	2,516	1,878
Non-current financial assets	19	3,761	2,816	2,273
Deferred tax assets	14	389	365	321
Non-current trade and other receivables		-	-	-
		58,136	**43,202**	**35,532**

Appendix 3 - Consolidated statement of financial position with separate presentation lease liability, including disclosure (continued)

Consolidated statement of financial position as at 31 December 2024 (continued)

	Notes	2024 HK$'000	2023 HK$'000 (Restated) (Note 2.5)	2022 HK$'000 (Restated) (Note 2.5)
		58,136	**43,202**	**35,532**
Current assets				
Inventories	20	26,027	23,830	24,296
Right of return assets	4	1,124	929	856
Trade receivables	4, 21	25,672	22,290	25,537
Contract assets	4, 21	4,541	5,180	3,450
Prepayments	22	244	165	226
Other current financial assets	19	551	153	137
Cash and short-term deposits	23	17,528	14,916	11,066
		75,687	**67,463**	**65,568**
Assets held for sale	13	13,554	-	-
		89,241	**67,463**	**65,568**
Total assets		**147,377**	**110,665**	**101,100**
Equity and liabilities				
Equity				
Issued capital	24	26,160	18,814	18,614
Other capital reserves	24	1,171	864	566
Retained earnings		31,622	25,929	21,582
Other components of equity		(642)	(505)	(418)
Reserves of a disposal group held for sale	13	46	-	-
Equity attributable to equity holders of the parent		**58,357**	**45,102**	**40,344**
Non-controlling interests		2,410	740	208
Total equity		**60,767**	**45,842**	**40,552**
Non-current liabilities				
Interest-bearing loans and borrowing	19	19,441	20,760	21,358
Lease liabilities	30	2,706	2,553	-
Other non-current financial liabilities	19	806	-	-
Provisions	26	1,898	19	15
Government grants	27	3,300	1,400	1,300
Contract liabilities	4, 28	2,962	888	692
Net employee defined benefit liabilities	31	3,050	2,977	2,526
Deferred tax liabilities	14	2,454	607	780
		36,617	**29,204**	**26,671**

Appendix 3 - Consolidated statement of financial position with separate presentation lease liability, including disclosure (continued)

Consolidated statement of financial position as at 31 December 2025 (continued)

		[As at]		
		31 December 2025	31 December 2024	1 January 2024
	Notes	HK$'000	HK$'000	HK$'000
			Restated (Note 2.5)	Restated (Note 2.5)
Current assets				
Inventories	20	26,027	23,830	24,296
Right of return assets	4	1,124	929	856
Trade receivables	4, 21	25,672	22,290	25,537
Contract assets	4, 21	4,541	5,180	3,450
Prepayments	22	244	165	226
Other current financial assets	19	551	153	137
Cash and short-term deposits	23	17,528	14,916	11,066
		75,687	**67,463**	**65,568**
Assets held for sale	13	13,554	-	-
		89,241	**67,463**	**65,568**
Total assets		**147,377**	**110,665**	**101,100**
Equity and liabilities				
Equity				
Issued capital	24	26,160	18,814	18,614
Other capital reserves	24	1,171	864	566
Retained earnings		31,622	25,929	21,582
Other components of equity		(642)	(505)	(418)
Reserves of a disposal group held for sale	13	46	-	-
Equity attributable to equity holders of the parent		**58,357**	**45,102**	**40,344**
Non-controlling interests		2,410	740	208
Total equity		**60,767**	**45,842**	**40,552**
Non-current liabilities				
Interest-bearing loans and borrowing	19	19,441	20,760	21,358
Lease liabilities	30	2,706	2,553	-
Other non-current financial liabilities	19	806	-	-
Provisions	26	1,898	19	15
Government grants	27	3,300	1,400	1,300
Contract liabilities	4, 28	2,962	888	692
Net employee defined benefit liabilities	31	3,050	2,977	2,526
Deferred tax liabilities	14	2,454	607	780
		36,617	**29,204**	**26,671**

Appendix 3 - Consolidated statement of financial position with separate presentation lease liability, including disclosure (continued)

Consolidated statement of financial position as at 31 December 2024 (continued)

	Notes	2024 HK$'000	2023 HK$'000 (Restated) (Note 2.5)	2022 HK$'000 (Restated) (Note 2.5)
Current liabilities				
Trade and other payables	29	16,969	20,023	18,248
Contract liabilities	4, 28	2,880	2,486	1,836
Refund liabilities	4	6,242	5,844	3,796
Interest-bearing loans and borrowings	19	2,377	2,724	4,834
Lease liabilities	30	455	418	-
Other current financial liabilities	19	2,953	254	303
Government grants	27	149	151	150
Income tax payable		3,511	3,563	4,625
Provisions	26	922	156	85
Dividends payable	25	410	-	-
		36,868	**35,619**	**33,877**
Liabilities directly associated with the assets held for sale	13	13,125	-	-
		49,993	**35,619**	**33,877**
Total liabilities		**86,610**	**64,823**	**60,548**
Total equity and liabilities		**147,377**	**110,665**	**101,100**

Appendix 3 - Consolidated statement of financial position with separate presentation lease liability, including disclosure (continued)

Consolidated statement of financial position as at 31 December 2025 (continued)

		[As at]		
		31 December 2025	31 December 2024	1 January 2024
	Notes	HK$'000	HK$'000	HK$'000
			Restated (Note 2.5)	Restated (Note 2.5)
Current liabilities				
Trade and other payables	29	16,969	20,023	18,248
Contract liabilities	4, 28	2,880	2,486	1,836
Refund liabilities	4	6,242	5,844	3,796
Interest-bearing loans and borrowings	19	2,377	2,724	4,834
Lease liabilities	30	455	418	-
Other current financial liabilities	19	2,953	254	303
Government grants	27	149	151	150
Income tax payable		3,511	3,563	4,625
Provisions	26	922	156	85
Dividends payable	25	410	-	-
		36,868	**35,619**	**33,877**
Liabilities directly associated with the assets held for sale	13	13,125	-	-
		49,993	**35,619**	**33,877**
Total liabilities		**86,610**	**64,823**	**60,548**
Total equity and liabilities		**147,377**	**110,665**	**101,100**

Appendix 3 - Consolidated statement of financial position with separate presentation lease liability, including disclosure (continued)

1 Financial assets and financial liabilities

(a) Financial liabilities: Interest-bearing loans and borrowings

	Interest rate	Maturity	2024	2023
	%		HK$'000	HK$'000
Current interest-bearing loans and borrowings				
Bank overdrafts	XX	On demand	966	2,650
$X,XXX,XXX bank loan	XX	X XXX 20XX	1,411	-
$X,XXX,XXX bank loan	XX	XX XXX 20XX	-	74
Total current interest-bearing loans and borrowings			**2,377**	**2,724**
Non-current interest-bearing loans and borrowings				
X% debentures	X.X	20XX-20XX	3,374	3,154
X.XX% secured loan of $X,XXX,XXX	*XX	XX XXX 20XX	2,246	-
Secured bank loan	XX	XX XXX 20XX	3,479	3,489
$X,XXX,XXX bank loan (2023: $X,XXX,XXX)	XX	XX XXX 20XX	-	1,357
$X,XXX,XXX bank loan (2023: $X,XXX,XXX)	XX	20XX-20XX	2,486	2,229
$X,XXX,XXX bank loan	XX	XX XXX 20XX	2,078	2,078
$X,XXX,XXX bank loan	X.X	X XXX 20XX	-	5,809
Loan from a third-party investor in <insert Company name>	XX.X	20XX	3,000	-
Convertible preference shares	XX.X	20XX	2,778	2,644
Total non-current interest-bearing loans and borrowings			**19,441**	**20,760**
Total interest-bearing loans and borrowings			**21,818**	**23,484**

*Includes the effects of related interest rate swaps.

2 Leases

Group as a lessee

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2024	2023
	HK$'000	HK$'000
As at 1 January	**2,971**	**3,089**
Additions	593	225
Accretion of interest	178	185
Payments	(581)	(528)
As at 31 December	**3,161**	**2,971**

Appendix 3 - Consolidated statement of financial position with separate presentation lease liability, including disclosure (continued)

1 Financial assets and financial liabilities

(a) Financial liabilities: Interest-bearing loans and borrowings

	Interest rate	Maturity	2025	2024
	%		HK$'000	HK$'000
Current interest-bearing loans and borrowings				
Bank overdrafts	XX	On demand	966	2,650
$X,XXX,XXX bank loan	XX	X XXX 20XX	1,411	-
$X,XXX,XXX bank loan	XX	XX XXX 20XX	-	74
Total current interest-bearing loans and borrowings			**2,377**	**2,724**
Non-current interest-bearing loans and borrowings				
X% debentures	X.X	20XX-20XX	3,374	3,154
X.XX% secured loan of $X,XXX,XXX	*XX	XX XXX 20XX	2,246	-
Secured bank loan	XX	XX XXX 20XX	3,479	3,489
$X,XXX,XXX bank loan (2024: $X,XXX,XXX)	XX	XX XXX 20XX	-	1,357
$X,XXX,XXX bank loan (2024: $X,XXX,XXX)	XX	20XX-20XX	2,486	2,229
$X,XXX,XXX bank loan	XX	XX XXX 20XX	2,078	2,078
$X,XXX,XXX bank loan	X.X	X XXX 20XX	-	5,809
Loan from a third-party investor in <insert Company name>	XX.X	20XX	3,000	-
Convertible preference shares	XX.X	20XX	2,778	2,644
Total non-current interest-bearing loans and borrowings			**19,441**	**20,760**
Total interest-bearing loans and borrowings			**21,818**	**23,484**

*Includes the effects of related interest rate swaps.

2 Leases

Group as a lessee

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2025	2024
	HK$'000	HK$'000
As at 1 January	**2,971**	**3,089**
Additions	593	225
Accretion of interest	178	185
Payments	(581)	(528)
As at 31 December	**3,161**	**2,971**

Appendix 3 - Consolidated statement of financial position with separate presentation lease liability, including disclosure (continued)

2 Leases (continued)

Group as a lessee (continued)

	Interest rate	Maturity	2024	2023
	%		HK$'000	HK$'000
Current lease liabilities				
Lease liabilities	X.X-X.X	20XX	455	418
Total current lease liabilities			**455**	**418**
Non-current lease liabilities				
Lease liabilities	X.X-X.X	20XX-20XX	2,706	2,553
Total non-current lease liabilities			**2,706**	**2,553**
Total lease liabilities			**3,161**	**2,971**

Appendix 4 - Material accounting policy information – an illustrative example

As explained in the introduction to this publication, the primary purpose of these financial statements is to illustrate how the most commonly applicable disclosure requirements can be met. Therefore, they include disclosures that may, in practice, be deemed not material to the Group. To illustrate how the requirement in HKAS 1 to disclose material accounting policy information could be applied in practice to a specific accounting policy, we have included the table below relevant considerations in a materiality analysis in the context of the wording included in Note 2.3 b) above regarding investments in associates and joint ventures. In preparing the analysis, the assumption is made that the application of the equity method is not considered to be complex, as HKAS 1.117B (e) could otherwise have suggested that further disclosures about the application of the equity method are required. Furthermore, it is assumed that users of financial statements in the relevant market are familiar with HKFRS accounting standards as other entities in the same market are also preparing financial statements in compliance with HKFRS accounting standards and have done so for over an extended period of time (PS 2.88F). These assumptions are, however, specific to the Group, and must be assessed by each entity considering their specific facts and circumstances. For further information on the amendments and how to apply them, please refer to our publication Applying HKFRS: Disclosure of accounting policy information.

Wording in Note 2.3 b)_Alternative wording_Commentary_	Alternative wording	Commentary

Appendix 3 - Consolidated statement of financial position with separate presentation lease liability, including disclosure (continued)

2 Leases (continued)

Group as a lessee (continued)

	Interest rate	Maturity	2025	2024
	%		HK$'000	HK$'000
Current lease liabilities				
Lease liabilities	X.X-X.X	20XX	455	418
Total current lease liabilities			**455**	**418**
Non-current lease liabilities				
Lease liabilities	X.X-X.X	20XX-20XX	2,706	2,553
Total non-current lease liabilities			**2,706**	**2,553**
Total lease liabilities			**3,161**	**2,971**

Appendix 4 - Material accounting policy information – an illustrative example

As explained in the introduction to this publication, the primary purpose of these financial statements is to illustrate how the most commonly applicable disclosure requirements can be met. Therefore, they include disclosures that may, in practice, be deemed not material to the Group. To illustrate how the requirement in HKAS 1 to disclose material accounting policy information could be applied in practice to a specific accounting policy, we have included the table below relevant considerations in a materiality analysis in the context of the wording included in Note 2.3 b) above regarding investments in associates and joint ventures. In preparing the analysis, the assumption is made that the application of the equity method is not considered to be complex, as HKAS 1.117B (e) could otherwise have suggested that further disclosures about the application of the equity method are required. Furthermore, it is assumed that users of financial statements in the relevant market are familiar with HKFRS accounting standards as other entities in the same market are also preparing financial statements in compliance with HKFRS accounting standards and have done so for over an extended period of time (PS 2.88F). These assumptions are, however, specific to the Group, and must be assessed by each entity considering their specific facts and circumstances. For further information on the amendments and how to apply them, please refer to our publication Applying HKFRS: Disclosure of accounting policy information.

Wording in Note 2.3 b)	Alternative wording	Commentary
The group holds an interest in a joint venture, <insert company>, and an interest in an associate, <insert company>.The financial statements of <insert company> and <insert company> are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognising the Group's share of the profit or loss of the investees after the date of acquisition.	The group holds an interest in a joint venture, <insert company>, and an interest in an associate, <insert company>.The financial statements of <insert company> and <insert company> are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognising the Group's share of the profit or loss of the investees after the date of acquisition.	New paragraph added in Note 2.3 b) in this version of the Group to provide entity-specific context to the accounting policy disclosure.

Appendix 4 - Material accounting policy information – an illustrative example (continued)

The group holds an interest in a joint venture, <insert company>, and an interest in an associate, <insert company>.The financial statements of <insert company> and <insert company> are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognising the Group's share of the profit or loss of the investees after the date of acquisition.	The group holds an interest in a joint venture, <insert company>, and an interest in an associate, <insert company>.The financial statements of <insert company> and <insert company> are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognising the Group's share of the profit or loss of the investees after the date of acquisition.	New paragraph added in Note 2.3 b) in this version of the Group to provide entity-specific context to the accounting policy disclosure.
An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.		As the paragraph summarises the requirements of HKAS 28 Investments in Associates and Joint Ventures, rather than entity-specific information, it does not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included). HKAS 1.117C clarifies that standardised information, or information that only duplicates or summarises the requirements of the HKFRS accounting standards is less useful than entity-specific information.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.		As the paragraph summarises the requirements of HKAS 28 Investments in Associates and Joint Ventures, rather than entity-specific information, it does not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included). HKAS 1.117C clarifies that standardised information, or information that only duplicates or summarises the requirements of the HKFRS accounting standards is less useful than entity-specific information.
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.		As the paragraph summarises the requirements of HKFRS 11 Joint Arrangements, rather than entity-specific information, it does not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.		As the paragraph does not provide entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.		As the paragraph summarises the requirements of HKFRS 11 Joint Arrangements, rather than entity-specific information, it does not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.		As the paragraph does not provide entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.	The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.	Policy derived from principles of HKAS 1 and HKAS 8 – presenting the Group's share of profit or loss of an associate and a joint venture outside operating profit. HKAS 1.117B c) suggests that this may be an example of information that would likely be considered to be material accounting policy information. If disposals are made in the period, disclosure of the policy for presenting gains and losses may also be material information.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.	The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.	Policy derived from principles of HKAS 1 and HKAS 8 – presenting the Group's share of profit or loss of an associate and a joint venture outside operating profit. HKAS 1.117B c) suggests that this may be an example of information that would likely be considered to be material accounting policy information. If disposals are made in the period, disclosure of the policy for presenting gains and losses may also be material information.
Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.	Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.	The first two sentences of the wording in Note 2.3 b) primarily summarise the requirements of HKAS 28 and may therefore not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, they have not been included). The third sentence reflects relevant context. In the alternative wording and in Note 2.3 b), an explanation has been included to further explain the implications of the policy. Also the presentation policy has been disclosed since it is not specifically prescribed under HKFRS accounting standards, and, therefore, is developed in accordance with HKAS 8.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.	Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.	The first two sentences of the wording in Note 2.3 b) primarily summarise the requirements of HKAS 28 and may therefore not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, they have not been included). The third sentence reflects relevant context. In the alternative wording and in Note 2.3 b), an explanation has been included to further explain the implications of the policy. Also the presentation policy has been disclosed since it is not specifically prescribed under HKFRS accounting standards, and, therefore, is developed in accordance with HKAS 8.
The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.		As the paragraph summarises the requirements of HKAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.		As the paragraph summarises the requirements of HKAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.		As the paragraph summarises the requirements of HKAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies of the associate or joint venture in line with those of the Group.		As the paragraph summarises the requirements of HKAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.		As the paragraph summarises the requirements of HKAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies of the associate or joint venture in line with those of the Group.		As the paragraph summarises the requirements of HKAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.		As the paragraph summarises the requirements of HKAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.		As the paragraph summarises the requirements of HKAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).
Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.		As the paragraph summarises the requirements of HKAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).

Appendix 5 - Example of a "Auditors' remuneration Note"

Auditors' remuneration

	2025	2024
	HK$'000	HK$'000
Fees to <insert Auditors>		
Fees for auditing the statutory financial report and auditing the statutory financial reports	-	-
Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Assurance related	-	-
Special audits as required by jurisdictional regulators	-	-
Fees for other services	-	-
Tax compliance	-	-
Total fees to <insert Auditors>	**-**	**-**

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.		As the paragraph summarises the requirements of HKAS 28, rather than entity-specific information, it may not necessarily represent material accounting policy information (therefore, in the alternative wording column, for the purpose of illustration, the paragraph has not been included).

Appendix 5 - Example of a "Auditors' remuneration Note"

Auditors' remuneration

	2024	2023
	HK$'000	HK$'000
Fees to <insert Auditors>		
Fees for auditing the statutory financial report and auditing the statutory financial reports	-	-
Fees for assurance services that are required by legislation to be provided by the auditor	-	-
Assurance related	-	-
Special audits as required by jurisdictional regulators	-	-
Fees for other services	-	-
Tax compliance	-	-
Total fees to <insert Auditors>	**-**	**-**
Fees for other assurances and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm [List where appropriate]		
Assurance compliance procedures	-	-
Fees for other services		
Taxation services	-	-
Other non-audit services	-	-
Total fees to overseas member firms of <insert Auditors>	**-**	**-**
Total auditor's remuneration	**-**	**-**

Appendix 6 - Illustrative disclosure about Pillar Two taxes

As the Group's consolidated revenues are less than EUR 750 million, the equivalent of which translated is XXX in <Currency>, it is not in the scope of the Pillar Two model rules. Therefore, neither the mandatory recognition and disclosure exception in HKAS 12.4A nor the disclosure requirements in HKAS 12.88A-88D apply to the Group. If the Group had annual revenues in excess of EUR 750 million, the equivalent of which translated is XXX in <Currency>, and Pillar Two model rules were (substantively) enacted in some or all of the jurisdictions it operates, it would have included the following information in Note 14 to meet the disclosure requirements:

Pillar Two rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalisation of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two model rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million, the equivalent of which translated is XXX in <Currency>, per their consolidated financial statements.

The Pillar Two model rules introduce four new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax):

- The Qualified Domestic Minimum Top-up Tax (QDMTT)
- The Income Inclusion Rule (IIR)
- The Under Taxed Payments/Profits Rule (UTPR)

The Subject to Tax Rule is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax.

The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and QDMTT do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

On 23 May 2023, the International Accounting Standards Board issued International Tax Reform-Pillar Two Model Rules - Amendments to HKAS 12 (the Amendments). The Amendments clarify that HKAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements a QDMTT. The Group has adopted these amendments, which introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules;

And

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation.

The Pillar Two model rules were adopted in <intert country> at the end of 2023 and are applicable starting from 1 January 2024. According to these rules, the Group is considered a multinational enterprise to which the Pillar Two rules shall be applied. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which the Group operates effective for the financial year beginning 1 January 2024.

Appendix 5 - Example of a "Auditors' remuneration Note" (continued)

Auditors' remuneration (continued)

	2025	2024
	HK$'000	HK$'000
Fees for other assurances and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm [List where appropriate]		
Assurance compliance procedures	-	-
Fees for other services		
Taxation services	-	-
Other non-audit services	-	-
Total fees to overseas member firms of <insert Auditors>	**-**	**-**
Total auditor's remuneration	**-**	**-**

Appendix 6 - Illustrative disclosure about Pillar Two taxes

As the Group's consolidated revenues are less than EUR 750 million, the equivalent of which translated is XXX in <Currency>, it is not in the scope of the Pillar Two model rules. Therefore, neither the mandatory recognition and disclosure exception in HKAS 12.4A nor the disclosure requirements in HKAS 12.88A-88D apply to the Group. If the Group had annual revenues in excess of EUR 750 million, the equivalent of which translated is XXX in <Currency>, and Pillar Two model rules were (substantively) enacted in some or all of the jurisdictions it operates, it would have included the following information in Note 14 to meet the disclosure requirements:

Pillar Two rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalisation of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two model rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million, the equivalent of which translated is XXX in <Currency>, per their consolidated financial statements.

The Pillar Two model rules introduce four new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax):

- The Qualified Domestic Minimum Top-up Tax (QDMTT)
- The Income Inclusion Rule (IIR)
- The Under Taxed Payments/Profits Rule (UTPR)

The Subject to Tax Rule is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax.

The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and QDMTT do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

On 23 May 2023, the International Accounting Standards Board issued International Tax Reform-Pillar Two Model Rules - Amendments to HKAS 12 (the Amendments). The Amendments clarify that HKAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements a QDMTT. The Group has adopted these amendments, which introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules;

And

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation.

The Pillar Two model rules were adopted in <insert country> at the end of 2024 and are applicable starting from 1 January 2025. According to these rules, the Group is considered a multinational enterprise to which the Pillar Two rules shall be applied. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which the Group operates effective for the financial year beginning 1 January 2025.

Appendix 6 - Illustrative disclosure about Pillar Two taxes (continued)

The Group has performed an assessment of its potential exposure to Pillar Two income taxes based on the 2023 country-by-country reporting and 2024 financial information for the constituent entities in the Group. The Pillar Two effective tax rates in most of the jurisdictions in which the Group operates is above 15%. However, the Group has recognised a Pillar Two current tax expense of €78,000, the equivalent of which translated is XXX in <Currency>, that arises in <insert country> - which is not subject to the transitional safe harbour relief- because of low statutory tax rates.

The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows beginning.

Hong Kong GAAP overlay

Appendix 1 - Example for Directors' report

Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2024.

Principal activities and business review
The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the manufacture and sale of electronic and industrial products, infrastructure development, property investment and the provision of management services. On 1 September 2024, the board of directors announced its decision to sell the Group's infrastructure development business, DDD Company Limited. Other than this development, there were no significant changes in the nature of the Group 's principal activities during the year.

Results and dividends
The Group's profit for the year ended 31 December 2024 and the Group's financial position at that date are set out in the consolidated financial statements on pages 2 to 231.

An interim dividend of approximately HKX cent per ordinary share was paid on 8 September 2024. The directors recommend the payment of a final dividend of HKX cent per ordinary share in respect of the year to shareholders on the register of members on 6 May 2024.

Share capital, share options, warrants and convertible bonds
Details of movements in the company's convertible bonds, share capital, share options and warrants during the year are set out in notes 24 and 32 to the consolidated financial statements.

Charitable contributions
During the year, the Group made charitable contributions totalling HK$X,XXX,XXX.

Appendix 6 - Illustrative disclosure about Pillar Two taxes (continued)

The Group has performed an assessment of its potential exposure to Pillar Two income taxes based on the 2024 country-by-country reporting and 2025 financial information for the constituent entities in the Group. The Pillar Two effective tax rates in most of the jurisdictions in which the Group operates is above 15%. However, the Group has recognised a Pillar Two current tax expense of €78,000, the equivalent of which translated is XXX in <Currency>, that arises in <insert country> - which is not subject to the transitional safe harbour relief- because of low statutory tax rates.

The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two model rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows beginning.

Hong Kong GAAP overlay

Appendix 1 - Example for Directors' report

Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2025.

Principal activities and business review
The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the manufacture and sale of electronic and industrial products, infrastructure development, property investment and the provision of management services. On 1 September 2025, the board of directors announced its decision to sell the Group's infrastructure development business, DDD Company Limited. Other than this development, there were no significant changes in the nature of the Group 's principal activities during the year.

Results and dividends
The Group's profit for the year ended 31 December 2025 and the Group's financial position at that date are set out in the consolidated financial statements on pages 2 to 223.

An interim dividend of approximately HKX cent per ordinary share was paid on 8 September 2025. The directors recommend the payment of a final dividend of HKX cent per ordinary share in respect of the year to shareholders on the register of members on 6 May 2025.

Share capital, share options, warrants and convertible bonds
Details of movements in the company's convertible bonds, share capital, share options and warrants during the year are set out in notes 24 and 32 to the consolidated financial statements.

Charitable contributions
During the year, the Group made charitable contributions totalling HK$X,XXX,XXX.

Hong Kong GAAP overlay (continued)

Appendix 1 - Example for Directors' report (continued)

Directors' report (continued)

Directors
The directors of the company during the year were:

Mr. A
Mr. B
Mr. C
Mr. D
Mr. E (appointed on 5 January 2024)

Subsequent to the end of the reporting period, on 5 January 2024, Mr. B resigned as a director of the Company and Mr. J was appointed as a director of the Company.

In accordance with articles 86(2) and 88(1) of the Company's articles of association, Mr. A and Mr. E will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Permitted indemnity provision
During the year ended 31 December 2024, a permitted indemnity provision as defined in the Hong Kong Companies Ordinance was in force for an indemnity against a liability incurred by Mr. B, director of the company, to a third party.

Directors' interests in transactions, arrangements or contracts
Mr. A, being a beneficial shareholder of Electronics Limited, was interested in a contract for the supply of electronic diodes to the Group. Further details of the transactions undertaken in connection therewith are included in notes 34 to the consolidated financial statements.

Save as disclosed above, no director nor a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the company or any of the company's subsidiaries or fellow subsidiaries was a party during the year.

Management contracts
Pursuant to an agreement dated 1 October 2017 between the company and its ultimate holding company, Prosperous Future Limited ("Prosperous"), Prosperous provides management services to the company. The agreement may be terminated by either party, subject to not less than three months' written notice. During the year, the company paid a management service fee of HK$XXX,XXX under this agreement.

Hong Kong GAAP overlay (continued)

Appendix 1 - Example for Directors' report (continued)

Directors' report (continued)

Directors
The directors of the company during the year were:

Mr. A
Mr. B
Mr. C
Mr. D
Mr. E (appointed on 5 January 2024)

Subsequent to the end of the reporting period, on 5 January 2025, Mr. B resigned as a director of the Company and Mr. J was appointed as a director of the Company.

In accordance with articles 86(2) and 88(1) of the Company's articles of association, Mr. A and Mr. E will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Permitted indemnity provision
During the year ended 31 December 2025, a permitted indemnity provision as defined in the Hong Kong Companies Ordinance was in force for an indemnity against a liability incurred by Mr. B, director of the company, to a third party.

Directors' interests in transactions, arrangements or contracts
Mr. A, being a beneficial shareholder of Electronics Limited, was interested in a contract for the supply of electronic diodes to the Group. Further details of the transactions undertaken in connection therewith are included in notes 34 to the consolidated financial statements.

Save as disclosed above, no director nor a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding company of the company or any of the company's subsidiaries or fellow subsidiaries was a party during the year.

Management contracts
Pursuant to an agreement dated 1 October 2017 between the Company and its ultimate holding company, Parent Limited ("Parent"), Parent provides management services to the Company. The agreement may be terminated by either party, subject to not less than three months' written notice. During the year, the Company paid a management service fee of HK$XXX,XXX under this agreement.

Appendix 1 - Example for Directors' report (continued)

Directors' report (continued)

Share option scheme
The company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the Scheme are disclosed in note 32 to the consolidated financial statements.

Events after the reporting period
Details of the significant events of the Group after the reporting period are set out in note 36 to the consolidated financial statements.

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

ON BEHALF OF THE BOARD

.....
Mr. A
Title 1

12 March 2025

Appendix 2 - Replacement for "Consolidated statement of financial position"

Directors' report (continued)

Share option scheme
The company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the Scheme are disclosed in note 32 to the consolidated financial statements.

Events after the reporting period
Details of the significant events of the Group after the reporting period are set out in note 36 to the consolidated financial statements.

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

ON BEHALF OF THE BOARD

.....
Mr. A
Title 1

12 March 2026

Appendix 2 - Replacement for "Consolidated statement of financial position"

Hong Kong GAAP overlay (continued)

Appendix 2 - Replacement for "Consolidated statement of financial position" (continued)

Consolidated Statement of financial position
as at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated) (Note 2.5)	2022 HK$'000 (Restated) (Note 2.5)
Assets				
Non-current assets				
Property, plant and equipment	15	32,979	24,329	18,940
Investment properties	16	8,893	7,983	7,091
Intangible assets and goodwill	17	6,019	2,461	2,114
Right-of-use assets	30	2,908	2,732	2,915
Investment in an associate and a joint venture	9, 10	3,187	2,516	1,878
Non-current financial assets	19	3,761	2,816	2,273
Deferred tax assets	14	389	365	321
Non-current trade and other receivables		-	-	-
		58,136	**43,202**	**35,532**
Current assets				
Inventories	20	26,027	23,830	24,296
Right of return assets	30	1,124	929	856
Trade receivables	4, 21	25,672	22,290	25,537
Contract assets	4, 21	4,541	5,180	3,450
Prepayments	22	244	165	226
Other current financial assets	19	551	153	137
Cash and short-term deposits		17,528	14,916	11,066
		75,687	**67,463**	**65,568**
Assets held for sale	13	13,554	-	-
		89,241	**67,463**	**65,568**
Total assets		**147,377**	**110,665**	**101,100**
Equity and liabilities				
Equity				
Issued capital	24	26,160	18,814	18,614
Other capital reserves	24	1,171	864	566
Retained earnings		31,622	25,929	21,582
Other components of equity		(642)	(505)	(418)
Reserves of a disposal group held for sale	13	46	-	-
Equity attributable to equity holders of the parent		**58,357**	**45,102**	**40,344**
Non-controlling interests		2,410	740	208
Total equity		**60,767**	**45,842**	**40,552**

Hong Kong GAAP overlay (continued)

Appendix 2 - Replacement for "Consolidated statement of financial position" (continued)

Consolidated Statement of financial position
as at 31 December 2025

		[As at]		
		31 December	31 December	1 January
		2025	2024	2024
	Notes	HK$'000	HK$'000	HK$'000
			Restated (Note 2.5)	Restated (Note 2.5)
Assets				
Non-current assets				
Property, plant and equipment	15	32,979	24,329	18,940
Investment properties	16	8,893	7,983	7,091
Intangible assets and goodwill	17	6,019	2,461	2,114
Right-of-use assets	30	2,908	2,732	2,915
Investment in an associate and a joint venture	9, 10	3,187	2,516	1,878
Non-current financial assets	19	3,761	2,816	2,273
Deferred tax assets	14	389	365	321
Non-current trade and other receivables		-	-	-
		58,136	**43,202**	**35,532**
Current assets				
Inventories	20	26,027	23,830	24,296
Right of return assets	4	1,124	929	856
Trade receivables	4, 21	25,672	22,290	25,537
Contract assets	4, 21	4,541	5,180	3,450
Prepayments	22	244	165	226
Other current financial assets	19	551	153	137
Cash and short-term deposits	23	17,528	14,916	11,066
		75,687	**67,463**	**65,568**
Assets held for sale	13	13,554	-	-
		89,241	**67,463**	**65,568**
Total assets		**147,377**	**110,665**	**101,100**
Equity and liabilities				
Equity				
Issued capital	24	26,160	18,814	18,614
Other capital reserves	24	1,171	864	566
Retained earnings		31,622	25,929	21,582
Other components of equity		(642)	(505)	(418)
Reserves of a disposal group held for sale	13	46	-	-
Equity attributable to equity holders of the parent		**58,357**	**45,102**	**40,344**
Non-controlling interests		2,410	740	208
Total equity		**60,767**	**45,842**	**40,552**

Hong Kong GAAP overlay (continued)

Appendix 2 - Replacement for "Consolidated statement of financial position" (continued)

Consolidated Statement of financial position (continued)
as at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated) (Note 2.5)	2022 HK$'000 (Restated) (Note 2.5)
Non-current liabilities				
Interest-bearing loans and borrowing	19	22,147	23,313	21,358
Other non-current financial liabilities	19	806	-	-
Provisions	26	1,898	19	15
Government grants	27	3,300	1,400	1,300
Contract liabilities	4, 28	2,962	888	692
Net employee defined benefit liabilities	31	3,050	2,977	2,526
Deferred tax liabilities	14	2,454	607	780
		36,617	**29,204**	**26,671**
Current liabilities				
Trade and other payables	29	16,969	20,023	18,248
Contract liabilities	4, 28	2,880	2,486	1,836
Refund liabilities	4	6,242	5,844	3,796
Interest-bearing loans and borrowings	19	2,832	3,142	4,834
Other current financial liabilities	19	2,953	254	303
Government grants	27	149	151	150
Income tax payable		3,511	3,563	4,625
Provisions	26	922	156	85
Dividends payable		410	-	-
		36,868	**35,619**	**33,877**
Liabilities directly associated with the assets held for sale	13	13,125	-	-
		49,993	**35,619**	**33,877**
Total liabilities		**86,610**	**64,823**	**60,548**
Total equity and liabilities		**147,377**	**110,665**	**101,100**

Hong Kong GAAP overlay (continued)

Appendix 2 - Replacement for "Consolidated statement of financial position" (continued)

Consolidated Statement of financial position (continued)
as at 31 December 2025

		[As at]		
		31 December	31 December	1 January
		2025	2024	2024
	Notes	HK$'000	HK$'000	HK$'000
			Restated (Note 2.5)	Restated (Note 2.5)
Non-current liabilities				
Interest-bearing loans and borrowing	19	22,147	23,313	21,358
Other non-current financial liabilities	19	806	-	-
Provisions	26	1,898	19	15
Government grants	27	3,300	1,400	1,300
Contract liabilities	4, 28	2,962	888	692
Net employee defined benefit liabilities	31	3,050	2,977	2,526
Deferred tax liabilities	14	2,454	607	780
		36,617	**29,204**	**26,671**
Current liabilities				
Trade and other payables	29	16,969	20,023	18,248
Contract liabilities	4, 28	2,880	2,486	1,836
Refund liabilities	4	6,242	5,844	3,796
Interest-bearing loans and borrowings	19	2,832	3,142	4,834
Other current financial liabilities	19	2,953	254	303
Government grants	27	149	151	150
Income tax payable		3,511	3,563	4,625
Provisions	26	922	156	85
Dividends payable	25	410	-	-
		36,868	**35,619**	**33,877**
Liabilities directly associated with the assets held for sale	13	13,125	-	-
		49,993	**35,619**	**33,877**
Total liabilities		**86,610**	**64,823**	**60,548**
Total equity and liabilities		147,377	110,665	101,100

Hong Kong GAAP overlay (continued)

Appendix 2 - Replacement for "Consolidated statement of financial position" (continued)

Consolidated Statement of financial position (continued)
as at 31 December 2024

.....
Mr. A
Title 1

12 March 2025

Consolidated Statement of financial position (continued)
as at 31 December 2025

.....
Mr. A
Title 1

12 March 2026

Hong Kong GAAP overlay (continued)

Appendix 3 - Replacement for "Consolidated statement of changes in equity"

Hong Kong GAAP overlay (continued)

Appendix 3 - Replacement for "Consolidated statement of changes in equity"

Hong Kong GAAP overlay (continued)

Appendix 3 - Replacement for "Consolidated statement of changes in equity" (continued)

Consolidated statement of changes in equity
for the year ended 31 December 2024

		Attributable to the equity holders of the parent							
	Notes	Issued capital Note 24	Other capital reserves Note 24	Retained earnings	Cash flow hedge reserve	Cost of hedging reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2024		**18,814**	**864**	**25,929**	**(70)**	**-**	**9**	**(444)**	**-**
Profit for the period		-	-	7,928	-	-	-	-	-
Other comprehensive income	24	-	-	257	(618)	(22)	(63)	(51)	622
Depreciation transfer for office properties in <insert country>		-	-	80	-	-	-	-	(80)
Discontinued operations	13	-	-	-	-	-	(46)	-	-
Issue of share capital	24	7,203	-	-	-	-	-	-	-
Exercise of options	24	175	-	-	-	-	-	-	-
Share based payments	32	-	307	-	-	-	-	-	-
Transaction costs	7	(32)	-	-	-	-	-	-	-
Cash dividends		-	-	(2,389)	-	-	-	-	-
Transfer of fair value reserve of equity instruments designated at FVOCI		-	-	7	-	-	(7)	-	-
Transfer of cash flow hedge reserve to inventories		-	-	-	126	2	-	-	-
Acquisition of a subsidiary	7	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	7	-	-	(190)	-	-	-	-	-
At 31 December 2024		**26,160**	**1,171**	**31,622**	**(562)**	**(20)**	**(107)**	**(495)**	**542**

203 of 231

Hong Kong GAAP overlay (continued)

Appendix 3 - Replacement for "Consolidated statement of changes in equity" (continued)

Consolidated statement of changes in equity
for the year ended 31 December 2025

		Attributable to the equity holders of the parent								
	Notes	Issued capital Note 24	Other capital reserves Note 24	Retained earnings	Cash flow hedge reserve	Cost of hedging reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus	Reserve of disposal group held for sale
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2025		**18,814**	**864**	**25,929**	**(70)**	**-**	**9**	**(444)**	**-**	**-**
Profit for the period		-	-	7,928	-	-	-	-	-	-
Other comprehensive income	24	-	-	257	(618)	(22)	(63)	(51)	622	-
Depreciation transfer for office properties in <insert country>		-	-	80	-	-	-	-	(80)	-
Discontinued operations	13	-	-	-	-	-	(46)	-	-	46
Issue of share capital	24	7,203	-	-	-	-	-	-	-	-
Exercise of options	24	175	-	-	-	-	-	-	-	-
Share based payments	32	-	307	-	-	-	-	-	-	-
Transaction costs	7	(32)	-	-	-	-	-	-	-	-
Cash dividends	25	-	-	(2,389)	-	-	-	-	-	-
Transfer of fair value reserve of equity instruments designated at FVOCI		-	-	7	-	-	(7)	-	-	-
Transfer of cash flow hedge reserve to inventories		-	-	-	126	2	-	-	-	-
Acquisition of a subsidiary	7	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	7	-	-	(190)	-	-	-	-	-	-
At 31 December 2025		**26,160**	**1,171**	**31,622**	**(562)**	**(20)**	**(107)**	**(495)**	**542**	**46**

198 of 224

Hong Kong GAAP overlay (continued)

Appendix 3 - Replacement for "Consolidated statement of changes in equity" (continued)

Consolidated statement of changes in equity (continued)
for the year ended 31 December 2024

		Attributable to the equity holders of the parent			
		Reserve of disposal group held for sale	Total	Non-controlling interests	Total equity
	Notes	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2024		**-**	**45,102**	**740**	**45,842**
Profit for the period		-	7,928	288	8,216
Other comprehensive income	24	-	125	-	125
Depreciation transfer for office properties in <insert country>		-	-	-	-
Discontinued operations	13	46	-	-	-
Issue of share capital	24	-	7,203	-	7,203
Exercise of options	24	-	175	-	175
Share based payments	32	-	307	-	307
Transaction costs	7	-	(32)	-	(32)
Cash dividends		-	(2,389)	(30)	(2,419)
Transfer of fair value reserve of equity instruments designated at FVOCI		-	-	-	-
Transfer of cash flow hedge reserve to inventories		-	128	-	128
Acquisition of a subsidiary	7	-	-	1,547	1,547
Acquisition of non-controlling interests	7	-	(190)	(135)	(325)
At 31 December 2024		**46**	**58,357**	**2,410**	**60,767**

204 of 231

Hong Kong GAAP overlay (continued)

Appendix 3 - Replacement for "Consolidated statement of changes in equity" (continued)

Consolidated statement of changes in equity (continued)
for the year ended 31 December 2025

	Notes	Attributable to the equity holders of the parent Total	Non-controlling interests	Total equity
		HK$'000	HK$'000	HK$'000
As at 1 January 2025		**45,102**	**740**	**45,842**
Profit for the period		7,928	288	8,216
Other comprehensive income	24	125	-	125
Depreciation transfer for office properties in <insert country>		-	-	-
Discontinued operations	13	-	-	-
Issue of share capital	24	7,203	-	7,203
Exercise of options	24	175	-	175
Share based payments	32	307	-	307
Transaction costs	7	(32)	-	(32)
Cash dividends	25	(2,389)	(30)	(2,419)
Transfer of fair value reserve of equity instruments designated at FVOCI		-	-	-
Transfer of cash flow hedge reserve to inventories		128	-	128
Acquisition of a subsidiary	7	-	1,547	1,547
Acquisition of non-controlling interests	7	(190)	(135)	(325)
At 31 December 2025		**58,357**	**2,410**	**60,767**

199 of 224

Hong Kong GAAP overlay (continued)

Appendix 3 - Replacement for "Consolidated statement of changes in equity" (continued)

Consolidated statement of changes in equity (continued)
for the year ended 31 December 2023

		Attributable to the equity holders of the parent								
	Notes	Issued capital Note 24	Other capital reserves Note 24	Retained earnings	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2023		**18,614**	**566**	**22,282**	**(94)**	**3**	**(327)**	**41,044**	**208**	**41,252**
Adjustment on correction of error (net of tax)	2.5	-	-	(700)	-	-	-	(700)	-	(700)
As at 1 January 2023 as restated		**18,614**	**566**	**21,582**	**(94)**	**3**	**(327)**	**40,344**	**208**	**40,552**
Profit for the period		-	-	6,220	-	-	-	6,220	239	6,459
Other comprehensive income	24	-	-	(273)	24	6	(117)	(360)	-	(360)
Exercise of options	24	200	-	-	-	-	-	200	-	200
Share based payments	32	-	298	-	-	-	-	298	-	298
Dividends		-	-	(1,600)	-	-	-	(1,600)	(49)	(1,649)
Non-controlling interests arising on a business combination	7	-	-	-	-	-	-	-	342	342
At 31 December 2023		**18,814**	**864**	**25,929**	**(70)**	**9**	**(444)**	**45,102**	**740**	**45,842**

205 of 231

Hong Kong GAAP overlay (continued)

Appendix 3 - Replacement for "Consolidated statement of changes in equity" (continued)

Consolidated statement of changes in equity (continued)
for the year ended 31 December 2024

		Attributable to the equity holders of the parent								
	Notes	Issued capital Note 24	Other capital reserves Note 24	Retained earnings	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Non-controlling Total	interests	Total equity
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2024		**18,614**	**566**	**22,282**	**(94)**	**3**	**(327)**	**41,044**	**208**	**41,252**
Adjustment on correction of error (net of tax)	2.5	-	-	(700)	-	-	-	(700)	-	(700)
As at 1 January 2024 as restated		**18,614**	**566**	**21,582**	**(94)**	**3**	**(327)**	**40,344**	**208**	**40,552**
Profit for the period		-	-	6,220	-	-	-	6,220	239	6,459
Other comprehensive income	24	-	-	(273)	24	6	(117)	(360)	-	(360)
Exercise of options	24	200	-	-	-	-	-	200	-	200
Share based payments	32	-	298	-	-	-	-	298	-	298
Dividends	25	-	-	(1,600)	-	-	-	(1,600)	(49)	(1,649)
Non-controlling interests arising on a business combination	7	-	-	-	-	-	-	-	342	342
At 31 December 2024		**18,814**	**864**	**25,929**	**(70)**	**9**	**(444)**	**45,102**	**740**	**45,842**

200 of 224

Hong Kong GAAP overlay (continued)

Appendix 4 - Replacement for "Consolidated statement of cash flows"

Hong Kong GAAP overlay (continued)

Appendix 4 - Replacement for “Consolidated statement of cash flows”

Hong Kong GAAP overlay (continued)

Appendix 4 - Replacement for "Consolidated statement of cash flows" (continued)

Consolidated statement of cash flows
for the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated) (Note 2.5)
Operating activities			
Profit before tax from continuing operations		11,088	8,880
Profit/(loss) before tax from discontinued operations	13	213	(193)
Profit before tax		**11,301**	**8,687**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	15, 30	4,341	3,794
Amortisation and impairment of intangible assets and impairment of goodwill	17	325	174
Equipment received from customers	15	(190)	(150)
Share-based payment expense	32	412	492
Decrease in fair value of investment properties	16	306	300
Net foreign exchange differences		(365)	(240)
Gain on disposal of property, plant and equipment	12.1	(532)	(2,007)
Fair value adjustment of a contingent consideration	7	358	-
Finance income	12.4	(202)	(145)
Finance costs	12.3	1,366	1,268
Other income	12.5	(98)	(66)
Net loss on derivative instruments at fair value through profit or loss		652	-
Share of profit of an associate and a joint venture	9, 10	(671)	(638)
Movements in provisions, pensions and government grants		(815)	(65)
Working capital changes:			
Decrease/(increase) in trade receivables, contract assets and prepayments		(7,102)	2,431
Decrease in inventories and right of return assets		1,129	1,111
Increase in trade and other payables, contract liabilities and refund liabilities		4,511	2,530
		14,726	**17,476**
Interest received		250	221
Interest paid		(1,067)	(1,173)
Income tax paid		(2,935)	(3,999)
Net cash flows from operating activities		**10,974**	**12,525**

207 of 231

Hong Kong GAAP overlay (continued)

Appendix 4 - Replacement for "Consolidated statement of cash flows" (continued)

Consolidated statement of cash flows
for the year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000 Restated (Note 2.5)
Operating activities			
Profit before tax from continuing operations		11,088	8,880
Profit/(loss) before tax from discontinued operations	13	213	(193)
Profit before tax		**11,301**	**8,687**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	15, 30	4,341	3,794
Amortisation and impairment of intangible assets and impairment of goodwill	17	325	174
Equipment received from customers	15	(190)	(150)
Share-based payment expense	32	412	492
Decrease in fair value of investment properties	16	306	300
Net foreign exchange differences		(365)	(240)
Gain on disposal of property, plant and equipment	12.1	(532)	(2,007)
Fair value adjustment of a contingent consideration	7	358	-
Finance income	12.4	(202)	(145)
Finance costs	12.3	1,366	1,268
Other income	12.5	(98)	(66)
Net loss on derivative instruments at fair value through profit or loss		652	-
Share of profit of an associate and a joint venture	9, 10	(671)	(638)
Movements in provisions, pensions and government grants		(815)	(65)
Working capital changes:			
Decrease/(increase) in trade receivables, contract assets and prepayments		(7,102)	2,431
Decrease in inventories and right of return assets		1,129	1,111
Increase in trade and other payables, contract liabilities and refund liabilities		4,511	2,530
		14,726	**17,476**
Interest received		250	221
Interest paid		(1,067)	(1,173)
Income tax paid		(2,935)	(3,999)
Net cash flows from operating activities		**10,974**	**12,525**
Investing activities			
Proceeds from sale of property, plant and equipment		1,990	2,319
Purchase of property, plant and equipment	15	(10,167)	(7,581)
Purchase of investment properties	16	(1,216)	(1,192)
Purchase of financial instruments		(272)	(225)
Proceeds from sale of financial instruments		328	145
Development expenditures	17	(587)	(390)
Acquisition of a subsidiary, net of cash acquired	7	230	(1,450)
Receipt of government grants	27	2,951	642
Net cash flows used in investing activities		**(6,743)**	**(7,732)**

202 of 224

Hong Kong GAAP overlay (continued)

Appendix 4 - Replacement for "Consolidated statement of cash flows" (continued)

Consolidated statement of cash flows (continued)
for the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated) (Note 2.5)
Investing activities			
Proceeds from sale of property, plant and equipment		1,990	2,319
Purchase of property, plant and equipment	15	(10,167)	(7,581)
Purchase of investment properties	16	(1,216)	(1,192)
Purchase of financial instruments		(272)	(225)
Proceeds from sale of financial instruments		328	145
Development expenditures	17	(587)	(390)
Acquisition of a subsidiary, net of cash acquired	7	230	(1,450)
Receipt of government grants	27	2,951	642
Net cash flows used in investing activities		**(6,743)**	**(7,732)**
Financing activities			
Proceeds from exercise of share options		175	200
Acquisition of non-controlling interests	7	(325)	-
Transaction costs on issue of shares	24	(32)	-
Payment of principal portion of lease liabilities	30	(406)	(341)
Proceeds from borrowings		5,649	4,871
Repayment of borrowings		(2,032)	(4,250)
Dividends paid to equity holders of the parent		(1,979)	(1,600)
Dividends paid to non-controlling interests		(30)	(49)
Net cash flows from/(used in) financing activities		**1,020**	**(1,169)**
Net increase in cash and cash equivalents		**5,251**	**3,624**
Net foreign exchange difference		339	326
Cash and cash equivalents at 1 January		12,266	8,316
Cash and cash equivalents at 31 December	**23**	**17,856**	**12,266**
Analysis of balances of cash and cash equivalents			
Cash and bank balances		11,732	11,125
Non-pledged time deposits with original maturity of less than three months when acquired		5,796	3,791
		17,528	**14,916**
Bank overdrafts		(966)	(2,650)
Cash and short term deposits attributable to a discontinued operation		1,294	-
		17,856	**12,266**

208 of 231

Hong Kong GAAP overlay (continued)

Appendix 4 - Replacement for "Consolidated statement of cash flows" (continued)

Consolidated statement of cash flows (continued)
for the year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000 Restated (Note 2.5)
Financing activities			
Proceeds from exercise of share options		175	200
Acquisition of non-controlling interests	7	(325)	-
Transaction costs on issue of shares	24	(32)	-
Payment of principal portion of lease liabilities	30	(406)	(341)
Proceeds from borrowings		5,649	4,871
Repayment of borrowings		(2,032)	(4,250)
Dividends paid to equity holders of the parent	25	(1,979)	(1,600)
Dividends paid to non-controlling interests		(30)	(49)
Net cash flows from/(used in) financing activities		**1,020**	**(1,169)**
Net increase in cash and cash equivalents		**5,251**	**3,624**
Net foreign exchange difference		339	326
Cash and cash equivalents at 1 January		12,266	8,316
Cash and cash equivalents at 31 December	**23**	**17,856**	**12,266**
Analysis of balances of cash and cash equivalents			
Cash and bank balances		11,732	11,125
Non-pledged time deposits with original maturity of less than three months when acquired		5,796	3,791
		17,528	**14,916**
Bank overdrafts		(966)	(2,650)
Cash and short term deposits attributable to a discontinued operation		1,294	-
		17,856	**12,266**

203 of 224

Hong Kong GAAP overlay (continued)

Appendix 4 - Replacement for "Consolidated statement of cash flows" (continued)

Consolidated statement of cash flows (continued)
for the year ended 31 December 2024

209 of 231

Hong Kong GAAP overlay (continued)

Appendix 4 - Replacement for "Consolidated statement of cash flows" (continued)

Consolidated statement of cash flows (continued)
for the year ended 31 December 2025

204 of 224

Hong Kong GAAP overlay (continued)

Appendix 5 - Replacement for "Note 2.1 Basis of preparation"

5.1 Accounting policies

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance .

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, certain office properties (classified as property, plant and equipment), derivative financial instruments, debt and equity financial assets and contingent consideration that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$000), except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2023 is presented in these consolidated financial statements due to the retrospective correction of an error. See Note 2.5

Appendix 6 - Replacement for "Note 2.3 Material accounting policies"

6.1 Accounting policies

(a) Material accounting policies

(a) Pensions and other post-employment benefits

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

The Group also provides certain additional post employment healthcare benefits to employees in the <insert country>. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Hong Kong GAAP overlay (continued)

Appendix 5 - Replacement for "Note 2.1 Basis of preparation"

5.1 Accounting policies

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the Hong Kong Companies Ordinance .

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, certain office properties (classified as property, plant and equipment), derivative financial instruments, debt and equity financial assets and contingent consideration that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$000), except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2024 is presented in these consolidated financial statements due to the retrospective correction of an error. See Note 2.5

Appendix 6 - Replacement for "Note 2.3 Material accounting policies"

6.1 Accounting policies

(a) Material accounting policies

(a) Pensions and other post-employment benefits

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

The Group also provides certain additional post employment healthcare benefits to employees in the <insert country>. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

Hong Kong GAAP overlay (continued)

Appendix 6 - Replacement for "Note 2.3 Material accounting policies" (continued)

6.1 Accounting policies (continued)

(a) Material accounting policies (continued)

(a) Pensions and other post-employment benefits (continued)

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in the consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Appendix 7 - Replacement for "Note 2.4 Changes in accounting policies and disclosures"

7.1 Accounting policies

(a). Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lease Liability in a Sale and Leaseback - Amendments to HKFRS 16

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Company has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Company.

Appendix 6 - Replacement for "Note 2.3 Material accounting policies" (continued)

6.1 Accounting policies (continued)

(a) Material accounting policies (continued)

(a) Pensions and other post-employment benefits (continued)

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in the consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Appendix 7 - Replacement for "Note 2.4 Changes in accounting policies and disclosures"

7.1 Accounting policies

(a). Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Appendix 8 - Replacement for "Note 12 Other income/expenses"

1. Other income/expenses

(a) Employee benefits expense (excluding directors' remuneration (note 12.10))

	2025	2024
	HK$'000	HK$'000
Included in cost of sales:		
Wages and salaries	6,551	6,513
Social security costs	664	659
Pension costs	350	305
Post-employment benefits other than pensions	38	28
Share-based payment expense	103	123
Included in selling and distribution expenses:		
Wages and salaries	10,882	10,220
Social security costs	1,102	1,135
Pension costs	560	496
Post-employment benefits other than pensions	61	45
Share-based payment expense	165	197

Hong Kong GAAP overlay (continued)

Appendix 7 - Replacement for "Note 2.4 Changes in accounting policies and disclosures" (continued)

7.1 Accounting policies (continued)

(a). CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

Classification of Liabilities as Current or Non-current (the "2020 Amendments") and Non-current Liabilities with Covenants (the "2022 Amendments") - Amendments to HKAS 1

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Supplier Finance Arrangements - Amendments to HKAS 7 and HKFRS 7

The amendments to HKAS 7 Statement of Cash Flows and HKFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements.

The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As a result of implementing the amendments, the Group has provided additional disclosures about its supplier finance arrangement. Please refer to Note 29.

Appendix 8 - Replacement for "Note 12 Other income/expenses"

1. Other income/expenses

(a) Employee benefits expense (excluding directors' remuneration (note 12.10))

	2024	2023
	HK$'000	HK$'000

1. Other income/expenses (continued)

(a) Employee benefits expense (excluding directors' remuneration (note 12.10)) (continued)

	2025	2024
	HK$'000	HK$'000
Included in cost of administrative expenses:		
Wages and salaries	11,238	7,410
Social security costs	1,349	1,343
Pension costs	488	465
Post-employment benefits other than pensions	54	40
Share-based payment expense	144	172
Total employee benefits expense	**33,749**	**29,151**

Appendix 8 - Replacement for "Note 12 Other income/expenses" (continued)

1. Other income/expenses (continued)

(a) Employee benefits expense (excluding directors' remuneration (note 12.10)) (continued)

	2024	2023
	HK$'000	HK$'000
Included in cost of sales:		
Wages and salaries	6,551	6,513
Social security costs	664	659
Pension costs	350	305
Post-employment benefits other than pensions	38	28
Share-based payment expense	103	123
Included in selling and distribution expenses:		
Wages and salaries	10,882	10,220
Social security costs	1,102	1,135
Pension costs	560	496
Post-employment benefits other than pensions	61	45
Share-based payment expense	165	197
Included in cost of administrative expenses:		
Wages and salaries	11,238	7,410
Social security costs	1,349	1,343
Pension costs	488	465
Post-employment benefits other than pensions	54	40
Share-based payment expense	144	172
Total employee benefits expense	**33,749**	**29,151**

Hong Kong GAAP overlay (continued)

Appendix 8 - Replacement for "Note 12 Other income/expenses" (continued)

1. Other income/expenses (continued)

(b) Administrative expenses

	Notes	2025 HK$'000	2024 HK$'000
Employee benefits expense (excluding directors' remuneration)	12.7	13,273	9,430
Acquisition-related transaction costs		600	-
Research and development costs		2,235	1,034
Depreciation		429	430
Auditor's remuneration		-	-
Expected credit losses of trade receivables and contract assets	21	185	76
Impairment of goodwill	18	200	-
Expense relating to leases of low-value assets	30	18	17
Remeasurement of contingent consideration	7	358	-
Net foreign exchange differences		33	8
Other administrative expenses		959	1,016
Total administrative expense		**18,290**	**12,011**

(c) Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the section 383(1)(a) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 HK$'000	2024 HK$'000
Fees	260	210
Other emoluments:		
Salaries, allowances and benefits in kind	3,714	4,475
Performance related bonuses	2,100	4,600
Equity-settled share option expense	200	80
Pension scheme contributions	186	134
Total fees and other emoluments	**6,460**	**9,499**

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 32 to the consolidated financial statements. The fair value of such options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above directors' remuneration disclosures.

Hong Kong GAAP overlay (continued)

Appendix 8 - Replacement for "Note 12 Other income/expenses" (continued)

1. Other income/expenses (continued)

(b) Administrative expenses

	Notes	2024 HK$'000	2023 HK$'000
Employee benefits expense (excluding directors' remuneration)	12.7	13,273	9,430
Acquisition-related transaction costs		600	-
Research and development costs		2,235	1,034
Depreciation		429	430
Auditor's remuneration		-	-
Expected credit losses of trade receivables and contract assets	21	185	76
Impairment of goodwill	18	200	-
Expense relating to leases of low-value assets	30	18	17
Remeasurement of contingent consideration	7	358	-
Net foreign exchange differences		33	8
Other administrative expenses		959	1,016
Total administrative expense		**18,290**	**12,011**

(c) Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the section 383(1)(a) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 HK$'000	2023 HK$'000
Fees	260	210
Other emoluments:		
Salaries, allowances and benefits in kind	3,714	4,475
Performance related bonuses	2,100	4,600
Equity-settled share option expense	200	80
Pension scheme contributions	186	134
Total fees and other emoluments	**6,460**	**9,499**

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 32 to the consolidated financial statements. The fair value of such options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above directors' remuneration disclosures.

Hong Kong GAAP overlay (continued)

Appendix 9 - Example for "Note 14 Income tax"

Hong Kong profits tax has been provided at the rate of XX.X% (2023: XX.X%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$X,XXX,XXX (2023: HK$X,XXX,XXX) of assessable profits of this subsidiary is taxed at X.X% (2023: X.XX%) and the remaining assessable profits are taxed at XX.X% (2023: XX.X%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdiction in which the Group operates.

The major components of income tax expense for the years ended 31 December 2024 and 2023 are:

Consolidated profit or loss

	2024	2023
	HK$'000	HK$'000
Current - Hong Kong		
Charge for the year	2,883	2,770
Overprovision in prior years	(18)	(44)
Deferred tax	227	(493)
Income tax expense reported in the statement of profit or loss	**3,092**	**2,233**

Consolidated other comprehensive income

	2024	2023
	HK$'000	HK$'000
Deferred tax related to items recognised in OCI during the year:		
Net (gain)/loss on cash flow hedges	265	(10)
Net change in costs of hedging	10	-
Net loss on debt instruments at fair value through OCI	6	-
Net (gain)/loss on equity instruments designated at fair value through OCI	8	(3)
Revaluation of office properties in <insert country>	(254)	-
Net gain on hedge of net investment	(83)	-
Remeasurement (gain)/loss on actuarial gains and losses	(110)	117
Deferred tax charged to OCI	**(158)**	**104**

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the countries in which the company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Hong Kong GAAP overlay (continued)

Appendix 9 - Example for "Note 14 Income tax"

Hong Kong profits tax has been provided at the rate of XX.X% (2024: XX.X%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$X,XXX,XXX (2024: HK$X,XXX,XXX) of assessable profits of this subsidiary is taxed at X.X% (2024: X.XX%) and the remaining assessable profits are taxed at XX.X% (2024: XX.X%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or jurisdiction in which the Group operates.

The major components of income tax expense for the years ended 31 December 2025 and 2024 are:

Consolidated profit or loss

	2025	2024
	HK$'000	**HK$'000**
Current - Hong Kong		
Charge for the year	2,883	2,770
Overprovision in prior years	(18)	(44)
Deferred tax	227	(493)
Income tax expense reported in the statement of profit or loss	**3,092**	**2,233**

Consolidated other comprehensive income

	2025	2024
	HK$'000	**HK$'000**
Deferred tax related to items recognised in OCI during the year:		
Net (gain)/loss on cash flow hedges	265	(10)
Net change in costs of hedging	10	-
Net loss on debt instruments at fair value through OCI	6	-
Net (gain)/loss on equity instruments designated at fair value through OCI	8	(3)
Revaluation of office properties in <insert country>	(254)	-
Net gain on hedge of net investment	(83)	-
Remeasurement (gain)/loss on actuarial gains and losses	(110)	117
Deferred tax charged to OCI	**(158)**	**104**

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the countries in which the company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

2025

	Hong Kong		Australia		Chinese Mainland		Total	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Profit before tax from continuing operations	7,583	-	10,349	-	4,292	-	22,224	-
Profit before tax from a discontinued operation	-	-	-	-	10,117	-	10,117	-

Hong Kong GAAP overlay (continued)

Appendix 9 - Example for "Note 14 Income tax" (continued)

2024

	Hong Kong		Australia		Chinese Mainland		Total	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Profit before tax from continuing operations	7,583	-	10,349	-	4,292	-	22,224	-
Profit before tax from a discontinued operation	-	-	-	-	10,117	-	10,117	-
Total	7,583	-	10,349	-	14,409	-	32,341	-
Tax at the statutory tax rate	1,252	16.5	3,105	30.0	3,602	25.0	7,959	24.6
Lower tax rate for specific provinces or enacted by local authority	(250)	(3.3)	-	-	(281)	(2.0)	(531)	(1.6)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	-	-	-	-	-	-	-	-
Effect on opening deferred tax of increase in rates	-	-	-	-	-	-	-	-
Adjustments in respect of current tax of previous periods	(2,695)	(35.5)	-	-	-	-	(2,695)	(8.3)
Profits and losses attributable to joint ventures and associates	(1,219)	(16.1)	-	-	(1,266)	(8.8)	(2,485)	(7.7)
Income not subject to tax	(773)	(10.2)	(2,344)	(22.6)	(1,702)	(11.8)	(4,819)	(14.9)
Expenses not deductible for tax	2,273	30.0	10	0.1	419	2.9	2,702	8.3
Tax losses utilised from previous periods	(25)	(0.3)	-	-	-	-	(25)	(0.1)
Tax losses not recognised	-	-	-	-	-	-	-	-
Tax (credit)/charge at the Group's effective rate	(1,437)	(18.9)	771	7.5	772	5.3	106	0.3
Tax (credit)/charge from continuing operations at the effective rate	(1,437)	(18.9)	771	7.5	(167)	(3.9)	(833)	(3.7)
Tax charge from a discontinued operations at the effective rate	-	-	-	-	939	9.3	939	9.3

2023

	Hong Kong		Australia		Chinese Mainland		Total	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Profit before tax from continuing operations	12,348	-	12,803	-	7,603	-	32,754	-
Profit before tax from a discontinued operation	-	-	-	-	8,138	-	8,138	-
Total	12,348	-	12,803	-	15,741	-	40,892	-

Hong Kong GAAP overlay (continued)

Appendix 9 - Example for "Note 14 Income tax" (continued)

2025

	Hong Kong		Australia		Chinese Mainland		Total	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Total	7,583	-	10,349	-	14,409	-	32,341	-
Tax at the statutory tax rate	1,252	16.5	3,105	30.0	3,602	25.0	7,959	24.6
Lower tax rate for specific provinces or enacted by local authority	(250)	(3.3)	-	-	(281)	(2.0)	(531)	(1.6)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	-	-	-	-	-	-	-	-
Effect on opening deferred tax of increase in rates	-	-	-	-	-	-	-	-
Adjustments in respect of current tax of previous periods	(2,695)	(35.5)	-	-	-	-	(2,695)	(8.3)
Profits and losses attributable to joint ventures and associates	(1,219)	(16.1)	-	-	(1,266)	(8.8)	(2,485)	(7.7)
Income not subject to tax	(773)	(10.2)	(2,344)	(22.6)	(1,702)	(11.8)	(4,819)	(14.9)
Expenses not deductible for tax	2,273	30.0	10	0.1	419	2.9	2,702	8.3
Tax losses utilised from previous periods	(25)	(0.3)	-	-	-	-	(25)	(0.1)
Tax losses not recognised	-	-	-	-	-	-	-	-
Tax (credit)/charge at the Group's effective rate	(1,437)	(18.9)	771	7.5	772	5.3	106	0.3
Tax (credit)/charge from continuing operations at the effective rate	(1,437)	(18.9)	771	7.5	(167)	(3.9)	(833)	(3.7)
Tax charge from a discontinued operations at the effective rate	-	-	-	-	939	9.3	939	9.3

Hong Kong GAAP overlay (continued)

Appendix 9 - Example for "Note 14 Income tax" (continued)

2023

	Hong Kong		Australia		Chinese Mainland		Total	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Tax at the statutory tax rate	2,037	16.5	3,841	30.0	3,935	25.0	9,813	24.0
Lower tax rate for specific provinces or enacted by local authority	-	-	-	-	(762)	(4.8)	(762)	(1.9)
Profits and losses attributable to joint ventures and associates	(1,201)	(9.7)	-	-	(1,752)	(11.1)	(2,953)	(7.2)
Income not subject to tax	(483)	(3.9)	(115)	(0.9)	(1,904)	(12.1)	(2,502)	(6.1)
Expenses not deductible for tax	95	0.7	-	-	1,952	12.4	2,047	5.0
Tax charge at the Group's effective rate	448	3.6	3,726	29.1	1,469	9.4	5,643	13.8
Tax charge from continuing operations at the effective rate	448	3.6	3,726	29.1	1,301	17.1	5,475	16.7
Tax charge from a discontinued operations at the effective rate	-	-	-	-	168	2.1	168	2.1

Appendix 9 - Example for "Note 14 Income tax" (continued)

2024

	Hong Kong		Australia		Chinese Mainland		Total	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Profit before tax from continuing operations	12,348	-	12,803	-	7,603	-	32,754	-
Profit before tax from a discontinued operation	-	-	-	-	8,138	-	8,138	-
Total	12,348	-	12,803	-	15,741	-	40,892	-
Tax at the statutory tax rate	2,037	16.5	3,841	30.0	3,935	25.0	9,813	24.0
Lower tax rate for specific provinces or enacted by local authority	-	-	-	-	(762)	(4.8)	(762)	(1.9)
Profits and losses attributable to joint ventures and associates	(1,201)	(9.7)	-	-	(1,752)	(11.1)	(2,953)	(7.2)
Income not subject to tax	(483)	(3.9)	(115)	(0.9)	(1,904)	(12.1)	(2,502)	(6.1)
Expenses not deductible for tax	95	0.7	-	-	1,952	12.4	2,047	5.0
Tax charge at the Group's effective rate	448	3.6	3,726	29.1	1,469	9.4	5,643	13.8
Tax charge from continuing operations at the effective rate	448	3.6	3,726	29.1	1,301	17.1	5,475	16.7
Tax charge from a discontinued operations at the effective rate	-	-	-	-	168	2.1	168	2.1

The share of tax attributable to associates and joint ventures amounting to HK$X,XXX,XXX (2024: HK$X,XXX,XXX) and HK$XXX,XXX (2024: HK$XXX,XXX), respectively, is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

Pillar Two income taxes

In June 2025, the Hong Kong SAR Government gazetted the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 (the 2025 Amendment Ordinance) to implement the Income Inclusion Rule (IIR) and the domestic minimum top-up tax (HKMTT), which take effect for fiscal years beginning on or after 1 January 2025, while the implementation of the Undertaxed Profits Rule is postponed subject to further studies.

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the [(Add where appropriate) additional] Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2025 in certain jurisdictions [Or in Country X and Country Y] in which the Group operates.

Appendix 9 - Example for "Note 14 Income tax" (continued)

The share of tax attributable to associates and joint ventures amounting to HK$X,XXX,XXX (2023: HK$X,XXX,XXX) and HK$XXX,XXX (2023: HK$XXX,XXX), respectively, is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the [(Add where appropriate) additional] Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2024 in certain jurisdictions [Or in Country X and Country Y] in which the Group operates.

(Where the Group concluded that it does not have any potential exposure, or the exposure is not expected to be material) The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year [and prior years 2023 and 2022]. As such, it may not be entirely representative of future circumstances. [Based on the assessment, the Group's effective tax rates in all jurisdictions in which it operates are above XX% and the directors of the Company are not currently aware of any circumstances under which they might change. Therefore, the Group does not expect potential exposure to Pillar Two "top-up" taxes.] ***Or*** [Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which it operates are above XX%. There are a limited number of jurisdictions where the Pillar Two effective tax rate is slightly below XX%. The Group does not expect a material exposure to Pillar Two income taxes.] **Or** [Based on the assessment, the Group should benefit from the transitional safe harbour for most of the jurisdictions in which the Group operates. Among the remaining jurisdictions, the Pillar Two effective tax rates of two jurisdictions are slightly below XX%. The Group expects a potential top-up tax of less than HK$... .] The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

Appendix 10 - Replacement for "Note 19 Financial assets and financial liabilities"

	Notes	2024 HK$'000	2023 HK$'000
Derivatives not designated as hedging instruments			
Foreign exchange forward contracts		640	-
Embedded derivatives		210	-
Derivatives designated as hedging instruments			
Foreign exchange forward contracts		252	153
Financial assets at fair value through profit or loss			
Listed equity investments		337	300

Appendix 9 - Example for "Note 14 Income tax" (continued)

Pillar Two income taxes (continued)

(Where the Group concluded that it does not have any potential exposure, or the exposure is not expected to be material) The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year [and prior years 2024 and 2023]. As such, it may not be entirely representative of future circumstances. [Based on the assessment, the Group's effective tax rates in all jurisdictions in which it operates are above XX% and the directors of the Company are not currently aware of any circumstances under which they might change. Therefore, the Group does not expect potential exposure to Pillar Two "top-up" taxes.] ***Or*** [Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which it operates are above XX%. There are a limited number of jurisdictions where the Pillar Two effective tax rate is slightly below XX%. The Group does not expect a material exposure to Pillar Two income taxes.] **Or** [Based on the assessment, the Group should benefit from the transitional safe harbour for most of the jurisdictions in which the Group operates. Among the remaining jurisdictions, the Pillar Two effective tax rates of two jurisdictions are slightly below XX%. The Group expects a potential top-up tax of less than HK$... .] The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

Appendix 10 - Replacement for "Note 19 Financial assets and financial liabilities"

	Notes	2025 HK$'000	2024 HK$'000
Derivatives not designated as hedging instruments			
Foreign exchange forward contracts		640	-
Embedded derivatives		210	-
Derivatives designated as hedging instruments			
Foreign exchange forward contracts		252	153
Financial assets at fair value through profit or loss			
Listed equity investments		337	300
Equity instruments designated at fair value through OCI			
Non-listed equity investments			
<insert Company name>		417	205
<insert Company name>		258	185
<insert Company name>		70	151
<insert Company name>		293	-
<insert Company name>		-	308
<insert Company name>		-	49
		1,038	**898**
Debt instruments at fair value through OCI			
Quoted debt instruments		1,622	1,610
Total financial assets at fair value		**4,099**	**2,961**
Debt instruments at amortised cost			
Trade receivables	21	25,672	22,290
Loan to an associate		200	-
Loan to a director		13	8
Total financial assets*		**29,984**	**25,259**
Total current		**26,223**	**22,443**

	Notes	2024 HK$'000	2023 HK$'000
Equity instruments designated at fair value through OCI			
Non-listed equity investments			
<insert Company name>		417	205
<insert Company name>		258	185
<insert Company name>		70	151
<insert Company name>		293	-
<insert Company name>		-	308
<insert Company name>		-	49
		1,038	**898**
Debt instruments at fair value through OCI			
Quoted debt instruments		1,622	1,610
Total financial assets at fair value		**4,099**	**2,961**
Debt instruments at amortised cost			
Trade receivables	21	25,672	22,290
Loan to an associate		200	-
Loan to a director		13	8
Total financial assets*		**29,984**	**25,259**
Total current		**26,223**	**22,443**
Total non-current		**3,761**	**2,816**

Hong Kong GAAP overlay (continued)

Appendix 10 - Replacement for "Note 19 Financial assets and financial liabilities" (continued)

*Financial assets, other than cash and short-term deposits

Appendix 11 - Replacement for "Note 24 Issued capital and reserves"

1. Issued capital and reserves

Authorised shares

	2024	2023
	Thousands	Thousands
Ordinary shares of $X each	22,588	20,088
X% convertible preference shares	2,500	2,500
	25,088	**22,588**

Ordinary shares issued and fully paid

		Thousands	HK$'000
At 1 January 2023		**19,388**	**18,814**
Issued on X XXX 20XX for acquisition of <insert Company name>	7	2,500	7,203
Share options exercised		-	175
Transaction costs for issued share capital		-	(32)
At 31 December 2024		**21,888**	**26,160**

During the year, the authorised share capital was increased by HK$X,XXX,XXX by the issue of X,XXX,XXX ordinary shares of HK$X each.

Appendix 12 - Replacement for "Note 34 Related party disclosures"

1. Related party disclosures

Note 6 provides information about the Group's structure, including details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Sales to related parties	Purchases from related parties	Amounts owned by related parties*	Amounts owned to related parties*
		HK$'000	HK$'000	HK$'000	HK$'000
Entity with significant influence over the Group:					
<insert Company name>	2024	7,115	-	620	-
	2023	5,975	-	550	-
Associate:					
<insert Company name>	2024	2,900	-	551	-

	Notes	2025 HK$'000	2024 HK$'000
Total non-current		**3,761**	**2,816**

Hong Kong GAAP overlay (continued)

Appendix 10 - Replacement for "Note 19 Financial assets and financial liabilities" (continued)

*Financial assets, other than cash and short-term deposits

Appendix 11 - Replacement for "Note 24 Issued capital and reserves"

1. Issued capital and reserves

Authorised shares

	2025	2024
	Thousands	Thousands
Ordinary shares of HK$X each	22,588	20,088
X% convertible preference shares of HK$X each	2,500	2,500
	25,088	**22,588**

Ordinary shares issued and fully paid

		Thousands	HK$'000
At 1 January 2024		**19,388**	**18,814**
Issued on X XXX 20XX for acquisition of <insert Company name>	7	2,500	7,203
Share options exercised		-	175
Transaction costs for issued share capital		-	(32)
At 31 December 2025		**21,888**	**26,160**

During the year, the authorised share capital was increased by HK$X,XXX,XXX by the issue of X,XXX,XXX ordinary shares of HK$X each.

Appendix 12 - Replacement for "Note 34 Related party disclosures"

1. Related party disclosures

Note 6 provides information about the Group's structure, including details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

		Sales to related parties	Purchases from related parties	Amounts owned by related parties*	Amounts owned to related parties*
		HK$'000	HK$'000	HK$'000	HK$'000
Entity with significant influence over the Group:					
<insert Company name>	2025	7,115	-	620	-
	2024	5,975	-	550	-
Associate:					
<insert Company name>	2025	2,900	-	551	-
	2024	2,100	-	582	-
Joint venture in which the parent is a venturer:					
<insert Company name>	2025	-	590	-	30

1. Related party disclosures (continued)

		Sales to related parties	Purchases from related parties	Amounts owned by related parties*	Amounts owned to related parties*
		HK$'000	HK$'000	HK$'000	HK$'000
	2023	2,100	-	582	-
Joint venture in which the parent is a venturer:					
<insert Company name>	2024	-	590	-	30
	2023	-	430	-	12
Key management personnel of the Group:					
<insert Company name>	2024	225	510	-	10
	2023	135	490	-	10

1. Related party disclosures (continued)

		Sales to related parties	Purchases from related parties	Amounts owned by related parties*	Amounts owned to related parties*
		HK$'000	HK$'000	HK$'000	HK$'000
	2024	-	430	-	12
Key management personnel of the Group:					
Other directors' interests					
<insert Company name>	2025	225	510	-	10
	2024	135	490	-	10

Appendix 12 - Replacement for "Note 34 Related party disclosures" (continued)

1. Related party disclosures (continued)

Commitments with related parties

On X XXXX 2024, a subsidiary of the Group entered into a two-year agreement ending 31 July 2026 with <insert Company name>, a company of which Mr. A is a controlling shareholder, to purchase raw materials for the Group's future production. The amount of total purchases from <insert Company name> for the year is disclosed above. The Group expects total purchases from Industrial Limited in 2025 and 2026 to be approximately HK$... and HK$..., respectively.

Transactions with key management personnel

Directors' loans

Details of the Group's loans to the Company's directors are included in note XX to the financial statements.

Other directors' interests

The purchases were made from <insert Company name>, a company of which Mr. A is a controlling shareholder. The directors consider that the purchases of raw materials were made according to the published prices and conditions similar to those offered to the major customers of the supplier, except that interest was not charged on overdue balances.

Compensation of key management personnel of the Group:

Details of directors' emoluments are included in note (c) Directors' remuneration to the financial statements.

Appendix 13 - Replacement for "Note 35 Standards issued but not yet effective"

1. Issued but not yet effective Hong Kong financial reporting standards

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

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 21	Lack of Exchangeability[1]
Annual Improvements to HKFRS Accounting Standards – Volume[11]	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

Hong Kong GAAP overlay (continued)

Appendix 12 - Replacement for "Note 34 Related party disclosures" (continued)

1. Related party disclosures (continued)

Commitments with related parties

On 1 August 2025, a subsidiary of the Group entered into a two-year agreement ending 31 July 2027 with <insert Company name>, a company of which Mr. A is a controlling shareholder, to purchase raw materials for the Group's future production. The amount of total purchases from <insert Company name> for the year is disclosed above. The Group expects total purchases from Industrial Limited in 2025 and 2026 to be approximately HK$... and HK$..., respectively.

Transactions with key management personnel

Directors' loans

Details of the Group's loans to the Company's directors are included in note XX to the financial statements.

Other directors' interests

The purchases were made from <insert Company name>, a company of which Mr. A is a controlling shareholder. The directors consider that the purchases of raw materials were made according to the published prices and conditions similar to those offered to the major customers of the supplier, except that interest was not charged on overdue balances.

Compensation of key management personnel of the Group:

Details of directors' emoluments are included in note (c) Directors' remuneration to the financial statements.

Appendix 13 - Replacement for "Note 35 Standards issued but not yet effective"

1. Issued but not yet effective Hong Kong financial reporting standards

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

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

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

Hong Kong GAAP overlay (continued)

Appendix 13 - Replacement for "Note 35 Standards issued but not yet effective" (continued)

1. Issued but not yet effective Hong Kong financial reporting standards (continued)

1 Effective for annual periods beginning on or after 1 January 2025

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

3 Effective for annual periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

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

Presentation and Disclosure in Financial Statements - HKFRS 18

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

Subsidiaries without Public Accountability: Disclosures - HKFRS 19

HKFRS 19 allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with HKFRS accounting standards. HKFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. HKFRS 19 is not expected to be applied for purposes of the consolidated financial statements of the group.

Hong Kong GAAP overlay (continued)

Appendix 13 - Replacement for "Note 35 Standards issued but not yet effective" (continued)

1. Issued but not yet effective Hong Kong financial reporting standards (continued)

Presentation and Disclosure in Financial Statements - HKFRS 18

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

Subsidiaries without Public Accountability: Disclosures - HKFRS 19

HKFRS 19 allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with HKFRS accounting standards. HKFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. HKFRS 19 is not expected to be applied for purposes of the consolidated financial statements of the group.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to HKFRS 9 and HKFRS 7

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

Appendix 13 - Replacement for "Note 35 Standards issued but not yet effective" (continued)

1. Issued but not yet effective Hong Kong financial reporting standards (continued)

Amendments to the Classification and Measurement of Financial Instruments - Amendments to HKFRS 9 and HKFRS 7

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

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to HKFRS 10 and HKAS

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

Lack of exchangeability - Amendments to HKAS 21

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11

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

Appendix 13 - Replacement for "Note 35 Standards issued but not yet effective" (continued)

1. Issued but not yet effective Hong Kong financial reporting standards (continued)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to HKFRS 10 and HKAS

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

Annual Improvements to HKFRS Accounting Standards – Volume 11

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

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

Appendix 13 - Replacement for "Note 35 Standards issued but not yet effective" (continued)

1. Issued but not yet effective Hong Kong financial reporting standards (continued)

Annual Improvements to HKFRS Accounting Standards – Volume 11 (continued)

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

Appendix 14 - Example for "Statement of Financial Position of the Company"

1. Statement of financial position of the company

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

	2024 HK$'000	2023 HK$'000
Assets		
Non-current assets		
Property, plant and equipment	9,994	10,994
Investments in subsidiaries	56,347	56,347
Investments in joint ventures	400	400
Investments in associates	500	500
Equity investments at fair value through other comprehensive income	780	-

Appendix 14 - Example for "Statement of Financial Position of the Company"

1. Statement of financial position of the company

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

	2025 HK$'000	2024 HK$'000
Assets		
Non-current assets		
Property, plant and equipment	9,994	10,994
Investments in subsidiaries	56,347	56,347
Investments in joint ventures	400	400
Investments in associates	500	500
Equity investments at fair value through other comprehensive income	780	-
Total non-current assets	**68,021**	**68,241**
Current assets		
Due from subsidiaries	15,244	24,104
Prepayments	5,081	2,017
Cash and cash equivalents	12,782	3,446
Total current assets	**33,107**	**29,567**
Total assets	**101,128**	**97,808**
Equity and liabilities		
Equity		
Share capital	26,160	18,814
Other reserves (note)	16,107	15,404
Total equity	**42,267**	**34,218**
Non-current liabilities		
Interest-bearing bank and other borrowings	6,934	7,589
Total non-current liabilities	**6,934**	**7,589**
Current liabilities		
Due to subsidiaries	37,912	43,369
Trade and other payables	12,183	9,316
Interest-bearing bank and other borrowings	1,832	3,316
Total current liabilities	**51,927**	**56,001**
Total liabilities	**58,861**	**63,590**
Total equity and liabilities	**101,128**	**97,808**

Appendix 14 - Example for "Statement of Financial Position of the Company" (continued)

1. Statement of financial position of the company (continued)

	2024 HK$'000	2023 HK$'000
Total non-current assets	**68,021**	**68,241**
Current assets		
Due from subsidiaries	15,244	24,104
Prepayments	5,081	2,017
Cash and cash equivalents	12,782	3,446
Total current assets	**33,107**	**29,567**
Total assets	**101,128**	**97,808**
Equity and liabilities		
Equity		
Share capital	26,160	18,814
Other reserves (note)	16,107	15,404
Total equity	**42,267**	**34,218**
Non-current liabilities		
Interest-bearing bank and other borrowings	6,934	7,589
Total non-current liabilities	**6,934**	**7,589**
Current liabilities		
Due to subsidiaries	37,912	43,369
Trade and other payables	12,183	9,316
Interest-bearing bank and other borrowings	1,832	3,316
Total current liabilities	**51,927**	**56,001**
Total liabilities	**58,861**	**63,590**
Total equity and liabilities	**101,128**	**97,808**

1. Statement of financial position of the company (continued)

(For companies incorporated in Hong Kong)

.....	.....
Mr. A	Mr. B
Title 1	Title 2
(*Insert the name as appropriate)	

12 March 2025

1. Statement of financial position of the company (continued)

(For companies incorporated in Hong Kong)

.....	.....
Mr. A	Mr. B
Title 1	Title 2
(*Insert the name as appropriate)	

12 March 2026

Hong Kong GAAP overlay (continued)

Appendix 14 - Example for "Statement of Financial Position of the Company" (continued)

1. Statement of financial position of the company (continued)

Note:

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

	Share option reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000
Balance at 1 January 2023	566	14,431	14,997
Total comprehensive income for the year	-	1,709	1,709
Cash dividend	-	(1,600)	(1,600)
Equity-settled share option arrangements	298	-	298
At 31 December 2023 and 1 January 2024	864	14,540	15,404
Total comprehensive income for the year	-	2,785	2,785
Cash dividend	-	(2,389)	(2,389)
Equity-settled share option arrangements	307	-	307
At 31 December 2024	1,171	14,936	16,107

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.3 to the consolidated financial statements. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

Appendix 15 - Example for "Loans to directors/ Due from related parties"

1. Loans to directors

Loans to directors, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	At 31 December 2024	Maximum amount outstanding during the year	At 31 December 2023 and 1 January 2024	Maximum amount outstanding during the prior year	At 1 January 2023	Security held
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	
Mr. A	1,300	1,300	1,300	1,300	1,300	Marketable securities
Mr. B	1,140	1,140	-	-	-	Residential property
XYZ Limited (controlled by Mr. A)	450	450	405	405	405	None

Appendix 14 - Example for "Statement of Financial Position of the Company" (continued)

1. Statement of financial position of the company (continued)

Note:

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

	Share option reserve	Retained profits	Total
	HK$'000	HK$'000	HK$'000
Balance at 1 January 2024	566	14,431	14,997
Total comprehensive income for the year	-	1,709	1,709
Cash dividend	-	(1,600)	(1,600)
Equity-settled share option arrangements	298	-	298
At 31 December 2024 and 1 January 2025	864	14,540	15,404
Total comprehensive income for the year	-	2,785	2,785
Cash dividend	-	(2,389)	(2,389)
Equity-settled share option arrangements	307	-	307
At 31 December 2025	1,171	14,936	16,107

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.3 to the consolidated financial statements. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

Appendix 15 - Example for "Loans to directors/ Due from related parties"

1. Loans to directors

Loans to directors, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	At 31 December 2025	Maximum amount outstanding during the year	At 31 December 2024 and 1 January 2025	Maximum amount outstanding during the prior year	At 1 January 2024	Security held
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	
Mr. A	1,300	1,300	1,300	1,300	1,300	Marketable securities
Mr. B	1,140	1,140	-	-	-	Residential property
XYZ Limited (controlled by Mr. A)	450	450	405	405	405	None
Total	**2,890**		**1,705**		**1,705**	

Hong Kong GAAP overlay (continued)

Appendix 15 - Example for "Loans to directors/ Due from related parties" (continued)

1. Loans to directors (continued)

	At 31 December 2024	Maximum amount outstanding during the year	At 31 December 2023 and 1 January 2024	Maximum amount outstanding during the prior year	At 1 January 2023	Security held
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	
Name						
Total	**2,890**		**1,705**		**1,705**	

Hong Kong GAAP overlay (continued)

Appendix 15 - Example for "Loans to directors/ Due from related parties" (continued)

1. Loans to directors (continued)

The loans granted to directors bear interest at the Hong Kong dollar prime rate plus 2% per annum and are repayable on demand.

2. Due from related parties

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

	At 31 December 2025	Maximum amount outstanding during the year	At 31 December 2024 and 1 January 2025	Maximum amount outstanding during the prior year	At 1 January 2024
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Name					
ABC Limited	-	-	-	-	-
DEF Limited	-	-	-	-	-

The above companies are beneficially owned by Mr. A and Mr. B, who are directors of the Group.

The balances with the related companies are unsecured, interest-free and repayable on demand.

Appendix 16 - Additional contents not illustrated in IFRS

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognise initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets", and (ii) the amount initially recognised less, when appropriate the cumulative amount of income recognised.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Hong Kong GAAP overlay (continued)

Appendix 15 - Example for "Loans to directors/ Due from related parties" (continued)

1. Loans to directors (continued)

The loans granted to directors bear interest at the Hong Kong dollar prime rate plus 2% per annum and are repayable on demand.

2. Due from related parties

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

	At 31 December 2024	Maximum amount outstanding during the year	At 31 December 2023 and 1 January 2024	Maximum amount outstanding during the prior year	At 1 January 2023
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Name					
ABC Limited	-	-	-	-	-
DEF Limited	-	-	-	-	-

The above companies are beneficially owned by Mr. A and Mr. B, who are directors of the Group.

The balances with the related companies are unsecured, interest-free and repayable on demand.

Appendix 16 - Additional contents not illustrated in IFRS

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognise initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets", and (ii) the amount initially recognised less, when appropriate the cumulative amount of income recognised.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Appendix 16 - Additional contents not illustrated in IFRS (continued)

(a) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of <insert country>, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Interim dividends are simultaneously proposed and declared, because the company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. Convertible bonds

On <date>, the Company issued … X% convertible bonds with a nominal value of HK$.... There was no movement in the number of these convertible bonds during the year. The bonds are convertible at the option of the bondholders into ordinary shares on <date> on the basis of one ordinary share for every three HK$1 bonds held. The bonds are redeemable at the option of the bondholders at a price of HK$... per bond on <date>. Any convertible notes not converted will be redeemed on <date> at a price of HK$... per HK$... bond. The bonds carry interest at a rate of X% per annum, which is payable half-yearly in arrears on 30 June and 31 December.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds issued during the year have been split into the liability and equity components as follows:

	2024 HK$'000	2023 HK$'000
Nominal value of convertible bonds issued during the year	30,000	-
Equity component	-	-
Liability component at the issuance date	**30,000**	**-**
Interest expense	2,381	-
Interest paid	(2,100)	-
Liability component at 31 December	**30,281**	**-**

(a) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of <insert country>, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Interim dividends are simultaneously proposed and declared, because the company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2. Convertible bonds

On <date>, the Company issued … X% convertible bonds with a nominal value of HK$.... There was no movement in the number of these convertible bonds during the year. The bonds are convertible at the option of the bondholders into ordinary shares on <date> on the basis of one ordinary share for every three HK$1 bonds held. The bonds are redeemable at the option of the bondholders at a price of HK$... per bond on <date>. Any convertible notes not converted will be redeemed on <date> at a price of HK$... per HK$... bond. The bonds carry interest at a rate of X% per annum, which is payable half-yearly in arrears on 30 June and 31 December.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds issued during the year have been split into the liability and equity components as follows:

	2025 HK$'000	2024 HK$'000
Nominal value of convertible bonds issued during the year	30,000	-
Equity component	-	-
Liability component at the issuance date	**30,000**	**-**
Interest expense	2,381	-
Interest paid	(2,100)	-
Liability component at 31 December	**30,281**	**-**

[Audit Report should be provided by independent auditor appointed by the company]