SHELL ELECTRIC HOLDINGS LIMITED
蜆殼電器控股有限公司

SINCE 1952

ANNUAL REPORT 2025

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Mr. YUNG Kwok Kee, Billy *(Group Chairman and Chief Executive)*
Madam HSU Vivian
Mr. CHOW Kai Chiu, David
Madam LI Pik Mui, Cindy
Mr. YUNG Isaac Cosmo
Mr. YUNG Ivan Caesar

BANKERS

The Hong Kong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
China Construction Bank (Asia) Corporation Limited

COMPANY SECRETARY

Fair Wind Secretarial Services Limited

REGISTERED OFFICE

Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda

HONG KONG OFFICE

1/F., Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong

COMPANY'S WEBSITE

www.smc.com.hk

AUDITOR

BDO Limited
Certified Public Accountants

HONG KONG TRANSFER AGENT

Tricor Standard Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Shell Electric Holdings Limited (the "Company"), I am pleased to present the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2025.

LOSS FOR THE YEAR

The Group's audited consolidated loss attributable to the owners of the Company for the year ended 31 December 2025 amounted to HK$40 million. Basic loss per share was HK7.6 cents.

FINAL DIVIDEND

The board of directors do not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 17 August 2026 to Thursday, 20 August 2026, both days inclusive, during which period no transfer of shares will be effected for the purpose of ascertaining the Members' entitlement to attend and vote at the annual general meeting (the "AGM"). In order to be eligible to attend and vote at the AGM, all share transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Transfer Agent, Tricor Standard Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong not later than 4:30 p.m. on Friday, 14 August 2026.

BUSINESS REVIEW

Contract Manufacturing – Optics and Imaging

In 2025, the optical and imaging contract manufacturing business declined by 9% compared to 2024, primarily due to the impact of the U.S. reciprocal tariffs, which have increased trade costs and led to a decrease in customer order demand. However, in 2026, the order volume for the A3 model is anticipated to increase, and overall revenue is expected to rebound year-on-year.

Electric Tools and Electric Fans – SMC Electric

During the year ended 31 December 2025, sales declined compared to the prior year. US tariffs and the trade war had led to substantial decrease in overall customer orders.

The electric fan business experienced a slight growth in sales which was mainly attributed to increase in demand in the Africa and Australia markets.

The electric tools business was affected by US tariffs and the trade war, which had led to cutback in sales and gross profit. Escalating costs of raw materials, particularly metal, had led to further pressure on gross margin.

Looking forward, year 2026 continues to be challenging. Uncertainties brought by the Iran war and increasing costs of raw materials may directly affect customer demand. We will launch new projects and keep abreast of changes in the market. We hope we can achieve a stable return.

Taxi Rental

In 2025, the economy in mainland China continued to experience sluggish growth, resulting in a significant influx of unemployed individuals entering the ride-hailing market, which increase competition against our traditional taxi sector. This situation compelled the company to reduce its taxi fleet to fewer than 500 vehicles, leading to a decline in revenue. However, the Group successfully implemented various cost-reduction measures, resulting in a slight increase in operating cash inflow compared to 2024.

Looking ahead to 2026, the external economic environment remains challenging, and the Group plans to further strengthen its internal cost management while cautiously expand its fleet size to maintain profits.

Real Estate Investment and Development

PRC

Investment Properties

The overall economic and business environment remains weak, the Group's office properties portfolio at Citic Plaza, Tianhe, Guangzhou recorded a slight drop in occupancy rate compared to 2024 but higher than the same district average.

Others

Litigations for re-possession of the Group's property located at Guangshan Road, Tianhe North, is still in progress.

Hong Kong

Investment Properties

The local overall economic and business environment remains weak due to external factors, the Group's Shell Industrial Building recorded a small drop in occupancy rate compared to 2024.

The Group will continue to improve and optimize the quality of the building to increase the occupancy rate and rental return.

Development Properties

Construction works for the residential projects in Shek Kong were completed. The related marketing campaign for Shek Kong project is ongoing.

Technology Investment

Semiconductor Device Products – PFC Device

The macroeconomic environment in 2025 was characterized by significant headwinds, including continued weakness in the Chinese economy, the implementation of U.S. tariffs, and persistent geopolitical tensions. While revenue experienced a modest decline, profitability was more materially impacted by margin compression driven by higher manufacturing costs.

Looking ahead, 2026 is expected to remain highly uncertain. Escalating tensions between the United States and Iran, coupled with elevated oil prices, are likely to pose additional risks to global economic conditions and business performance.

Financial Investment

In 2025, the Group's financial investment activities recorded profit of approximately HK$154 million and the market value of the Group's financial investment holdings as at 31 December 2025 amounted to about HK$1,441 million.

FINANCIAL REVIEW

REVENUE AND OPERATING RESULTS

Revenue of the Group for the year ended 31 December 2025 stood at HK$899 million, decreased by HK$123 million or 12% as compared with the previous year. The decrease resulted mainly from the decrease in contract manufacturing, taxi rental and property leasing business.

Loss attributable to the owners of the Company for the year ended 31 December 2025 amounted to HK$40 million (31 December 2024: a profit of HK$56 million) representing a decrease of HK$96 million or 171% over the corresponding period last year. The decrease was predominantly a result of the following key changes: (i) an increase of HK$337 million in fair value loss on investment properties; (ii) absence of a gain on disposal of interests in associates of HK$144 million; (iii) a decrease in gross profit of HK$47 million; (iv) offset by an increase of HK$306 million in income tax credit mainly contributed by a reversal of deferred tax provision on land appreciation tax; (v) an increase of HK$86 million in fair value gain on financial assets; (vi) a decrease of HK$17 million in finance costs, as well as a decrease of HK$9 million in administrative expenses.

FINANCIAL RESOURCES AND LIQUIDITY

The Group maintained a satisfactory financial position with its financial resources and liquidity position consistently monitored and put in place in a healthy state throughout the year under review. Given the current economic situation, the Group would constantly re-evaluate its operational and investment status with a view to improving its cash flow and minimising its financial risks.

As at 31 December 2025, the Group utilised certain long-term loans totaling HK$296 million (31 December 2024: HK$317 million). Apart from the above, all banking facilities of the Group were arranged on short-term basis.

The banking facilities of the Group were subject to a mix of fixed interest rates and floating interest rates. Interest cover of the Group for the year ended 31 December 2025, calculated as operating loss divided by total interest expenses net of interest income, stood at nil times (Year ended 31 December 2024: 3 times).

FOREIGN EXCHANGE EXPOSURE

The Group's borrowings were mainly denominated in Hong Kong dollars and Renminbi. The Group conduct its sales mainly in US dollars and Renminbi, and make payments in US dollars, Hong Kong dollars, Renminbi and Taiwan dollars.

GEARING RATIO

The Group continued to adopt and follow its policy of maintaining a prudent gearing ratio. As at 31 December 2025, the Group recorded a 7.4% gearing ratio (31 December 2024: 4.2%), expressed as a percentage of total borrowings net of cash and bank balances to total equity of the Group.

CAPITAL COMMITMENTS AND GUARANTEE

As at 31 December 2025, the Group had capital commitments totaling HK$251 million (31 December 2024: HK$323 million). In addition, the Company issued guarantees to the banks amounting to HK$886 million (31 December 2024: HK$828 million) to facilitate certain subsidiaries in obtaining banking facilities.

CAPITAL EXPENDITURE AND CHARGES ON ASSETS

The Group had capital expenditures totaling HK$71 million during the year under review (Year ended 31 December 2024: HK$117 million).

As at 31 December 2025, the Group had charges on assets totaling HK$1,113 million (31 December 2024: HK$1,412 million) mainly for securing a long-term loan and other loan facilities.

As at 31 December 2025 the Group pledged its 100% interest of the issued share capital of one subsidiary (31 December 2024: one subsidiary) to a bank to secure a long-term loan granted to the Group.

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

During the current year, the principal activities of the Company are investment holding, securities investment and property leasing. The principal activities carried out by the Company and its subsidiaries mainly comprise investment holding, selling of electric fans, manufacturing and marketing of power discrete semiconductors as well as contract manufacturing of fusers, laser scanning unit, paper handling options and electric tools, property leasing, real estate investment and development, taxi rental and securities investment. Further discussion and analysis of these activities can be found in the Chairman's Statement. Details of the activities of its principal subsidiaries and associates are set out in note 52 to note 53 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated income statement on page 10.

The board of directors do not recommend the payment of a final dividend for the year ended 31 December 2025.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 37 to the financial statements.

DONATIONS

During the year, the Group made charitable and other donations totalling HK$1,494,000 (2024: HK$1,525,000).

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

The Company has not purchased, sale or redeemed any of its shares during the year.

PRE-EMPTIVE RIGHTS

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

DIRECTORS

The directors of the Company during the year and up to date of this report are as follows:

Mr. Yung Kwok Kee, Billy
Madam Hsu Vivian
Mr. Chow Kai Chiu, David
Madam Li Pik Mui, Cindy
Mr. Yung Isaac Cosmo
Mr. Yung Ivan Caesar

In accordance with Bye-law 84 of the Bye-laws of the Company, Mr. Yung Kwok Kee, Billy and Madam Hsu Vivian shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiary, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MAJOR SUPPLIERS AND CUSTOMERS

For the financial year ended 31 December 2025, the five largest customers accounted for approximately 70% of the total sales of the Group, of which 22% was attributable to the largest customer. Purchases from the Group's five largest suppliers accounted for approximately 27% of the total purchases for the year.

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has an interest in the major suppliers or customers noted above.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and their respective associates has any interest in a business or is interested in any business which competes or may compete either directly or indirectly with, or is similar to, the business of the Group as at 31 December 2025.

PERMITTED INDEMNITY PROVISIONS

The Bye-laws of the Company provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their offices, provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty.

Save as disclosed above, at no time during the financial year and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

MANAGEMENT CONTRACTS

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

AUDITOR

The financial statements for the year ended 31 December 2025 were audited by BDO Limited ("BDO"). A resolution will be submitted to the forthcoming annual general meeting to re-appoint BDO as auditor of the Company.

On behalf of the Board

Mr. Yung Kwok Kee, Billy
Chairman

Hong Kong, 3 July 2026

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF SHELL ELECTRIC HOLDINGS LIMITED
蜆壳電器控股有限公司
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Shell Electric Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 10 to 82, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

BDO Limited
Certified Public Accountants
Lee Ming Wai
Practising Certificate no. P05682

Hong Kong, 3 July 2026

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

	NOTES	2025 HK$'000	2024 HK$'000
Revenue	*6*	**899,069**	1,021,892
Cost of sales and services provided		**(747,258)**	(823,400)
Gross profit		**151,811**	198,492
Other income	*6*	**100,326**	96,741
Selling and distribution expenses		**(5,551)**	(5,780)
Administrative expenses		**(172,324)**	(181,234)
Other operating expenses		**(27,088)**	(18,369)
Other gains or losses			
Fair value loss on investment properties	*14*	**(465,440)**	(128,848)
Fair value gain on financial assets/liabilities at fair value through profit or loss		**114,125**	27,917
(Loss)/Gain arising from disposal of subsidiaries	*41*	**(155)**	768
Gain arising from disposal of interests in associates	*18*	**–**	143,624
Impairment loss on intangible assets	*17*	**(20,417)**	(14,434)
Impairment loss on other assets	*20*	**(873)**	(1,537)
Impairment loss on property, plant and equipment, net	*15(c) & (d)*	**(2,548)**	(10,072)
(Impairment loss)/Reversal of impairment loss on financial assets at amortised cost		**(985)**	36
Write-off of construction in progress	*9*	**–**	(12,727)
Net foreign exchange (loss)/gain		**(5,962)**	1,488
Others		**(1,162)**	(8,072)
Operating (loss)/profit		**(336,243)**	87,993
Finance costs	*8*	**(28,969)**	(46,095)
Share of results of associates		**6,714**	9,104
(Loss)/Profit before income tax	*9*	**(358,498)**	51,002
Income tax credit	*10*	**319,631**	13,366
(Loss)/Profit for the year		**(38,867)**	64,368
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(39,998)**	56,416
Non-controlling interests		**1,131**	7,952
		(38,867)	64,368
	13	**HK Cents**	HK Cents
(Loss)/Earnings per share			
– Basic		**(7.6)**	10.8
– Diluted		**(7.6)**	10.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	**2025 HK$'000**	2024 HK$'000
(Loss)/Profit for the year		**(38,867)**	64,368
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange difference arising from translation of foreign operations			
– subsidiaries		**55,993**	(56,782)
– associates		**3,218**	(2,723)
Reclassification adjustment of translation reserve recycled to profit or loss upon			
– disposal of subsidiaries and associates		**155**	(44)
		59,366	(59,549)
Items that will not be reclassified to profit or loss			
Revaluation of land and buildings classified as property, plant and equipment			
– changes in fair value	*15(a)*	**(13,927)**	22,568
– income tax effect	*36*	**11,762**	203
		(2,165)	22,771
Financial assets at fair value through other comprehensive income			
– changes in fair value	*19*	**64,664**	(75,029)
– income tax effect	*36*	**(474)**	171
		64,190	(74,858)
Other comprehensive income for the year, net of tax		**121,391**	(111,636)
Total comprehensive income for the year		**82,524**	(47,268)
Total comprehensive income attributable to:			
Owners of the Company		**81,437**	(55,116)
Non-controlling interests		**1,087**	7,848
		82,524	(47,268)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTES	2025 HK$'000	2024 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	14	1,570,772	2,050,207
Property, plant and equipment	15	430,237	464,365
Construction in progress	16	294,039	278,884
Prepayments for acquisition of property, plant and equipment		18,138	20,515
Intangible assets	17	38,515	58,212
Interests in associates	18	160,501	153,842
Other assets	20	73,935	73,451
Financial assets at fair value through other comprehensive income	19	991,562	868,945
Loans receivable	21	14,593	12,883
Deferred tax assets	36	4,530	4,568
		3,596,822	3,985,872
Current assets			
Inventories of properties	22	271,395	289,125
Other inventories	23	122,995	138,659
Trade and other receivables, prepayments and deposits	24	235,660	282,257
Loan receivable	21	1,562	33,771
Certificate of deposit	25	116,795	–
Financial assets at fair value through profit or loss	26	333,541	202,069
Amounts due from related parties	34	17,780	17,570
Amounts due from directors	34	17,130	16,920
Tax prepaid		1,011	352
Cash and bank balances	28	232,086	267,966
		1,349,955	1,248,689
Assets classified as held for sale	27	81,413	–
		1,431,368	1,248,689
Current liabilities			
Contract liabilities	29	83	2,343
Trade and other payables	30	379,220	420,144
Financial liabilities at fair value through profit or loss	31	786	–
Lease liabilities	32	1,146	1,281
Amounts due to associates	33	126	126
Amount due to a director	34	29,170	29,075
Taxation liabilities		14,057	15,206
Borrowings	35	250,991	135,587
		675,579	603,762
Net current assets		755,789	644,927
Total assets less current liabilities		4,352,611	4,630,799

	NOTES	2025 HK$'000	2024 HK$'000
Non-current liabilities			
Borrowings	35	**274,394**	295,502
Lease liabilities	32	**3,102**	–
Deferred tax liabilities	36	**114,465**	452,171
		391,961	747,673
Net assets		**3,960,650**	3,883,126
CAPITAL AND RESERVES			
Share capital	37	**82**	82
Reserves	38	**3,926,201**	3,844,764
Equity attributable to owners of the Company		**3,926,283**	3,844,846
Non-controlling interests	39	**34,367**	38,280
Total equity		**3,960,650**	3,883,126

On behalf of the directors

CHOW KAI CHIU, DAVID
Director

LI PIK MUI, CINDY
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Equity attributable to owners of the Company									
	Share capital HK$'000	Capital reserve HK$'000	Financial assets at fair value through other comprehensive income reserve HK$'000	Translation reserve HK$'000	Assets revaluation reserve HK$'000	Statutory reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2025	82	273,360	(111,864)	(282,636)	264,141	42,665	3,659,098	3,844,846	38,280	3,883,126
Loss for the year	–	–	–	–	–	–	(39,998)	(39,998)	1,131	(38,867)
Exchange difference arising from translation of foreign operations										
– subsidiaries	–	–	–	56,037	–	–	–	56,037	(44)	55,993
– associates	–	–	–	3,218	–	–	–	3,218	–	3,218
Release of translation reserve upon disposal of subsidiaries *(note 41)*	–	–	–	155	–	–	–	155	–	155
Fair value adjustment on revaluation of land and buildings, net of tax effect *(note 15(a) and 36)*	–	–	–	–	(2,165)	–	–	(2,165)	–	(2,165)
Fair value changes on financial assets at fair value through other comprehensive income, net of tax effect *(note 19)*	–	–	64,190	–	–	–	–	64,190	–	64,190
Total comprehensive income for the year	–	–	64,190	59,410	(2,165)	–	(39,998)	81,437	1,087	82,524
Dividend attributable to non-controlling interests	–	–	–	–	–	–	–	–	(5,000)	(5,000)
Transfer between reserves										
Transfer to statutory reserve	–	–	–	–	–	202	(202)	–	–	–
Difference in depreciation provided based on historical cost and revalued amount of land and buildings with ownership interests held for own use *(note 15(a))*	–	–	–	–	(20,859)	–	20,859	–	–	–
At 31 December 2025	82	273,360	(47,674)	(223,226)	241,117	42,867	3,639,757	3,926,283	34,367	3,960,650

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Equity attributable to owners of the Company									
	Share capital HK$'000	Capital reserve HK$'000	Financial assets at fair value through other comprehensive income reserve HK$'000	Translation reserve HK$'000	Assets revaluation reserve HK$'000	Statutory reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2024	82	273,360	(37,006)	(223,191)	259,019	40,009	3,587,689	3,899,962	35,432	3,935,394
Profit for the year	–	–	–	–	–	–	56,416	56,416	7,952	64,368
Exchange difference arising from translation of foreign operations										
– subsidiaries	–	–	–	(56,678)	–	–	–	(56,678)	(104)	(56,782)
– associates and joint ventures	–	–	–	(2,723)	–	–	–	(2,723)	–	(2,723)
Release of translation reserve upon disposal of subsidiaries and associates *(note 18 and 41)*	–	–	–	(44)	–	–	–	(44)	–	(44)
Fair value adjustment on revaluation of land and buildings, net of tax effect *(note 15(a) and 36)*	–	–	–	–	22,771	–	–	22,771	–	22,771
Fair value changes on financial assets at fair value through other comprehensive income, net of tax effect *(note 19)*	–	–	(74,858)	–	–	–	–	(74,858)	–	(74,858)
Total comprehensive income for the year	–	–	(74,858)	(59,445)	22,771	–	56,416	(55,116)	7,848	(47,268)
Dividend attributable to non-controlling interests	–	–	–	–	–	–	–	–	(5,000)	(5,000)
Transfer between reserves										
Transfer to statutory reserve	–	–	–	–	–	2,656	(2,656)	–	–	–
Difference in depreciation provided based on historical cost and revalued amount of land and buildings with ownership interests held for own use *(note 15(a))*	–	–	–	–	(17,649)	–	17,649	–	–	–
At 31 December 2024	82	273,360	(111,864)	(282,636)	264,141	42,665	3,659,098	3,844,846	38,280	3,883,126

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 **HK$'000**	2024 HK$'000
Operating activities		
(Loss)/Profit before income tax	**(358,498)**	51,002
Adjustment for:		
Share of results of associates	**(6,714)**	(9,104)
Depreciation and amortisation	**51,190**	68,222
Fair value loss on investment properties	**465,440**	128,848
Fair value loss on revaluation of land and buildings with ownership interest held for own use	**453**	2,243
Unrealised fair value change on financial assets at fair value through profit or loss	**(117,571)**	(28,005)
Allowance/(Reversal of allowance) for other inventories	**2,193**	(95)
Impairment loss/(Reversal of impairment loss) on financial assets at amortised cost	**985**	(36)
Impairment loss on intangible assets	**20,417**	14,434
Impairment loss on other assets	**873**	1,537
Impairment loss on property, plant and equipment, net	**2,548**	10,072
Write-down of inventories of properties	**26,904**	18,075
Write-off of property, plant and equipment	**6**	78
Write-off of construction in progress	**–**	12,727
Gain on disposal of other assets	**–**	(1,485)
Loss on disposal of property, plant and equipment	**553**	4,563
Gain on lease modification	**(410)**	–
Gain on lease termination	**–**	(212)
Write back of long outstanding customer deposit	**–**	(9,189)
Loss/(Gain) arising from disposal of subsidiaries	**155**	(768)
Gain arising from disposal of interests in associates	**–**	(143,624)
Interest income	**(6,712)**	(8,657)
Interest expenses	**21,219**	38,445
Guarantee fee	**7,735**	7,640
Exchange differences	**8,181**	(7,696)
Operating cash flows before movements in working capital	**118,947**	149,015
Increase in inventories of properties	**(9,174)**	(2,585)
Decrease in other inventories	**16,468**	2,930
Decrease/(Increase) in trade and other receivables, prepayments and deposits	**48,673**	(52,577)
Decrease in finance lease receivables	**–**	50
(Increase)/Decrease in financial assets at fair value through profit or loss	**(10,554)**	19,320
(Decrease)/Increase in trade and other payables	**(43,757)**	45,047
(Decrease)/Increase in contract liabilities	**(2,264)**	23
Cash from operations	**118,339**	161,223
Income tax paid	**(14,943)**	(34,219)
Net cash from operating activities	**103,396**	127,004

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	NOTES	2025 HK$'000	2024 HK$'000
Investing activities			
Net proceeds from disposal of equity interests in associates	*18*	–	152,918
Proceeds from disposal of property, plant and equipment		**1,857**	5,158
Proceeds from disposal of other assets		–	6,785
Interest element of finance lease receivables		–	13
Interest received		**5,857**	8,917
Dividend income from associates	*18*	–	20,314
Purchase of antique		**(1,451)**	–
Purchase of property, plant and equipment including construction in progress		**(60,567)**	(110,662)
Purchase of investment properties		**(3,740)**	(16,372)
Grant of new loan		–	(34,230)
Repayment of loans receivable		**33,771**	30,663
Purchase of financial assets at fair value through other comprehensive income		**(56,196)**	(121,166)
Decrease in restricted bank deposits		–	42,599
Purchase of certificate of deposit		**(116,795)**	–
Advances to related parties and directors		**(420)**	(412)
Net cash used in investing activities		**(197,684)**	(15,475)
Financing activities	*42*		
New bank and other borrowings		**258,060**	309,088
Repayment of bank and other borrowings		**(165,991)**	(472,183)
Repayment to a director		**(7,640)**	(8,372)
Payment of principal element of lease liabilities		**(1,246)**	(2,440)
Payment of interest element of lease liabilities		**(141)**	(123)
Payment of other borrowing costs		**(21,078)**	(38,322)
Dividend paid to non-controlling shareholders of a subsidiary	*39*	**(5,000)**	(5,000)
Net cash used in financing activities		**56,964**	(217,352)
Net decrease in cash and cash equivalents		**(37,324)**	(105,823)
Cash and cash equivalents at 1 January		**267,966**	378,797
Effect of foreign exchange rate change		**1,444**	(5,008)
Cash and cash equivalents at 31 December		**232,086**	267,966
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**232,086**	267,966

1. GENERAL INFORMATION

Shell Electric Holdings Limited (the "Company") was incorporated in Bermuda with limited liability. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and the address of its principal place of business is 1/F., Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong.

The principal activities of the Company are investment holding, securities investment and property leasing. The principal activities carried out by the Company and its subsidiaries (hereinafter collectively referred as the "Group") mainly comprise investment holding, selling of electric fans, manufacturing and marketing of power discrete semiconductors, contract manufacturing of fusers, laser scanners, paper handling options and electrical tools, property leasing, real estate investment and development, taxi rental and securities investment.

The shares of the Company's subsidiary, SMC Electric Limited ("SMC Electric") were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). SMC Electric and its subsidiaries ("SMC Electric Group") is principally engaged in manufacturing and selling of electric tools and sourcing and selling of electric fans.

The financial statements for the year ended 31 December 2025 were approved and authorised for issue by the directors on 3 July 2026.

2. CHANGES IN ACCOUNTING POLICIES

2.1 Adoption of amendments to HKFRS Accounting Standards– effective on 1 January 2025

In the current year, the Group has applied for the first time the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2025:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability

The adoption of the above amendments to HKFRS Accounting Standards that are effective for the current reporting period did not have any significant impact on the Group's consolidated financial statements.

2.2 New and amendments to HKFRS Accounting Standards that have been issued but are not yet effective

The following new and amendments to HKFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group in the preparation of the consolidated financial statements.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[1]
HKFRS 18	Presentation and Disclosure in Financial Statements[2]
HKFRS 19	Subsidiaries without Public Accountability Disclosure[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

2.2 New and amendments to HKFRS Accounting Standards that have been issued but are not yet effective *(Continued)*

The directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The above new and amendments to HKFRS Accounting Standards that have been issued but not yet effective are not expected to have a material impact on the Group's results and financial position upon application except for those mentioned below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's consolidated financial statements.

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 Group is in the process of reviewing the derecognition practices for financial assets and financial liabilities to ensure compliance and assessing the impact of amendments to the Group's financial statements upon adoption.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with HKFRS Accounting Standards which collective term includes individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the HKICPA.

Accounting estimates and assumptions have been used in preparing these consolidated financial statements. Although these estimates and assumptions are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group's consolidated financial statements, are disclosed in note 5.

3.2 Basis of measurement

These financial statements have been prepared under historical cost basis except for investment properties, land and buildings with ownership interests held for own use and certain financial instruments which are measured at fair value.

All values are rounded to the nearest thousand except otherwise indicated.

3.3 Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

4. MATERIAL ACCOUNTING POLICIES

4.1 Business combination and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (see note 4.2 below) made up to 31 December each year. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All inter-company transactions, balances and unrealised gains on transactions within the Group are eliminated on consolidation. Unrealised losses resulting from inter-company transaction are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

The Group's accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

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

For acquisition of an asset or a group of assets that does not constitute a business, the acquirer shall identify and recognise the individual identifiable assets acquired and liabilities assumed. The cost of the group shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present:

- power over the investee;
- exposure, or rights, to variable returns from the investee; and
- the ability to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

4.3 Associates

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

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

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

Any premium paid for investment in an associate above the fair value of the Group's share of the identifiable assets and liabilities is capitalised and included in the carrying amount of the investment in associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

4.4 Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purpose. Investment properties also include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment properties.

Investment property is initially stated at cost, including directly attributable costs, and subsequently stated at fair value. Any gain or loss resulting from either a change in the fair value or disposal of an investment property is immediately recognised in profit or loss. Right-of-use assets that meet the definition of investment properties are carried at fair value and presented in the statement of financial position as investment properties (note 4.7). Rental income from investment properties is accounted for as described in note 4.13(d).

4.5 Property, plant and equipment including construction in progress

Except for freehold land which is not depreciated, property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

Land and buildings with ownership interests held for own use are stated at revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment losses. The revaluation surplus is recognised in equity. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under assets revaluation reserve. Decreases in value arising on revaluation are first offset against increases on earlier valuations in respect of the same property and thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the assets revaluation reserve.

Depreciation is provided to write off the cost or valuation of each item of property, plant and equipment less its estimated residual value, if applicable, over its estimated useful life on a straight-line basis at the following rates per annum:

Category of property, plant and equipment	**Annual rates**
Leasehold land and buildings with ownership interests held for own use *(note 4.7)*	Over the shorter of the lease term of the land or estimated useful life of 20 to 50 years
Other properties leased for own use *(note 4.7)*	Over the shorter of the remaining lease term or estimated useful life
Plant, machinery, tools, moulds and equipment	10% to 33.33%
Furniture, fixtures and office equipment	10% to 33.33%
Motor vehicles (including taxi vehicles)	20% to 25%

An annual transfer from assets revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued amount of an asset and the depreciation based on the asset's original cost.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the item and is recognised in profit or loss. When land and buildings are derecognised upon disposal, the relevant portion of the revaluation surplus will be directly transferred to retained profits.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

4.6 Intangible assets (Other than goodwill)

Intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are amortised over the economic useful life and assessed for impairment (note 4.8) whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are not amortised but reviewed for impairment at least annually either individually or at cash-generating unit ("CGU") level. The useful life of an intangible asset with indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Taxi licences

Cost incurred in the acquisition of permanent taxi operating licences, which have indefinite useful lives, are carried at cost less any impairment losses and are not amortised.

Taxi licences which are granted for free are amortised over their estimated useful life of five years.

Small passenger car quota

Cost incurred in the acquisition of small passenger car quotas, which have indefinite useful lives, are carried at cost less any impairment losses and are not amortised.

Patent, trademark and copyright

Separately acquired patent is measured at historical cost less any impairment losses. Patent, trademark and copyright acquired in a business combination is recognised at fair value at the acquisition date. Patent, trademark and copyright have finite useful lives and are carried at cost less accumulated amortisation less any impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of patent, trademark and copyright over their estimated useful lives of five to eight years.

Club membership

Club membership, which is assessed as having indefinite useful life, is initially recognised as cost and subsequently carried at cost less any impairment loss and are not amortised.

4.7 Leases

The Group as a lessee

All leases capitalised in the statement of financial position as right-of-use assets and lease liabilities. The Group has elected as permitted under HKFRS 16 *Leases* not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group accounts for leasehold land and buildings that are held to earn rentals and/or for capital appreciation under HKAS 40 *Investment Property* ("HKAS 40") and those assets are carried at fair value (note 4.4). Right-of-use assets that meet the definition of investment properties are carried at fair value and presented in the statement of financial position as investment properties. The Group accounts for leasehold land and buildings which the Group has ownership interests and are held for own use under HKAS 16 *Property, Plant and Equipment* and these assets are carried at revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses (note 4.5). Right-of-use assets related to interests in leasehold land where the interest in the land held as inventory are carried at the lower of cost and net realisable value (note 4.10).

Other than the above, the Group has also leased properties under tenancy agreements. These leases are measured according to the policies set out below and presented in property, plant and equipment under the category of "other properties leased for own use".

Right-of-use asset

Right-of-use asset is initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures right-of-use assets at cost less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

4.7 Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liability

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

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised as an expense on the straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

4.8 Impairment of non-financial assets

Goodwill, intangible assets, property, plant and equipment, construction in progress, prepayments for acquisition of property, plant and equipment, right-of-use assets, interests in subsidiaries, associates and joint ventures and other assets are subject to impairment testing. Goodwill, intangible assets and other assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. For other assets, the Group determines whether there is indication that they have suffered impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level.

Impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or value-in-use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised.

A reversal of such impairment is credited to profit or loss in the period in which it arises unless that asset is carried at revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for the revalued amount.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

4.9 Financial instruments

(a) Financial assets

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

Financial assets with embedded derivatives are considered at their entirety when determining whether their cash flows are solely payments of principal and interest on the principal outstanding.

The Group classified its financial assets as followings:

Debt instruments

- Financial assets at amortised cost

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

- Financial assets at fair value through profit or loss

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

Equity instruments

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

(b) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("ECL") on debt instruments carried at amortised cost (including trade receivables, loans receivable, finance lease receivables, other receivables, amounts due from directors and other related parties, certificate of deposit and bank balances). ECL are measured on either of the following bases: (i) 12-month ECL: these are the ECL that result from possible default events within 12 months after the reporting date; or (ii) lifetime ECL: these are the ECL that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

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

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

4.9 Financial instruments *(Continued)*

(b) Impairment loss on financial assets *(Continued)*

The Group measures loss allowances for trade receivables and lease receivables using simplified approach, i.e. to recognise a loss allowance based on lifetime ECL. The Group estimates the loss allowance using a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the Group applies general approach to measure ECL, i.e. to recognise a loss allowance based on 12-month ECL. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be based on lifetime ECL.

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

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, such as past due status and credit risk ratings, where applicable.

The Group presumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group assesses whether a financial asset is credit-impaired at the end of the reporting period. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

The Group recognises an impairment loss or reversal in profit or loss for financial instruments carried at amortised cost by adjusting their carrying amount through the use of a loss allowance account.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(c) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred.

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 acquired for the purpose of sale in the near term. Derivatives, including 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 profit or loss.

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

4.9 Financial instruments *(Continued)*

(c) Financial liabilities

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals, refundable deposits received, amounts due to associates, a director and other related party and borrowings are initially measured at fair value, net of directly attributable costs incurred and subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (note 4.16).

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

(d) Equity instruments

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

(e) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 4.9(b); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15").

(f) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9 *Financial Instruments* ("HKFRS 9").

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4.10 Inventories of properties

Inventories of properties represent properties under development. Properties under development are investments in land and buildings on which construction work has not been completed and which, upon completion, management intends to hold for sale purposes. Inventories of properties are stated at the lower of cost and net realisable value. The costs of inventories of properties consist of interests in leasehold land (note 4.7), development expenditures including construction costs, borrowing costs capitalised (note 4.16) and other direct costs attributable to the development of such properties. Cost is determined using specific identification basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated cost to completion and estimated costs necessary to make the sale.

Inventories of properties are classified under current assets as they are expected to be realised within the Group's normal operating cycle.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

4.11 Other inventories

Other inventories are stated at the lower of cost, computed using weighted average method, and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

4.12 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.13 Recognition of revenue and other income

Income is classified by the Group as revenue when it arises from the sales of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's policies for recognition of revenue and other income are as follows:

(a) Revenue from sales of goods is recognised at a point in time when the customers obtain control of the goods. This is usually taken at the time when the goods are delivered to and accepted by customers, taking into account any sales returns, discounts and rebates allowed by the Group. In general, the contracts in relation to sales of goods contain one performance obligation. No element of significant financing is deemed to be as the sales are made with credit terms of 0 to 120 days, which is consistent with the market practice.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. A contact liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

(b) Interest income is accrued on a time basis using the effective interest method by applying applicable interest rate on (i) the amortised cost (i.e. gross carrying amount less loss allowance for credit-impaired financial assets); or (ii) the gross carrying amount for non-credit impaired financial assets.

(c) Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

(d) Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

(e) Taxi rental income is recognised in accordance with the substance of the licence agreement when the holders' right to receive payment has been established and the relevant services are delivered.

(f) Handling fee income and other service income is recognised over time as those services are provided.

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

4.14 Foreign currencies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. In the separate financial statements of the group entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the rates ruling at the end of the reporting period are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined.

The functional currencies of certain entities of the Group are currencies other than HK$. For the purpose of the consolidated financial statements, assets and liabilities of those entities at the end of the reporting period are translated into HK$ at exchange rate prevailing at the end of the reporting period. Income and expense items are translated into HK$ at the average exchange rate for the period, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the Group's translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

4.15 Income tax

Income taxes for the year comprise current tax and deferred tax.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax assets also arise from unused tax losses and unused tax credits. Except for temporary differences arising on (i) the initial recognition of an asset or a liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profits and does not give rise to equal taxable and deductible temporary differences; and (ii) investments in subsidiaries and associates and interests in joint arrangements where the Group is able to control the timing of the reversal of the temporary differences; and it is probable that the temporary differences will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period and reflects any uncertainty related to income taxes.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40. Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the end of the reporting period. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit or tax loss of the periods in which the temporary differences are expected to reverse. The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse; and (ii) the amount of taxable income in those years. The estimate of future taxable income includes (i) income or loss excluding reversals of temporary differences; and (ii) reversals of existing temporary differences.

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

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

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

4. MATERIAL ACCOUNTING POLICIES *(Continued)*

4.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds.

4.17 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Defined contribution retirement plans

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

Termination benefits

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

4.18 Provisions and contingent liabilities

Provision is recognised when the Group has a present obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

4.19 Government grants

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

Grants that compensate the Group for expenses incurred are recognised as income or deducted in the related expenses, as appropriate, in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

When the Group receives a non-monetary grant, the asset and the grant are recorded at nominal amount. The grant is recognised as deferred income which is released to profit or loss over the expected useful life of the relevant asset by equal annual installments.

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

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINITY

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

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

5.1 Key sources of estimation uncertainty

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

Fair value of properties

As disclosed in notes 14 and 15, the fair values of the investment properties and land and buildings with ownership interests held for own use as at the end of the reporting period were estimated by the directors with reference to property valuations conducted by independent professional valuers. Such valuations were based on certain assumptions which are subject to uncertainty and might differ significantly from the actual results. In making the estimates, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period.

The carrying amounts of the Group's investment properties and land and buildings with ownership interests held for own use as at 31 December 2025 were HK$1,570,772,000 (2024: HK$2,050,207,000) and HK$358,613,000 (2024: HK$398,695,000) respectively. Further details of the fair value measurement of these properties are set out in notes 14 and 15.

Fair value of unlisted investments

As disclosed in note 19, the Group held certain unlisted investments which are carried at fair value of HK$868,909,000 in total (2024: HK$758,182,000). The fair values of these investments were estimated by management with reference to quotations provided by the brokers. The valuation requires the Group to make estimates and assumptions that are subject to uncertainty.

Impairment of non-financial assets

The Group reviews at least annually and assesses whether taxi licences, small passenger car quotas and club membership with indefinite useful lives and accounted for as intangible assets have suffered any impairment. Other assets including property, plant and equipment with definite useful lives are reviewed for impairment whenever events or changes in circumstance indicate that these assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased. Discounted cash flow approach is adopted in determining recoverable amount under the value-in-use basis. The use of discounted cash flow approach in estimating the recoverable amount incorporates a number of key estimates and assumptions about future events and therefore, are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgments for discounted cash flow approach, the directors take into consideration assumptions that are mainly based on market conditions existing at the end of the reporting period and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group. Future changes in the events and conditions underlying the estimates and judgments would affect the estimation of recoverable amounts and result in adjustments to their carrying amounts.

Based on the annual impairment assessment of taxi licences as 31 December 2025, the recoverable amount of the CGU to which taxi licences belong to was lower than its carrying amount and additional impairment loss was recognised as to HK$20,417,000 (2024: HK$14,434,000) for taxi licences and HK$348,000 (2024: HK$2,657,000) for the relevant property, plant and equipment for the current year. Details about the estimates used in assessing the impairment of taxi licences and the relevant property, plant and equipment are set out in note 17.

Based on the impairment assessment, the recoverable amount of the CGU of PFC Division (as defined in note 7) as at 31 December 2025 was lower than its carrying amount and additional impairment loss of HK$2,200,000 (2024: HK$3,267,000) was recognised in the current year. The recoverable amount of the CGU of the IGBT Division (as defined in note 7) as at 31 December 2025 was higher than its carrying amount and thus no additional impairment loss is recognised in the current year while in last year, the recoverable amount of the CGU of the IGBT Division was lower than its carrying amount and additional impairment loss of HK$4,148,000 was recognised. Total impairment loss of HK$2,200,000 (2024: HK$7,415,000) was recognised for the relevant property, plant and equipment in the current year. Further details about the impairment assessment are sent out in note 15(d).

In addition, based on the annual impairment assessment of club membership under intangible assets, the recoverable amount of the club membership as at 31 December 2025 was higher than its carrying amount and thus no additional impairment loss is recognised in the current year (note 17).

5. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINITY *(Continued)*

5.1 Key sources of estimation uncertainty *(Continued)*

ECL allowance on financial assets

The measurement of loss allowance for ECL of financial assets requires judgment and estimation, in particular, the assessment of a significant increase in credit risk and credit-impaired financial assets as well as the estimation of the amount and timing of future cash flows when determining impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At the end of each reporting period, the Group measures the ECL of trade receivables and other financial assets at amortised cost. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. These require significant estimation and judgment by the management. The Group's historical credit experience and forecast of economic conditions may not be representative of a customer's or debtor's default in the future.

Further details of the Group's ECL assessment are set out in note 51.3.

Estimation of net realisable value of inventories of properties

Include in the consolidated statement of financial position at 31 December 2025 is inventories of properties with carrying amount of HK$271,395,000 (2024: HK$289,125,000), which are stated at lower of cost and net realisable value (note 22). Management determines the net realisable value which involves considerable estimation in determining the expected selling prices of the inventories of properties, which is based on analysis of current market price of properties of comparable quality and location, taking into account the market and economic factors. In addition, for properties under development, determining the net realisable value also involves estimations of construction costs to be incurred to complete the development. If the actual net realisable values of the underlying properties are less than the current estimations as a result of change in market condition, or significant variation in the budgeted development cost, significant amount of additional provision write-down of inventories of properties may result.

During the year ended 31 December 2025, a write-down of inventories of properties amounting to HK$26,904,000 (2024: HK$18,075,000) was made in light of the drop in estimated selling prices of the underlying properties as the real estate market in Hong Kong is facing uncertainty and wear market sentiment.

Allowance for other inventories

The carrying amount of other inventories as at 31 December 2025 was HK$122,718,000 (2024: HK$138,659,000) (note 23). In determining the amount of allowance required for obsolete and slow-moving inventories, the Group would evaluate ageing analysis of inventories to identify slow-moving inventories or inventories that are no longer consumable or saleable due to changes in customer preferences and demand and market trend. A considerable amount of judgment is required in determining such allowance. If conditions which have an impact on the net realisable value of inventories deteriorate, additional allowances may be required. During the year, the Group recognised allowance of HK$2,406,000 for other inventories (2024: reversal of allowance of HK$95,000).

Estimates of current tax and deferred tax

The Group is subject to taxation in various jurisdictions. Significant judgment is required in determining the amount of the provision for taxation, the timing of payment of the related taxation and the implementation of these taxes varies amongst various cities in the People's Republic of China (the "PRC") and the countries in which the Group operates. The Group recognised income tax and other taxes based on management's best estimates according to their understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the tax expense in the period in which the tax calculations are finalised with the local tax authorities.

The Group's income tax expense and deferred tax are disclosed in notes 10 and 36 respectively.

5.2 Critical judgments in applying accounting policies

Distinction between investment properties and owner-occupied properties

Some properties of the Group comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in marking its judgment.

6. REVENUE AND OTHER INCOME

The principal activities of the Group are disclosed in note 1. Revenue from the Group's principal activities recognised during the year is as follows:

	2025 HK$'000	2024 HK$'000
Revenue from contracts with customers		
Sales of goods (note)	**800,852**	895,640
Revenue from other sources		
Taxi rental income	**36,908**	51,772
Property rental income	**61,309**	74,480
	98,217	126,252
	899,069	1,021,892

Note:

The Group's sales contracts for electrical appliances and power discrete semiconductors generally have an original expected duration of one year or less and accordingly, the Group has applied the practical expedient in HKFRS 15 not to disclose the transaction price allocated to the remaining performance obligations for the existing contracts.

Other income of the Group recognised during the year is as follows:

	2025 HK$'000	2024 HK$'000
Interest income on:		
Bank deposits	**4,248**	7,623
Finance lease of LED light tubes	**–**	13
Financial assets at fair value through profit or loss	**–**	325
Certificate of deposit	**697**	–
Others, including receivables	**1,767**	696
Total interest income	**6,712**	8,657
Dividends from financial assets at fair value through profit or loss	**7,692**	11,510
Dividends from financial assets at fair value through other comprehensive income	**33,281**	39,528
Other rental income	**4,593**	4,070
Compensation income from insurance claim (note 9)	**24,269**	2,452
Handling fee income	**880**	2,232
Recharge of materials and freight costs to customers	**7,816**	5,426
Product engineering services to customers	**–**	410
Sub-contracting fee income	**1,306**	1,518
Write back of long outstanding customer deposit	**–**	9,189
Government grants (note)	**2,290**	2,385
Sundry income	**11,487**	9,364
	100,326	96,741

Note:

Government grants mainly included subsidies for urban transportation development from the PRC government of HK$2,270,000 (2024: HK$2,359,000). There were no unfulfilled conditions or contingencies relating to government subsidies.

7. BUSINESS INFORMATION

Business segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the chief operating decision-maker i.e. the most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

The Group has identified the following business segments:

Electrical appliances	This segment designs, manufactures and trades electrical appliances. Electrical appliances include electric fans, vacuum cleaners, LED lighting products, paper handling options, fuser and laser scanning units. The Group's manufacturing facilities are located in the PRC and products are mainly sold to customers in the PRC and overseas such as North America (comprising Canada and the United States of America (the "USA")) and European countries.
Power discrete semiconductors	This segment manufactures and trades power discrete semiconductors (the "PFC Division") and insulated gate bipolar transistors (the "IGBT Division"). The manufacturing facilities are located in the PRC and products are mainly sold to customers in the PRC, Taiwan and Korea.
Property leasing	This segment mainly leases industrial and commercial properties in Hong Kong, in the PRC and in Vietnam to generate rental income and gain from appreciation in the properties' value in long-term. Part of the business is carried out through an associate.
Real estate investment and development	This segment mainly invests and develops real estate projects in Hong Kong and in the PRC for external customers.
Securities investment	This segment mainly invests in debt and equity securities and other instruments to generate gain from appreciation in those securities and instruments.
Taxi rental	This segment carries on taxi rental operations in the PRC to generate rental income.
Other segments	This segment mainly holds direct investments which derive gain from holding investments in enterprises engaging in high-tech business.

Revenue, income and expenses are allocated to the business segments with reference to sales and income generated by those segments and the expenses incurred by those segments. Segment profit/loss includes the Group's share of profit/loss arising from the activities of the Group's associates. Segment profit/loss excludes corporate income and expenses from the Group's profit/loss before income tax. Corporate income and expenses are income and expenses incurred by corporate headquarters which are not allocated to the business segments. Each of the business segments is managed separately as the resources requirement of each of them is different.

Segment assets include all assets with the exception of tax assets and corporate assets, including certain bank balances and cash, club membership and other assets which are not directly attributable to the business activities of business segments as these assets are managed on a group basis.

Segment liabilities include trade and other payables, lease liabilities, amounts due to related parties, borrowings and other liabilities directly attributable to the business activities of business segments and exclude tax liabilities, corporate liabilities and liabilities that are managed on a group basis.

7. BUSINESS INFORMATION *(Continued)*

Disaggregation of revenue by timing of revenue recognition is set out as follows:

	Electrical appliances HK$'000	Power discrete semiconductors HK$'000	Property leasing HK$'000	Real estate investment and development HK$'000	Securities investment HK$'000	Taxi rental HK$'000	Other segments HK$'000	Consolidated HK$'000
Year ended 31 December 2025								
Revenue from contracts with customers disaggregated by timing of revenue recognition								
– Goods transferred at a point in time	**704,895**	**95,957**	**–**	**–**	**–**	**–**	**–**	**800,852**
Revenue from other sources								
– Taxi rental income	**–**	**–**	**–**	**–**	**–**	**36,908**	**–**	**36,908**
– Property rental income	**–**	**–**	**61,309**	**–**	**–**	**–**	**–**	**61,309**
	–	**–**	**61,309**	**–**	**–**	**36,908**	**–**	**98,217**
	704,895	**95,957**	**61,309**	**–**	**–**	**36,908**	**–**	**899,069**

	Electrical appliances HK$'000	Power discrete semiconductors HK$'000	Property leasing HK$'000	Real estate investment and development HK$'000	Securities investment HK$'000	Taxi rental HK$'000	Other segments HK$'000	Consolidated HK$'000
Year ended 31 December 2024								
Revenue from contracts with customers disaggregated by timing of revenue recognition								
– Goods transferred at a point in time	793,332	100,917	–	–	–	1,391	–	895,640
Revenue from other sources								
– Taxi rental income	–	–	–	–	–	51,772	–	51,772
– Property rental income	–	–	74,480	–	–	–	–	74,480
	–	–	74,480	–	–	51,772	–	126,252
	793,332	100,917	74,480	–	–	53,163	–	1,021,892

7. BUSINESS INFORMATION *(Continued)*

Information regarding the Group's business segments including revenue, profit or loss, assets and liabilities by business segments and other information about the business segments are as follows:

	Electrical appliances HK$'000	Power discrete semiconductors HK$'000	Property leasing HK$'000	Real estate investment and development HK$'000	Securities investment HK$'000	Taxi rental HK$'000	Other segments HK$'000	Consolidated HK$'000
Year ended 31 December 2025								
Revenue	704,895	95,957	61,309	–	–	36,908	–	899,069
Profit/(Loss)	26,239	(8,286)	(422,432)	(37,802)	153,582	(13,790)	(246)	(302,735)
Loss arising from disposal of subsidiaries								(155)
Corporate income								2,422
Corporate expenses								(58,030)
Loss before income tax								(358,498)
As at 31 December 2025								
Assets	635,205	409,302	1,881,691	306,462	1,454,202	94,497	615	4,781,974
Property, plant and equipment								144,551
Other assets								73,935
Tax assets								5,541
Other corporate assets								22,189
Total consolidated assets								5,028,190
As at 31 December 2025								
Liabilities	137,510	27,548	175,061	184,055	181,242	19,847	74	725,337
Borrowings								44,829
Tax liabilities								128,522
Other corporate liabilities								168,852
Total consolidated liabilities								1,067,540

7. BUSINESS INFORMATION *(Continued)*

	Electrical appliances HK$'000	Power discrete semiconductors HK$'000	Property leasing HK$'000	Real estate investment and development HK$'000	Securities investment HK$'000	Taxi rental HK$'000	Other segments HK$'000	Corporate HK$'000	Consolidated HK$'000
Other information:									
Year ended 31 December 2025									
Interest income	3,007	65	44	–	749	147	1	2,699	6,712
Finance costs	220	26	8,439	7,751	1,671	115	–	10,747	28,969
Depreciation and amortisation	23,400	7,149	978	–	–	13,402	–	6,261	51,190
Fair value loss on investment properties	–	–	465,440	–	–	–	–	–	465,440
Fair value gain on financial assets/liabilities at fair value through profit or loss	–	–	–	–	114,125	–	–	–	114,125
Impairment loss/(Reversal of impairment loss) on financial assets at amortised cost	527	–	765	–	–	(307)	–	–	985
Write-down of inventories of properties	–	–	–	26,904	–	–	–	–	26,904
Allowance for other inventories	201	1,992	–	–	–	–	–	–	2,193
Impairment loss on intangible assets	–	–	–	–	–	20,417	–	–	20,417
Impairment loss on other assets	–	–	–	–	–	–	–	873	873
Impairment loss on property, plant and equipment	–	2,200	–	–	–	348	–	–	2,548
Write-off of property, plant and equipment	–	6	–	–	–	–	–	–	6
Share of profit of associates	–	–	6,714	–	–	–		–	6,714
Capital expenditure^	12,656	17,802	18,420	–	–	19,635	–	2,321	70,834
As at 31 December 2025									
Interests in associates	–	–	160,501	–	–	–	–	–	160,501

7. BUSINESS INFORMATION *(Continued)*

	Electrical appliances HK$'000	Power discrete semiconductors HK$'000	Property leasing HK$'000	Real estate investment and development HK$'000	Securities investment HK$'000	Taxi rental HK$'000	Other segments HK$'000	Consolidated HK$'000
Year ended 31 December 2024								
Revenue	793,332	100,917	74,480	–	–	53,163	–	1,021,892
Profit/(Loss)	52,561	(47,663)	(91,252)	(30,624)	74,275	(14,162)	20,677	(36,188)
Gain arising from disposal of subsidiaries								768
Gain arising from disposal of interests in associates								143,624
Corporate income								3,984
Corporate expenses								(61,186)
Profit before income tax								51,002
As at 31 December 2024								
Assets	685,338	431,325	2,289,629	324,175	1,072,379	108,287	35,099	4,946,232
Property, plant and equipment								159,187
Other assets								73,451
Tax assets								4,920
Other corporate assets								50,771
Total consolidated assets								5,234,561
As at 31 December 2024								
Liabilities	162,842	27,479	199,432	194,771	26,136	21,228	98	631,986
Borrowings								70,480
Tax liabilities								467,377
Other corporate liabilities								181,592
Total consolidated liabilities								1,351,435

7. BUSINESS INFORMATION *(Continued)*

	Electrical appliances HK$'000	Power discrete semiconductors HK$'000	Property leasing HK$'000	Real estate investment and development HK$'000	Securities investment HK$'000	Taxi rental HK$'000	Other segments HK$'000	Corporate HK$'000	Consolidated HK$'000
Other information:									
Year ended 31 December 2024									
Interest income	3,376	101	90	1	472	738	348	3,531	8,657
Finance costs	3,153	207	13,803	11,530	4,731	57	–	12,614	46,095
Depreciation and amortisation	20,210	18,753	892	–	–	22,133	–	6,234	68,222
Fair value loss on investment properties	–	–	128,848	–	–	–	–	–	128,848
Fair value gain on financial assets at fair value through profit or loss	–	–	–	–	27,917	–	–	–	27,917
(Reversal of impairment loss)/Impairment loss on financial assets at amortised cost	(131)	15	–	–	–	80	–	–	(36)
Write-down of inventories of properties	–	–	–	18,075	–	–	–	–	18,075
(Reversal of allowance)/Allowance for other inventories	(953)	858	–	–	–	–	–	–	(95)
Impairment loss on intangible assets	–	–	–	–	–	14,434	–	–	14,434
Impairment loss on other assets	–	–	–	–	–	–	–	1,537	1,537
Impairment loss on property, plant and equipment	–	7,415	–	–	–	2,657	–	–	10,072
Write-off of property, plant and equipment	–	78	–	–	–	–	–	–	78
Write-off of construction in progress	–	12,727	–	–	–	–	–	–	12,727
Share of (loss)/profit of associates	–	–	(3,218)	–	–	–	12,322	–	9,104
Capital expenditure^	2,985	46,958	23,275	–	–	43,707	–	360	117,285
As at 31 December 2024									
Interests in associates	–	–	153,842	–	–	–	–	–	153,842

^ Capital expenditure includes additions to investment properties, property, plant and equipment (including right-of-use assets), construction in progress, prepayments for acquisition of property, plant and equipment, intangible assets and other assets but excludes reclassification or transfer among these items.

An analysis of the Group's revenue by geographical location, determined based on (i) location of customers or location to which the goods are delivered; and (ii) location of properties in case of rental income, is as follows:

	2025 HK$'000	2024 HK$'000
Hong Kong (Place of domicile)	**18,695**	24,927
Other regions of the PRC	**498,512**	601,358
Taiwan	**44,540**	46,526
Other Asian countries	**87,183**	58,140
Australia	**44,853**	38,749
North America	**164,471**	199,587
Europe	**29,668**	45,763
Others	**11,147**	6,842
	899,069	1,021,892

7. BUSINESS INFORMATION *(Continued)*

An analysis of the Group's non-current assets excluding financial instruments and deferred tax assets by geographical locations, determined based on location of the assets or location of operations in case of interests in associates, is as follows:

	2025	2024
	HK$'000	HK$'000
Hong Kong	**590,615**	670,455
Other regions of the PRC	**1,862,520**	2,309,009
Asia, other than the PRC	**110,448**	100,562
United Kingdom	**22,554**	19,450
	2,586,137	3,099,476

Revenue derived from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	2025	2024
	HK$'000	HK$'000
Customer A	**194,922**	240,982
Customer B	**137,749**	180,089
Customer C	**91,409**	178,929
Customer D	**131,511**	116,142

Revenue derived from the above major customers is reported under the segment "Electrical appliances".

8. FINANCE COSTS

	2025	2024
	HK$'000	HK$'000
Interest charges on:		
Bank loans and overdrafts	**20,296**	37,356
Other borrowings	**782**	966
Lease liabilities (note 32)	**141**	123
Total interest expense	**21,219**	38,445
Bank charges and arrangement fee	**7,750**	7,650
	28,969	46,095

9. LOSS/PROFIT BEFORE INCOME TAX

	2025 HK$'000	2024 HK$'000
Loss/Profit before income tax is arrived at after charging/(crediting):		
Amortisation:		
Intangible assets#	**179**	106
Depreciation:		
Right-of-use assets		
Land and buildings with ownership interests held for own use	**26,542**	23,347
Other properties leased for own use	**1,258**	2,237
Other property, plant and equipment	**23,211**	42,532
	51,011	68,116
Auditors' remuneration:		
Current year	**2,985**	3,018
Under-provision in prior year	**9**	–
Cost of sales and services provided comprise:		
Amount of inventories recognised as expense	**639,311**	698,781
Write-down of inventories of properties	**26,904**	18,075
Allowance/(Reversal of allowance) for other inventories	**2,193**	(95)
Directors' emoluments	**24,765**	24,633
Donations	**1,494**	1,525
Loss on disposal of property, plant and equipment	**553**	4,563
Gain on disposal of other assets	**–**	(1,485)
Gain on lease modification	**(410)**	–
Gain on lease termination	**–**	(212)
Increase/(Decrease) in allowance for impairment of financial assets at amortised cost	**568**	(70)
Write-off of financial assets at amortised cost	**417**	34
Write-off of property, plant and equipment	**6**	78
Write-off of construction in progress (note)	**–**	12,727
Outgoings in respect of investment properties	**16,273**	17,609
Net rental income from investment properties	**(45,036)**	(56,871)
Research and development cost^	**2,808**	3,472
Staff costs (note 11)	**141,722**	147,729

\# included in "Cost of sales and services provided" in the consolidated income statement

^ including staff costs of HK$1,578,000 (2024: HK$1,488,000) for the year ended 31 December 2025

Note:

During the year ended 31 December 2024, a fire accident occurred at the factory of the business segment, power discrete semiconductors, located at Shunde, the PRC, which resulted in a write-off of certain machinery with carrying value of HK$12,727,000 which were classified as construction in progress. Those machineries were acquired in connection to the construction of the wafer fabrication manufacturing facilities by this business segment. During the year ended 31 December 2025, insurance compensation of HK$24,269,000 (2024: HK$2,452,000) in respect of the fire accident was recognised by the Group as other income (note 6) in the statement of comprehensive income.

10. INCOME TAX CREDIT

	2025	2024
	HK$'000	HK$'000
Income tax credit comprise:		
Current tax for the year		
Hong Kong profits tax	**1,719**	3,484
Other regions of the PRC – Enterprise Income Tax ("EIT")	**6,005**	28,761
	7,724	32,245
(Over)/Under provision in prior years		
Hong Kong profits tax	**(153)**	(173)
Other regions of the PRC	**5,499**	(19)
	5,346	(192)
Deferred tax (note 36)		
PRC – Land Appreciation Tax ("LAT")	**(296,757)**	(36,641)
Other income tax	**(35,944)**	(8,778)
	(332,701)	(45,419)
Income tax credit	**(319,631)**	(13,366)

For the years ended 31 December 2025 and 2024, Hong Kong Profits Tax was calculated at 16.5% on the estimated assessable profits derived from Hong Kong, except for one subsidiary of the Company which is a qualifying entity under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, first HK$2 million of assessable profits of the qualifying entity is taxed at 8.25% and profits above HK$2 million are taxed at 16.5%. The profits of entities that are subject to Hong Kong Profits Tax but not qualified for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

EIT arising from other regions of the PRC is calculated at 5% to 25% (2024: 10% to 25%) on the estimated assessable income for the year.

During the year ended 31 December 2025, a subsidiary of the Company qualified as a Small and Micro Enterprise ("SME") and was entitled to a preferential rate under PRC EIT . Pursuant to the Announcement of the PRC [2023] No. 12 "Announcement on Tax and Fee Policies for Further Supporting the Development of Small and Micro Enterprises and Individual Businesses" (《關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告》) issued by the Ministry of Finance and the State Taxation Administration, for an entity qualified as SME, the taxable income not exceeding RMB3 million shall be calculated at a reduced rate of 25% as taxable income and be subject to EIT rate of 20%, i.e. an effective rate of 5%. During the year ended 31 December 2024, such subsidiary was not qualified as SME, and was subject to EIT rate of 25%.

PRC LAT is levied at progressive rates from 30% to 60% (2024: 30% to 60%) on the estimated appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

Overseas tax is calculated at the rates applicable in the respective jurisdictions.

10. INCOME TAX CREDIT *(Continued)*

Income tax credit for the year can be reconciled to (loss)/profit before income tax in the consolidated income statement at applicable tax rates as follows:

	2025	2024
	HK$'000	HK$'000
(Loss)/Profit before income tax	**(358,498)**	51,002
Tax on (loss)/profit at the rates applicable to profits in the jurisdictions concerned	**(38,841)**	(4,859)
Tax effect of expenses not deductible for tax purpose	**65,252**	41,473
Tax effect of income not taxable for tax purpose	**(56,300)**	(20,035)
Share of results of associates	**(568)**	127
Utilisation of tax losses previously not recognised	**(2,009)**	(2,948)
Tax losses and other temporary differences not recognised	**4,138**	7,218
Under/(Over) provision in prior years	**5,346**	(192)
Effect of withholding tax on distributable profits of the Company's PRC subsidiaries	**282**	578
Tax effect on recognition of previously unrecognised tax losses	**–**	(713)
PRC LAT	**(296,757)**	(36,641)
Others	**(174)**	2,626
Income tax credit	**(319,631)**	(13,366)

11. STAFF COSTS

Staff costs (including directors' emoluments) comprise:

	2025	2024
	HK$'000	HK$'000
Salaries, allowances and other benefits	**131,082**	136,492
Retirement fund contributions (note 43)	**10,585**	11,206
Termination benefits	**55**	31
	141,722	147,729

12. DIVIDENDS

The directors of the Company did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2025 (2024: nil).

13. LOSS/EARNINGS PER SHARE

The calculation of basic loss per share (2024: earnings per share) is based on the loss attributable to owners of the Company of HK$39,998,000 (2024: profit of HK$56,416,000) and the weighted average number of ordinary shares in issue during the year of 523,254,000 (2024: 523,254,000).

Diluted loss/earnings per share for the year ended 31 December 2025 and 2024 are same as the basic earnings per share as there were no dilutive potential ordinary share in issue during the current year.

14. INVESTMENT PROPERTIES

	2025	2024
	HK$'000	HK$'000
Carrying amount at 1 January	**2,050,207**	2,183,709
Translation adjustment	**31,353**	(33,308)
Additions	**3,740**	11,428
Transfer from property, plant and equipment	**5,683**	17,226
Transfer from construction in progress (note 16)	**25,431**	–
Transfer to assets classified as held for sale	**(80,202)**	–
Decrease in fair value*	**(465,440)**	(128,848)
Carrying amount at 31 December	**1,570,772**	2,050,207

* disclosed as "Fair value loss on investment properties" in the consolidated income statement

The Group's investment properties are measured at fair value on a recurring basis. The fair values of the investment properties as at 31 December 2025 and 2024 were assessed by the directors with reference to property valuations at those dates conducted by independent professional valuers. As at 31 December 2025, valuation of investment properties which are situated in Hong Kong and other regions of the PRC, Vietnam and the United Kingdom were carried out by Cushman & Wakefield Limited, Cushman & Wakefield (Vietnam) Limited, and Aitchison Raffety (Commercial) Limited respectively. As at 31 December 2024, valuation of investment properties which are situated in Hong Kong, other regions of the PRC, Vietnam, and the United Kingdom were carried out by Savills Valuation and Professional Services Limited, Savills Valuation and Professional Services (China) Limited, Savills Vietnam Co., Ltd., and Knight Frank LLP respectively. These valuers are independent firms of professionally qualified valuers and have appropriate qualifications and recent experience in the valuation of similar properties in nearby locations.

The fair value measurement of the Group's investment properties has been categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement* ("HKFRS 13"). All of the fair values of the investment properties as at 31 December 2025 and 2024 are level 3 recurring fair value measurement, which uses significant unobservable inputs in arriving at fair value. There were no transfers between level 1 and level 2, or transfers into or out of level 3 during the year and in prior year.

14. INVESTMENT PROPERTIES (Continued)

Below is a summary of the valuation techniques and key inputs to the valuations as at the end of the reporting period:

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Industrial premises	Hong Kong	Direct Comparison Approach	Unit price per square foot ("sq.ft.")	HK$3,251 – HK$3,702 (2024: HK$3,700 – HK$3,741) per sq. ft.	The higher the unit price, the higher the fair value
Industrial premises	Hong Kong	Direct Comparison Approach	Unit price per sq.ft.	HK$9,207 (2024: HK$11,400) per sq. ft.	The higher the unit price, the higher the fair value
Commercial complex	PRC	Income Capitalisation Approach	Monthly rent per square metre ("sq.m.")	Renminbi ("RMB")127 (2024: RMB157) per sq. m.	The higher the market rent, the higher the fair value
			Capitalisation rate	6.0% (2024: 5.5%)	The higher the capitalisation rate, the lower the fair value
Commercial premise	PRC	Income Capitalisation Approach	Monthly rent per sq. m.	RMB143 (2024: RMB173) per sq. m.	The higher the market rent, the higher the fair value
			Capitalisation rate	6.0% (2024: 5.5%)	The higher the capitalisation rate, the lower the fair value
Commercial premise	PRC	Income Capitalisation Approach	Monthly rent per sq. m.	RMB187 per sq. m.	The higher the market rent, the higher the fair value
			Capitalisation rate	6.0%	The higher the capitalisation rate, the lower the fair value
Industrial complex	PRC	Direct Comparison Approach	Unit rate per sq. m.	RMB6,012 (2024: RMB7,700) per sq. m.	The higher the unit rate, the higher the fair value
Industrial premises	PRC	Income Capitalisation Approach	Monthly rent per sq. m.	RMB51 (2024: RMB57) per sq. m.	The higher the market rent, the higher the fair value
			Capitalisation rate	6.0% (2024: 6.0%)	The higher the capitalisation rate, the lower the fair value
Residential premise	United Kingdom	Sales Comparison Approach	Unit price per sq. ft.	British Pound Sterling ("GBP") 1,738 (2024: GBP1,617) per sq. ft.	The higher the unit rate, the higher the fair value
Industrial premises	Vietnam	Direct Comparison Approach	Unit rate per sq. m.	Vietnamese Dong ("VND") 10,862,038 (2024: VND10,744,172) per sq. m.	The higher the unit rate, the higher the fair value

The fair value measurement is based on the highest and best use of the investment properties, which does not differ from their actual use.

Under Sales Comparison Approach or Direct Comparison Approach, fair value is assessed by reference to market comparable transactions available in the relevant market.

Under Income Capitalisation Approach, fair value is assessed on the basis of capitalisation of net income.

The investment properties are leased to third parties under operating leases to earn rental income, further details of which are included in note 45.

In securing the borrowings, the Group has undertaken, under a negative pledge clause, to obtain prior written consent from the relevant banks regarding the transfer, sales or disposal of certain investment properties with carrying amount of HK$411,700,000 (2024: HK$476,900,000) as at 31 December 2025.

Certain investment properties of the Group are pledged as collateral for the borrowings and credit facilities of the Group as further detailed in note 44.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings with ownership interests held for own use HK$'000	Other properties leased for own use HK$'000	Plant and machinery HK$'000	Tools and moulds HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST							
At 1 January 2024	421,761	19,605	234,500	21,304	76,323	132,979	906,472
Translation adjustment	(5,170)	(491)	(4,791)	(1,222)	(1,521)	(1,964)	(15,159)
Additions	2,352	–	5,261	1,548	4,181	40,514	53,856
Disposals	–	–	(8,895)	(125)	(173)	(82,726)	(91,919)
Write-off	–	–	(611)	–	(1,284)	–	(1,895)
Lease termination	–	(10,769)	–	–	–	–	(10,769)
Transfer to investment properties	(17,226)	–	–	–	–	–	(17,226)
Revaluation adjustment *(note (a))*	(3,022)	–	–	–	–	–	(3,022)
At 31 December 2024 and 1 January 2025	**398,695**	**8,345**	**225,464**	**21,505**	**77,526**	**88,803**	**820,338**
Translation adjustment	**5,836**	**325**	**5,993**	**1,175**	**1,953**	**1,852**	**17,134**
Additions	**687**	**3,162**	**11,570**	**2,187**	**2,255**	**13,111**	**32,972**
Disposals	**–**	**–**	**(230)**	**(12)**	**(38)**	**(23,947)**	**(24,227)**
Write-off	**–**	**(7,098)**	**(226)**	**–**	**(10)**	**–**	**(7,334)**
Lease modification	**–**	**1,384**	**–**	**–**	**–**	**–**	**1,384**
Lease termination	**–**	**(1,516)**	**–**	**–**	**–**	**–**	**(1,516)**
Transfer to investment properties	**(5,683)**	**–**	**–**	**–**	**–**	**–**	**(5,683)**
Revaluation adjustment *(note (a))*	**(40,922)**	**–**	**–**	**–**	**–**	**–**	**(40,922)**
At 31 December 2025	**358,613**	**4,602**	**242,571**	**24,855**	**81,686**	**79,819**	**792,146**
DEPRECIATION AND IMPAIRMENT							
At 1 January 2024	–	15,651	189,025	18,228	67,500	113,071	403,475
Translation adjustment	–	(384)	(4,017)	(1,093)	(1,375)	(1,457)	(8,326)
Depreciation provided	23,347	2,237	17,440	1,852	2,992	20,248	68,116
Disposals	–	–	(7,538)	(125)	(155)	(74,380)	(82,198)
Write-off	–	–	(533)	–	(1,284)	–	(1,817)
Lease termination	–	(10,002)	–	–	–	–	(10,002)
Impairment *(notes (c) and (d))*	–	–	6,463	–	952	2,657	10,072
Revaluation adjustment *(note (a))*	(23,347)	–	–	–	–	–	(23,347)
At 31 December 2024 and 1 January 2025	**–**	**7,502**	**200,840**	**18,862**	**68,630**	**60,139**	**355,973**
Translation adjustment	**–**	**255**	**5,265**	**1,085**	**1,799**	**1,176**	**9,580**
Depreciation provided	**26,542**	**1,258**	**5,741**	**1,227**	**3,264**	**12,979**	**51,011**
Disposals	**–**	**–**	**(190)**	**(12)**	**(37)**	**(21,578)**	**(21,817)**
Write-off	**–**	**(7,098)**	**(220)**	**–**	**(10)**	**–**	**(7,328)**
Lease termination	**–**	**(1,516)**	**–**	**–**	**–**	**–**	**(1,516)**
Impairment *(notes (c) and (d))*	**–**	**–**	**2,023**	**177**	**–**	**348**	**2,548**
Revaluation adjustment *(note (a))*	**(26,542)**	**–**	**–**	**–**	**–**	**–**	**(26,542)**
At 31 December 2025	**–**	**401**	**213,459**	**21,339**	**73,646**	**53,064**	**361,909**
NET CARRYING AMOUNT							
At 31 December 2025	**358,613**	**4,201**	**29,112**	**3,516**	**8,040**	**26,755**	**430,237**
At 31 December 2024	398,695	843	24,624	2,643	8,896	28,664	464,365

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Notes:

(a) Land and buildings for which the Group has ownership interests and are held for own use are stated at revalued amount at the end of the reporting period and subsequently subject to depreciation and impairment assessment. With reference to the carrying values of the land and buildings as at 31 December 2025, the Group recorded a net decrease in carrying value for these land and buildings of HK$14,380,000. Such net decrease comprised: (i) decrease in carrying value for certain land and buildings by HK$13,927,000 which was dealt with in assets revaluation reserve in equity; and (ii) decrease in carrying value for other land and buildings by HK$453,000 which was recognised in profit or loss. As at 31 December 2024, the Group recorded a net increase in carrying value for these land and buildings of HK$20,325,000. Such net increase comprised: (i) increase in carrying value for certain land and buildings by HK$22,568,000 which was dealt with in assets revaluation reserve in equity; and (ii) decrease in carrying value for other land and buildings by HK$2,243,000 which was recognised in profit or loss.

For land and buildings with ownership interests held for own use, the difference in depreciation provided based on the original cost and revalued amount for the year ended 31 December 2025 amounting to HK$20,859,000 (2024: HK$17,649,000) was reclassified from assets revaluation reserve to retained profits.

(b) The fair values of the land and buildings with ownership interests held for own use as at 31 December 2025 and 2024 were assessed by the directors with reference to property valuations at those dates conducted by independent professional valuers. Valuation of the land and buildings situated in Hong Kong and other regions of the PRC were conducted by Cushman & Wakefield Limited whereas valuation of the land and buildings situated in Thailand was carried out by Knight Frank Chartered (Thailand) Company Limited. These valuers are independent firms of professionally qualified valuers and have appropriate qualifications and recent experience in the valuation of similar properties in nearby locations.

The fair value measurement of the Group's land and buildings with ownership interests held for own use have been categorised into the three-level fair value hierarchy as defined in HKFRS 13. All the fair values of these land and buildings as at 31 December 2025 and 2024 are level 3 recurring fair value measurement, which uses significant unobservable inputs in arriving at fair value. There were no transfers between level 1 and level 2, or transfers into or out of level 3 during the year and in prior year.

Below is a summary of the valuation techniques and key inputs to the valuations of land and buildings with ownership interests held for own use as at the end of the reporting period:

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Industrial premises	Hong Kong	Direct Comparison Approach	Unit price per sq. ft.	HK$3,251 (2024: HK$3,741) per sq. ft.	The higher the unit price, the higher the fair value
Industrial premises	PRC	Income Capitalisation Approach	Monthly rent per sq. m.	RMB15 (2024: RMB17) per sq. m.	The higher the market rent, the higher the fair value
			Capitalisation rate	6.75% (2024: 6.75%)	The higher the capitalisation rate, the lower the fair value
Industrial premises	PRC	Income Capitalisation Approach	Monthly rent per sq. m.	RMB51 (2024: RMB57) per sq. m.	The higher the market rent, the higher the fair value
			Capitalisation rate	6.0% (2024: 6.0%)	The higher the capitalisation rate, the lower the fair value
Commercial complex	PRC	Income Capitalisation Approach	Monthly rent per sq. m.	RMB127 (2024: RMB157) per sq. m.	The higher the market rent, the higher the fair value
			Capitalisation rate	6.0% (2024: 5.5%)	The higher the capitalisation rate, the lower the fair value
Commercial premises	PRC	Direct Comparison Approach	Unit price per sq. m.	RMB36,000 (2024: RMB36,000) per sq. m.	The higher the unit price, the higher the fair value
Commercial premises	PRC	Direct Comparison Approach	Unit price per sq. m.	RMB45,392 (2024: RMB54,000) per sq. m.	The higher the unit price, the higher the fair value
Residential premises	Thailand	Direct Comparison Approach	Unit price per sq. m.	US$2,896 (2024: US$2,896) per sq. m.	The higher the unit price, the higher the fair value

The fair value measurement is based on the highest and best use of the properties, which does not differ from their actual use.

Under Direct Comparison Approach, fair value is assessed by reference to market comparable transactions available in the relevant market. Under Income Capitalisation Approach, fair value is assessed on the basis of capitalisation of net income.

Had the revalued properties been measured using cost model, their net carrying amount as at 31 December 2025 would have been HK$91,938,000 (2024: HK$108,552,000).

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Notes: *(Continued)*

(c) During the year ended 31 December 2025, impairment provision was made for certain property, plant and equipment which were being deployed by the business segment of taxi rental, which amounted to HK$348,000 (2024: HK$2,657,000). Details of the impairment assessment are set out in note 17.

(d) Management performed impairment testing on the relevant property, plant and equipment, prepayments for acquisition of property, plant and equipment and right-of-use assets attributable to the CGU of (i) the PFC Division; and (ii) the IGBT Division within the business segment of power discrete semiconductors. The recoverable amounts of these two CGUs at the end of the reporting period were determined using value-in-use basis based on discounted cash flow approach.

Based on the result of impairment assessment of the PFC Division, the recoverable amount of the PFC Division as at 31 December 2025 was lower than its carrying amount by HK$2,200,000 (2024: HK$3,267,000) and accordingly, impairment provision amounting to HK$2,200,000 (2024: HK$3,267,000) and the related deferred tax impact of HK$550,000 (2024: HK$817,000) were recognised for the year. The impairment loss recognised for the year is mainly due to lower forecasted sales volume having regard to the recent market condition. The value-in-use calculations of the PFC Division use cash flow projection based on the financial budget approved by the management. The financial budget prepared for the current year's impairment assessment are up to 2030 and cash flows beyond the budget period are extrapolated using an estimated growth rate of 3% (2024: 3%). The pre-tax discount rate applied to the cash flow projection is 14.4% (2024: 15.7%) which reflects specific risks relating to the business and industry in which the PFC Division is engaged.

Based on the result of impairment assessment of the IGBT Division, the recoverable amount of the IGBT Division as at 31 December 2025 was higher than its carrying amount. Accordingly, no impairment provision was recognised for the current year. In last year, the recoverable amount of the IGBT Division was lower than its carrying amount by HK$4,148,000 and thus, an impairment loss of HK$4,148,000 and the related deferred tax impact of HK$1,037,000 were recognised. The impairment loss recognised in last year was mainly due to higher operating overheads and lower production output expected having regard to the economic outlook and the increased uncertainty of the business development of IGBT Division. The value-in-use calculations of the IGBT Division used cash flow projection based on the financial budget approved by the management. The financial budget prepared for last year's impairment assessment were up to 2029 and cash flows beyond the budget period were extrapolated using an estimated growth rate of about 3%. Key assumptions underlying the cash flow projections included sales volume, product mix and manufacturing overheads. These assumptions were determined based on past performance and management's expectations in respect of the market conditions as well as the economic changes which had impact on the IGBT Division. The pre-tax discount rate applied to the cash flow projection was 16.5% which reflected specific risks relating to the business and industry in which the IGBT Division was engaged.

(e) The analysis of the net carrying amount of right-of-use assets by class of underlying asset is as follows:

	2025 **HK$'000**	2024 HK$'000
Ownership interests in leasehold land and buildings held for own use, carried at revalued amount	**358,613**	398,695
Other properties leased for own use, carried at depreciated cost	**4,201**	843
	362,814	399,538

(f) In securing the borrowings, the Group has undertaken under a negative pledge clause to obtain prior written consent from the relevant banks regarding the transfer, sales or disposal of certain property, plant and equipment with carrying amount of HK$273,351,000 as at 31 December 2025 (2024: HK$306,584,000).

Certain property, plant and equipment of the Group are pledged as collateral for the borrowings and credit facilities of the Group as further detailed in note 44.

16. CONSTRUCTION IN PROGRESS

	2025 HK$'000	2024 HK$'000
Carrying amount at 1 January	**278,884**	42,119
Translation adjustment	**6,922**	(4,098)
Additions	**33,664**	253,590
Write-off (note 9)	**–**	(12,727)
Transfer to investment properties (note 14)	**(25,431)**	–
Carrying amount at 31 December	**294,039**	278,884

The Group's construction in progress is stated at cost less impairment. Construction in progress is transferred to the appropriate class of investment properties (note 14) and property, plant and equipment (note 15) respectively when substantially all the activities necessary to prepare the assets for their intended use are completed.

17. INTANGIBLE ASSETS

	Taxi licences HK$'000	Small passenger car quotas licences HK$'000	Patent, trademark and copyrights HK$'000	Club membership HK$'000	Total HK$'000
COST					
At 1 January 2024	259,486	1,822	9,697	15,000	286,005
Translation adjustment	(5,405)	(38)	36	–	(5,407)
At 31 December 2024 and 1 January 2025	**254,081**	**1,784**	**9,733**	**15,000**	**280,598**
Translation adjustment	**6,627**	**47**	**36**	–	**6,710**
At 31 December 2025	**260,708**	**1,831**	**9,769**	**15,000**	**287,308**
AMORTISATION AND IMPAIRMENT					
At 1 January 2024	199,299	–	9,697	3,160	212,156
Translation adjustment	(4,346)	–	36	–	(4,310)
Amortisation charged	106	–	–	–	106
Impairment	14,434	–	–	–	14,434
At 31 December 2024 and 1 January 2025	**209,493**	**–**	**9,733**	**3,160**	**222,386**
Translation adjustment	**5,775**	**–**	**36**	**–**	**5,811**
Amortisation charged	**179**	**–**	**–**	**–**	**179**
Impairment	**20,417**	**–**	**–**	**–**	**20,417**
At 31 December 2025	**235,864**	**–**	**9,769**	**3,160**	**248,793**
NET CARRYING AMOUNT					
At 31 December 2025	**24,844**	**1,831**	**–**	**11,840**	**38,515**
At 31 December 2024	44,588	1,784	–	11,840	58,212

17. INTANGIBLE ASSETS *(Continued)*

Taxi Licences

According to the relevant regulations promulgated by the PRC government, taxi vehicle in general is allowed to be deployed for taxi operations for a maximum period of 5 years. After the 5-year operating period, taxi operators have to replace the aged taxi vehicles with new taxi vehicles so as to continue the taxi operations. During the year ended 31 December 2019, the PRC government launched a scheme to encourage taxi operators to speed up the replacement of the taxi vehicles with electric taxi vehicles. The Group participated in the scheme and replaced its taxi vehicles by electric taxi vehicles in advance of the mandatory replacement timeline and in return, the Group was granted certain taxi licences for free ("Free Taxi Licences"). These Free Taxi Licences entitle holders to operate taxi vehicles for a five-year period and accordingly, the useful life of these Free Taxi Licences is assessed to be five years. On initial recognition, the Group recognised these Free Taxi Licences as intangible assets at nominal amount of HK$18,174,000, which was determined as the excess of (i) the net carrying amount of the relevant taxi vehicles over (ii) the proceeds received from disposing those replaced taxi vehicles. These Free Taxi Licences are subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation commences once the Free Taxi Licences are put into operation.

Other than the Free Taxi Licences, the Group holds taxi licences which are not subject to restriction on their operating period ("Other Taxi Licences"). In the opinion of the directors, these Other Taxi Licences have indefinite useful life as there is no foreseeable limit on the period of the time on which Other Taxi Licences are expected to generate cash flows. Accordingly, these Other Taxi Licences are not amortised and instead, are subject to impairment at least annually.

The above taxi licences (the "Taxi Licences") together with the relevant property, plant and equipment including right-of-use assets which form the CGU of taxi rental within the segment of taxi rental are tested for impairment by the management by estimating its recoverable amount. The recoverable amounts of this CGU as at 31 December 2025 and 2024 were determined based on value-in-use calculations.

The calculations use cash flow projections based on the financial budgets approved by the management. The financial budget prepared for current year's impairment assessment are up to year 2039 (2024: 2039) and cash flows beyond the budget period are extrapolated using an estimated growth rate of 3% (2024: 3%). It is assumed that the Group is able to extend the business period of the PRC subsidiary engaging in taxi rental operation upon expiry in year 2033 on the ground that the application made to the relevant PRC government authority for extending the business period in previous years were successful and without encountering significant difficulty.

Other key assumptions used by management in the calculations have been determined based on past performance and its expectations for the market development. Key assumptions underlying the cash flow projections include (i) the number of taxi licences held by the Group was based on the taxi licences held at the end of the reporting period and taking into account of the expected expiry of the Free Taxi Licences, and (ii) taxi rental income is determined based on the fee income to be received pursuant to the existing rental agreements, adjusted by the expected market development. The pre-tax discount rate applied to the cash flow projection is 17.7% (2024: 18.3%) which reflects specific risks relating to the taxi rental operation in the PRC.

Based on the results of the annual impairment assessment, the recoverable amount of the CGU of taxi rental as at 31 December 2025 was estimated to be lower than its carrying amount by HK$20,765,000 (2024: HK$17,091,000) and accordingly, impairment provision was made as to HK$20,417,000 (2024: HK$14,434,000) for the taxi licences and HK$348,000 (2024: HK$2,657,000) for the relevant property, plant and equipment (note 15) and the related deferred tax impact was HK$5,191,000 (2024: HK$4,273,000). The taxi rental operation is still facing uncertainties, in particular those arising from general economy in Mainland China, keen competition from e-hailing vehicles and relevant government policies and measures on public transportation including taxi rental, which could have adverse impact on the taxi rental income and demand for taxi rental. Accordingly, impairment provision of HK$20,765,000 (2024: HK$17,091,000) was recognised in the current year.

As the carrying amount of the CGU of taxi rental has been reduced to its recoverable amount, any adverse change in the key assumptions would results in further possible impairment losses.

Small Passenger Car Quotas

Balances as at 31 December 2025 and 2024 represented the net carrying amount of a number of small passenger car quotas (the "Small Passenger Car Quotas") acquired by the Group in year 2015 at aggregate consideration of approximately HK$1,969,000.

The Car Quotas entitle the holders to apply for licence plates for small passenger cars in Guangzhou under specific rules and regulations for an unspecified period. Based on the prevailing rules and regulations, the directors are of the opinion that these Car Quotas carry indefinite useful life.

18. INTERESTS IN ASSOCIATES

	2025 HK$'000	2024 HK$'000
Share of net assets	**160,501**	153,842

Details of the Group's principal associates as at 31 December 2025 are set out in note 53.

In the opinion of the directors, Hong Kong Construction SMC Development Limited and its subsidiary, 熊谷蜆壳發展(廣州)有限公司 (for identification - Kumagai SMC Development (Guangzhou) Limited) (collectively, the "HKCSMC Group") are material associates of the Group.

Previously, the Group held 24.57% equity interest in another associate, namely 艾普陽科技(深圳)有限公司 ("Appeon SZ"). On 29 September 2024, the Group entered into a sales and purchase agreement with the controlling shareholder of Appeon SZ, to dispose of its entire equity interest of 24.57% in Appeon SZ, at a consideration of approximately RMB141,993,000, equivalent to approximately HK$155,783,000. The disposal was completed in November 2024.

Details of the disposal of the entire equity interest in Appeon SZ and its subsidiary (collectively, the "Appeon Group") were as follows:

	2024 HK$'000
Consideration pursuant to the agreement	155,783
Less: Transaction costs	(2,865)
Net consideration	152,918
Net assets of Appeon Group disposed of	(8,899)
Release of transaction reserve upon disposal of Appeon Group	(395)
Gain on disposal of entire equity interest in Appeon Group	143,624

The following illustrates the summarised financial information in respect of HKCSMC Group with comparative information extracted from the management accounts for the year ended 31 December 2025 which have been adjusted to ensure consistency in accounting policies adopted by the Group:

	2025 HK$'000	2024 HK$'000
Year ended 31 December		
Revenue	**58,896**	61,181
Profit/(Loss) for the year	**33,088**	(16,089)
Other comprehensive income for the year	**15,496**	(12,638)
Total comprehensive income for the year	**48,584**	(28,727)
Dividend received from associates	**–**	–

18. INTERESTS IN ASSOCIATES *(Continued)*

	2025	2024
	HK$'000	HK$'000
As at 31 December		
Current assets	**102,864**	94,997
Non-current assets	**1,228,493**	1,217,189
Current liabilities	**(27,214)**	(217,257)
Non-current liabilities	**(501,637)**	(325,721)
Net assets	**802,506**	769,208
Carrying amount of the Group's interest in the net assets of the associates	**160,501**	153,842

The following illustrates the summarised financial information in respect of Appeon Group extracted from the management accounts for period up to the date of disposing Appeon Group which have been adjusted to ensure consistency in accounting policies adopted by the Group:

	2024
	HK$'000
	(Note)
Year ended 31 December	
Revenue	100,107
Profit for the year	50,157
Other comprehensive income for the year	(795)
Total comprehensive income for the year	49,362
Dividend received from associates	20,314

Note: Up to the date of disposal

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025	2024
	HK$'000	HK$'000
Listed equity securities	**122,653**	110,763
Unlisted equity securities and investment funds	**868,909**	758,182
	991,562	868,945

The Group held certain listed and unlisted equity securities and investment funds for strategic purposes and they were irrevocably designated at financial assets at fair value through other comprehensive income.

For the year ended 31 December 2025, the Group recorded an increase in fair value for these investments amounting to HK$64,664,000 (2024: decrease of HK$75,029,000) and the resulting tax expense of HK$474,000 (2024: tax credit of HK$171,000), which are dealt with in financial assets at fair value through other comprehensive income reserve in equity.

Certain listed equity securities are pledged as collateral for the borrowings and credit facilities of the Group as further detailed in note 44.

20. OTHER ASSETS

Other assets mainly represent antiques and art works held by the Group for long-term investment purposes.

Antiques and art works are reviewed for impairment by the management with reference to the valuation conducted by an independent professional valuer. During the year ended 31 December 2025, impairment provision was made for certain antiques and art works which amounted to HK$873,000 (2024:HK$1,537,000).

21. LOANS RECEIVABLE

	2025	2024
	HK$'000	HK$'000
Loans receivable from:		
Associates	**14,593**	11,321
Non-controlling shareholder	**1,562**	1,562
Others	**–**	33,771
	16,155	46,654
Analysed into:		
Amounts receivable in more than one year included in non-current assets	**14,593**	12,883
Amount receivable within one year included in current assets	**1,562**	33,771
	16,155	46,654

Loans to associates as at 31 December 2025 amounting to HK$14,593,000 (2024: HK$11,321,000) are unsecured and interest-free. The amortised cost of the loan at the end of the reporting period is calculated at the present value of the expected settlement from the associate in accordance with the business plan of the respective associate, discounted at the rate of return of similar financial assets. The loans are expected not to be repayable within twelve months from the end of the reporting period and accordingly, they are classified as non-current assets.

Loan to non-controlling shareholder as at 31 December 2025 amounting to HK$1,562,000 (2024: HK$1,562,000) is interest-bearing at fixed rate of 5% per annum, repayable in January 2026 and secured by the shares of an entity owned by the non-controlling shareholder.

Loan to others as at 31 December 2024 amounting to HK$33,771,000 was secured by personal guarantee provided by the shareholder of the borrower, interest-bearing at fixed rate of 5.5% per annum, and repaid in December 2025.

Further details of the Group's credit policy and credit risk arising from loans receivable and the loss allowance for loans receivable are set out in note 51.3.

22. INVENTORIES OF PROPERTIES

	2025	2024
	HK$'000	HK$'000
Properties under development	**271,395**	289,125

As at 31 December 2025, properties under development amounting to HK$193,975,000 (2024: HK$204,597,000) are not expected to be recovered within twelve months from the end of the reporting period.

23. OTHER INVENTORIES

	2025	2024
	HK$'000	HK$'000
Raw materials	**82,584**	92,698
Work-in-progress	**10,532**	16,954
Finished goods	**29,879**	29,007
	122,995	138,659

24. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2025	2024
	HK$'000	HK$'000
Trade receivables (note (a))	**198,352**	224,745
Less: Impairment on trade receivables (note (b))	**(9,559)**	(9,765)
Trade receivables, net	**188,793**	214,980
Other receivables	**19,153**	12,655
Less: Impairment on other receivables (note (c))	**(4)**	–
Other receivables, net	**19,149**	12,655
Prepayments and deposits (note (d))	**27,718**	54,622
	235,660	282,257

Notes:

(a) The Group maintains a defined credit policy. For sales of goods, the Group normally allows a credit period of 0 to 120 days to its trade customers. Rental receivable from tenants is payable on presentation of invoices. For taxi rental income, the drivers are generally required to pay monthly rental not later than the fifth of each month.

(b) The movements in the allowance for impairment of trade receivables are as follows:

	2025	2024
	HK$'000	HK$'000
At 1 January	**9,765**	10,023
Translation adjustment	**177**	(155)
Increase/(Decrease) in allowance	**564**	(70)
Amounts written off as uncollectible	**(947)**	(33)
At 31 December	**9,559**	9,765

(c) The movements in the allowance for impairment of other receivables are as follows:

	2025	2024
	HK$'000	HK$'000
At 1 January	**–**	–
Impairment losses recognised, net	**4**	–
At 31 December	**4**	–

(d) Balances as at 31 December 2025 included payment of value-added tax of HK$2,802,000 (2024: HK$21,194,000) mainly for property construction, and purchase of machinery and materials.

Further details of the Group's credit policy on trade and other receivables as well as credit risk and loss allowance arising from trade and other receivables are set out in note 51.3.

25. CERTIFICATE OF DEPOSIT

As at 31 December 2025, the Group held a certificate of deposit issued by a commercial bank with a principal amount of US$15,000,000. Bearing interest at fixed interest rate of 3.7% per annum and having an original maturity of one year.

The certificate of deposit is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Accordingly, the certificate of deposit is classified and measured as a financial asset at amortised cost.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
	HK$'000	HK$'000
Listed equity securities	**333,293**	201,768
Listed bond	**248**	301
	333,541	202,069

As at 31 December 2025 and 2024, the Group held certain listed equity securities for trading purpose and are classified as financial assets at fair value through profit or loss.

The fair values of the listed equity securities and listed bonds are determined based on quoted market prices available on the relevant stock exchanges. Certain investments are pledged as collateral for the borrowings and credit facilities of the Group as further detailed in note 44.

27. ASSETS CLASSIFIED AS HELD FOR SALE

During the year, the Group entered into two sales and purchase agreements with an independent third party to dispose of certain investment properties located in Guangzhou for a total cash consideration of RMB73,384,000, (equivalent to approximately HK$81,413,000) (the "Disposal Properties"). As at 31 December 2025, the disposal transactions had not yet been completed. Accordingly, the Disposal Properties, with a carrying amount of HK$81,413,000, were reclassified as assets held for sale and presented separately in the consolidated statement of financial position. The fair value of the Disposal Properties was determined using the sales comparison approach, which is a Level 2 fair value measurement. The disposal transactions were subsequently completed in January 2026.

28. CASH AND BANK BALANCES

Cash and bank balances include the following:

	2025	2024
	HK$'000	HK$'000
Cash at banks, in hand and deposited with financial institutions	**183,988**	134,706
Short-term bank deposits	**48,098**	133,260
	232,086	267,966

Cash at banks earns interest at floating rates based on daily bank deposits rates.

Short-term time deposits are made for period depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates.

The Group's short-term bank deposits amounting to HK$48,098,000 as at 31 December 2025 (2024: HK$133,260,000) were placed with banks with original maturity of within three months (2024: seven days to three months) and earn interest income at interest rate of 3.66% to 3.75% (2024: 1.35% to 4.50%) per annum.

As at 31 December 2025, cash balances and deposits of the Group denominated in RMB amounted to approximately HK$88,187,000 (2024: HK$56,010,000). RMB is not freely convertible into other currencies.

29. CONTRACT LIABILITIES

	2025 HK$'000	2024 HK$'000
Contract liabilities arising from		
- Sales of goods	83	2,343

The Group may request the customers to pay certain percentage of the contract sum upon placing orders as deposit. The deposit received by the Group is recognised as contract liabilities until the production activity is completed and the customers take possession of the products and title has been passed. In addition, the Group may receive advances from the customers during the course of the production activities and this also give rise to contract liabilities. Movements in contract liabilities are as follows:

	2025 HK$'000	2024 HK$'000
Balance as at 1 January	2,343	2,320
Translation adjustment	4	(6)
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(2,302)	(2,206)
Increase in contract liabilities as a result of receiving deposits and advances during the year of which the orders are still outstanding	38	2,235
Balance as at 31 December	83	2,343

30. TRADE AND OTHER PAYABLES

	2025 HK$'000	2024 HK$'000
Trade payables (note (a))	107,306	129,996
Temporary receipts (note (b))	137,660	145,980
Accruals for staff costs	21,284	23,516
Other payables and accruals	79,101	83,863
Deposits received and receipt in advance (note (c))	33,869	36,789
	379,220	420,144

Notes:

(a) Balances as at 31 December 2025 included payables to an associate amounting to HK$13,038,000 (2024: HK$9,623,000) which arose from the trading transactions as disclosed in note 48(a). These balances are unsecured, interest-free and due for settlement pursuant to the payment terms of the respective orders.

(b) Balances as at 31 December 2025 and 2024 included a temporary receipt of HK$124,936,000 received from a third party in relation to a proposed disposal of equity interest in a subsidiary of the Company. The transaction is subject to further negotiation.

(c) Balances as at 31 December 2025 and 2024 included an amount of HK$25,680,000 received from a third party in relation to a proposed disposal of land parcels. Further details of the transaction are set out in note 47(b).

31. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK$'000	2024 HK$'000
Interest rate swap	**786**	–

As at 31 December 2025, the Group held an interest rate swap contract to exchange floating interest rate based on Hong Kong Interbank Offered Rate for fixed interest rate of 3.15% per annum. The interest rate swap is not designated for hedging purposes and is measured at fair value through profit or loss. The contract, with a notional principal amount of HK$116,580,000, will mature in November 2026.

32. LEASE LIABILITIES

The Group as lessee

The Group has interests in leasehold land and buildings where the Group is the registered owner of the property interests. The Group also leases various properties including office properties, warehouse, staff dormitory and operating sites located in Taiwan and the PRC under tenancy agreements. For certain leases, the periodic rent is fixed over the lease term whereas for certain leases, rental is adjusted periodically at predetermined rate. In addition, certain leases include an option to renew the leases for an additional period after the end of the contract term. Leases of these properties are negotiated for periods ranging from two to six years (2024: two to six years).

In addition, in 2017, the Group entered into a retrofit agreement for the mechanical ventilation and air-conditioning ("MVAC") system of the Group's manufacturing plant located in the PRC. Under the agreement, the contractor is responsible for the retrofit work and maintenance of the MVAC system and in return, the contractor is entitled to monthly income for a period of about five years which is arrived at according to a pre-determined basis. The agreement constitutes a lease arrangement.

The following table shows the future lease payments in respect of leases of properties under tenancy agreements (note 15) and the retrofit work and maintenance of the MVAC system as at 31 December 2025 and 2024:

	Minimum lease payments		Present value of minimum lease payments	
	2025 **HK$'000**	2024 HK$'000	**2025** **HK$'000**	2024 HK$'000
Amounts payable:				
Not later than one year	**1,346**	1,314	**1,146**	1,281
Later than one year and not later than five years	**1,979**	–	**1,738**	–
Later than five years and not later than eight years	**1,457**	–	**1,364**	–
	4,782	1,314	**4,248**	1,281
Future finance cost	**(534)**	(33)	**–**	–
Present value of lease liabilities	**4,248**	1,281	**4,248**	1,281

	2025 **HK$'000**	2024 HK$'000
Analysed into:		
Amounts payable in more than one year included in non-current liabilities	**3,102**	–
Amounts payable within one year included in current liabilities	**1,146**	1,281
	4,248	1,281

32. LEASE LIABILITIES *(Continued)*

The Group as lessee *(Continued)*

The movements of lease liabilities recognised by class of right-of-use assets during the year are as follows:

	Furniture and fixtures		Other properties leased for own used		Total	
	2025	2024	**2025**	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 January	**403**	413	**878**	4,407	**1,281**	4,820
Additions	**–**	–	**3,162**	–	**3,162**	–
Effect of lease modification	**(410)**	–	**1,384**	–	**974**	–
Interest expense (note 8)	**–**	–	**141**	123	**141**	123
Lease payments	**–**	–	**(1,387)**	(2,563)	**(1,387)**	(2,563)
Lease termination	**–**	–	**–**	(979)	**–**	(979)
Translation adjustment	**7**	(10)	**70**	(110)	**77**	(120)
At 31 December	**–**	403	**4,248**	878	**4,248**	1,281

For the year ended 31 December 2025, the total cash outflows for the Group's lease arrangements amounted to HK$1,387,000 (2024: HK$2,563,000).

33. AMOUNTS DUE TO ASSOCIATES

The amounts due are unsecured, interest-free and repayable on demand.

34. AMOUNTS DUE FROM/TO RELATED PARTIES/DIRECTORS

The amounts due are unsecured, interest-free and repayable on demand.

35. BORROWINGS

	2025	2024
	HK$'000	HK$'000
Current liabilities		
Bank borrowings	**242,987**	135,587
Other borrowings	**8,004**	–
	250,991	135,587
Non-current liabilities		
Bank borrowings	**274,394**	295,502
	525,385	431,089
Borrowings		
Secured (note 44)	**412,082**	316,609
Unsecured	**113,303**	114,480
	525,385	431,089

35. BORROWINGS *(Continued)*

The maturity of borrowings is as follows: *(note)*

	2025	2024
	HK$'000	HK$'000
Due within one year	**250,991**	135,587
Due after one year but within two years	**274,394**	21,107
Due after two years but within five years	**–**	274,395
	274,394	295,502
	525,385	431,089

Note: The maturity analysis is prepared based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

Included in borrowings as at 31 December 2025 was a term loan with principal sum of HK$358,824,000 (2024: HK$358,824,000) in total and outstanding loan balance of HK$295,502,000 (2024: HK$316,609,000). Such term loan is repayable on demand by 19 quarterly instalments followed by final payments in year 2027 (2024: year 2027). This term loan is subject to the overriding right of the bank to demand repayment at any time at its own discretion which is exercisable only after the loan commitment period. The repayable on demand clause and thus the classification of this term loan as to current and non-current is subject to when the loan commitment period expire and whether the bank has unconditional right to demand repayment within 12 months from the end of the reporting period.

The carrying amounts of the borrowings are denominated in the following currencies:

	2025	2024
	HK$'000	HK$'000
HK$	**431,086**	360,609
US$	**–**	7,770
RMB	**94,299**	62,710
	525,385	431,089

Among the Group's bank borrowings as at 31 December 2025, HK$105,299,000 (2024: HK$114,480,000) were arranged at fixed annual interest rates of 2.62% – 4.35% (2024: 4.08% – 6.54%). The remaining balance of the Group's borrowings of HK$412,082,000 (2024: HK$316,609,000) was arranged at floating rate of 2.98% – 5.08% (2024: 6.59%) per annum.

The Group's other borrowings as at 31 December 2025 of HK$8,004,000 (2024: nil) were arranged at floating rate of 5.8% per annum.

As at 31 December 2025, the Group's bank borrowings amounted to HK$517,381,000 (2024: HK$431,089,000) were secured by personal guarantee provided by the director, Mr. Yung Kwok Kee, Billy ("Mr. Yung").

36. DEFERRED TAX

Details of the deferred tax liabilities and (assets) recognised and movements thereon during the current and prior years are as follows:

	Accelerated tax depreciation and impairment of property, plant and equipment HK$'000	Amortisation and impairment of intangible assets HK$'000	Revaluation of properties HK$'000	Withholding Tax HK$'000	Tax losses and others HK$'000	Total HK$'000
At 1 January 2024	(3,090)	12,680	492,371	1,530	(382)	503,109
Translation adjustment	2	(215)	(9,635)	(18)	153	(9,713)
Charged/(Credited) to profit or loss *(note 10)*	3,207	(3,635)	(40,535)	(419)	(4,037)	(45,419)
Credited to other comprehensive income *(notes 15(a) and 19)*	–	–	(203)	–	(171)	(374)
At 31 December 2024 and 1 January 2025	**119**	**8,830**	**441,998**	**1,093**	**(4,437)**	**447,603**
Translation adjustment	**46**	**159**	**6,079**	**17**	**20**	**6,321**
(Credited)/Charged to profit or loss *(note 10)*	**(388)**	**(4,954)**	**(338,069)**	**282**	**10,428**	**(332,701)**
(Credited)/Charged to other comprehensive income *(notes 15(a) and 19)*	**–**	**–**	**(11,762)**	**–**	**474**	**(11,288)**
At 31 December 2025	**(223)**	**4,035**	**98,246**	**1,392**	**6,485**	**109,935**

	2025 HK$'000	2024 HK$'000
Represented by:		
Deferred tax assets	**(4,530)**	(4,568)
Deferred tax liabilities	**114,465**	452,171
	109,935	447,603

As at 31 December 2025, the Group has unused tax losses of approximately HK$609,765,000 (2024: HK$553,495,000) available for offset against future profits. Deferred tax assets of HK$2,323,000 (2024: HK$5,605,000) have been recognised in respect of tax losses of HK$9,966,000 (2024: HK$23,887,000). No deferred tax assets have been recognised in respect of the remaining tax losses of HK$599,799,000 (2024: HK$529,608,000) due to the unpredictability of future profit streams.

The tax losses of the subsidiaries in Hong Kong may be carried forward indefinitely. The tax losses of the subsidiaries in other regions of the PRC may be carried forward for five years from the financial year when the corresponding loss was incurred.

As at 31 December 2025, deferred tax liabilities of approximately HK$1,392,000 (2024: HK$1,093,000) have been recognised in respect of the undistributed earnings of certain PRC subsidiaries amounted to approximately HK$27,847,000 (2024: HK$21,856,000). Deferred tax liabilities of approximately HK$3,211,000 (2024: HK$3,427,000) have not been established for withholding taxation that would be payable on the remaining unremitted earnings of the relevant PRC subsidiaries as at 31 December 2025, as in the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. Such unremitted earnings amounted to approximately HK$35,972,000 as at 31 December 2025 (2024: HK$40,760,000).

During the year, LAT provision of RMB271,559,000 (equivalent to approximately HK$296,757,000) was reversed and credited to profit or loss. Such LAT provision was made for certain investment properties located in the PRC, which were constructed by a consortium in which the Group was one of the participating developers. LAT was provided for these investment properties on the basis that the Group was a developer. In the recent discussion and negotiation with the tax authority, the Group was given the occasion to ascertain with the tax authority regarding the position that the Group should be viewed as a transferee of completed properties rather than a developer from LAT perspective, on the ground that the investment properties were obtained through the transaction of transfer from the developer entity of the consortium. Based on this understanding with the tax authority, the estimation of LAT provision for these investment properties is revised, resulting in reversal of the aforementioned LAT provision during the year.

For the purposes of presentation of the financial statements, deferred tax assets and liabilities have been offset as they are related to income taxes levied by the same tax authority and the assets and liabilities are intended to be settled in net, or settled/realised simultaneously.

37. SHARE CAPITAL

	2025		2024	
	Number of shares ’000	**Nominal value**	Number of shares ’000	Nominal value
Authorised				
Ordinary share of US$0.00002 each				
Balance at the beginning and end of the year	**600,000**	**US$12,000**	600,000	US$12,000
Issued and fully paid				
Ordinary share of US$0.00002 each				
Balance at the beginning and end of the year	**523,254**	**US$10,466**	523,254	US$10,466
Shown in the financial statements as		**HK$82,000**		HK$82,000

All shares are equally eligible to receive dividends and to the repayment of capital and each share is entitled to one vote at shareholders’ meeting of the Company.

38. RESERVES

The Group

Details of the movements in the Group’s reserves are set out in the consolidated statement of changes in equity. The nature and purpose of the reserves are as follows:

Capital reserve

Capital reserve of the Group represents the capital contributions from the shareholders of the Company.

Financial assets at fair value through other comprehensive income reserve

Financial assets at fair value through other comprehensive income reserve comprises the cumulative net changes in the fair value of equity instruments designated at financial assets at fair value through other comprehensive income under HKFRS 9 that are held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 4.9(a).

Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations in accordance with the accounting policy in note 4.14.

Assets revaluation reserve

Assets revaluation reserve has been set up in accordance with the accounting policies in note 4.5.

Statutory reserve

In accordance with the relevant PRC rules and regulations, certain subsidiaries of the Company are required to retain appropriate certain percentages of their profits after tax to the respective statutory reserves. Subject to certain restrictions as set out in the relevant PRC regulations, these statutory reserves may be used to make good previous years’ losses, if any, or to increase the paid-up capital of the respective subsidiaries, and may be used for capital expenditure on staff welfare facilities, as appropriate.

38. RESERVES *(Continued)*

The Company

Details of the movements in the Company's reserve during the current and prior years are as follows:

	Contributed surplus HK$'000	Financial assets at fair value through other comprehensive income reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2024	896,524	12,914	874,713	1,784,151
Profit for the year	–	–	21,762	21,762
Other comprehensive income for the year	–	(4,840)	–	(4,840)
At 31 December 2024 and 1 January 2025	**896,524**	**8,074**	**896,475**	**1,801,073**
Profit for the year	**–**	**–**	**293,616**	**293,616**
Other comprehensive income for the year	**–**	**(10,045)**	**–**	**(10,045)**
At 31 December 2025	**896,524**	**(1,971)**	**1,190,091**	**2,084,644**

Contributed surplus

Contributed surplus of the Company represents the capital contributions from the shareholders of the Company.

39. NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2025 was HK$34,367,000 (2024: HK$38,280,000), which is attributed to certain subsidiaries that are not 100% owned by the Group.

In the opinion of the directors, the non-controlling interests of SMC Electric is material for the years ended 31 December 2025 and 2024.

Summarised financial information of SMC Electric Group, before intra-group eliminations, is presented below:

	2025	2024
	HK$'000	HK$'000
Year ended 31 December		
Revenue	**217,822**	257,278
Profit for the year	**9,478**	26,360
Total comprehensive income for the year	**9,767**	26,320
Profit for the year attributable to non-controlling interests	**2,370**	6,590
Total comprehensive income for the year attributable to non-controlling interests	**2,442**	6,580
Dividend paid to non-controlling interests	**5,000**	5,000
Cash flows from operating activities	**12,358**	31,036
Cash flows (used in)/from investing activities	**(8,351)**	1,403
Cash flows used in financing activities	**(23,708)**	(23,711)
Net cash (outflow)/inflow	**(19,701)**	8,728
As at 31 December		
Current assets	**166,460**	188,815
Non-current assets	**19,711**	14,327
Current liabilities	**(60,165)**	(63,455)
Non-current liabilities	**(658)**	(4,106)
	125,348	135,581
Accumulated non-controlling interests	**31,338**	33,896

40. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	NOTES	As at 31 December 2025 HK$'000	As at 31 December 2024 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**84,300**	100,700
Property, plant and equipment		**4,762**	6,379
Intangible assets		**11,840**	11,840
Interests in subsidiaries	*52*	**108,061**	127,174
Other assets		**73,934**	73,451
Financial assets at fair value through other comprehensive income		**58,309**	68,354
		341,206	387,898
Current assets			
Trade and other receivables, prepayment and deposits		**5,761**	4,784
Certificate of deposit		**116,795**	-
Financial assets at fair value through profit or loss		**114,679**	71,613
Amounts due from subsidiaries		**2,324,279**	2,080,311
Cash and bank balances		**13,887**	36,485
		2,575,401	2,193,193
Current liabilities			
Other payables and accruals		**142,049**	155,031
Financial liabilities at fair value through profit or loss		**786**	-
Lease liabilities		**1,070**	1,018
Amounts due to subsidiaries		**131,414**	160,646
Amount due to a director		**29,170**	29,075
Borrowings		**250,991**	135,587
		555,480	481,357
Net current assets		**2,019,921**	1,711,836
Non-current liabilities			
Borrowings		**274,394**	295,502
Lease liabilities		**2,007**	3,077
		276,401	298,579
Net assets		**2,084,726**	1,801,155
CAPITAL AND RESERVES			
Share capital	*37*	**82**	82
Reserves	*38*	**2,084,644**	1,801,073
Total equity		**2,084,726**	1,801,155

On behalf of the directors

CHOW KAI CHIU, DAVID
Director

LI PIK MUI, CINDY
Director

41. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2025, two subsidiaries, namely Quickjay Management Limited ("Quickjay"), established in the British Virgin Islands, and Appeon Limited ("Appeon HK"), incorporated in Hong Kong, were deregistered. The loss on deregistration of these subsidiaries is calculated as follows:

	2025
	HK$'000
Release of transaction reserve upon deregistration of Quickjay and Appeon HK, net	**155**
Loss on deregistration#	**155**

During the year ended 31 December 2024, two subsidiaries, namely Certa Scale Inc. ("Certa Scale"), established in the USA, and Appeon Corporation Limited ("Appeon BVI"), incorporated in the British Virgin Islands, were deregistered. The gain on deregistration of these subsidiaries is calculated as follows:

	2024
	HK$'000
Write-back of amount due to a related party	291
Write-back of payables	38
Release of transaction reserve upon deregistration of Certa Scale and Appeon BVI, net	439
Gain on deregistration#	768

Included in "Other gains or losses – (Loss)/Gain on disposal of subsidiaries" in the consolidated income statement

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities is as follows:

	Borrowings HK$'000	Lease liabilities HK$'000	Amount due to a director HK$'000
At 1 January 2024	596,091	4,820	29,807
Changes from cash flows			
Proceeds of new borrowings	309,088	–	–
Repayment of borrowings	(472,183)	–	–
Repayment of advances	–	–	(8,372)
Payment of capital element of lease liabilities	–	(2,440)	–
Payment of interest element of lease liabilities	–	(123)	–
Other borrowing costs paid	(38,322)	–	–
Total changes from financing cash flows	(201,417)	(2,563)	(8,372)
Exchange adjustment	(1,907)	(120)	–
Other changes			
Interest expenses	38,322	123	–
Effect of lease termination	–	(979)	–
Service fee to a director (note 48(a))	–	–	7,640
	38,322	(856)	7,640
At 31 December 2024 and 1 January 2025	**431,089**	**1,281**	**29,075**
Changes from cash flows			
Proceeds of new borrowings	**258,060**	**–**	**–**
Repayment of borrowings	**(165,991)**	**–**	**–**
Repayment of advances	**–**	**–**	**(7,640)**
Payment of capital element of lease liabilities	**–**	**(1,246)**	**–**
Payment of interest element of lease liabilities	**–**	**(141)**	**–**
Other borrowing costs paid	**(21,078)**	**–**	**–**
Total changes from financing cash flows	**70,991**	**(1,387)**	**(7,640)**
Exchange adjustment	**2,227**	**77**	**–**
Other changes			
Interest expenses	**21,078**	**141**	**–**
Additions	**–**	**3,162**	**–**
Effect of lease modification	**–**	**974**	**–**
Service fee to a director (note 48(a))	**–**	**–**	**7,735**
	21,078	**4,277**	**7,735**
At 31 December 2025	**525,385**	**4,248**	**29,170**

43. RETIREMENT BENEFITS SCHEME

The Group operates the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The MPF Scheme is a defined contribution retirement benefits scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. In additions, employer voluntary contributions are made for eligible employees following the Group's policy, as a part of the employee benefits program. The Group has no further payment obligations once the contributions have been paid. Contributions to the MPF Scheme are recognised as an expense in profit or loss when the services are rendered by the employees.

The employees of the subsidiaries of the Company which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute a specified percentage of their payroll costs to the central pension scheme to fund the benefits. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's obligations under these plans are limited to the fixed percentage contribution payable.

The total expenses recognised in profit or loss of HK$10,585,000 (2024: HK$11,206,000) represent contributions paid/payable to these schemes by the Group in the current year.

44. PLEDGE OF ASSETS

Other than the negative pledges disclosed in notes 14 and 15, the Group has pledged the following assets and assigned rental income from leasing of its investment properties to secure for the general banking and other loan facilities granted to the Group:

	2025	2024
	HK$'000	HK$'000
Investment properties	**987,887**	1,400,868
Property, plant and equipment	**10,573**	10,963
Financial assets at fair value through profit or loss	**114,680**	–
	1,113,140	1,411,831

The issued share capital of one subsidiary (2024: one subsidiary) held by the Company was pledged to a bank to secure for the available banking facilities granted to the Group. The aggregate net asset value of the subsidiary as at 31 December 2025 was approximately HK$821 million (2024: HK$1,341 million).

45. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its investment properties (note 14) under operating lease arrangements with leases negotiated for period ranging from one year to ten years (2024: one year to ten years). At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments receivable as follows:

	2025	2024
	HK$'000	HK$'000
Within one year	**54,320**	62,747
After one year but within two years	**39,450**	39,758
After two years but within three years	**26,983**	24,251
After three years but within four years	**10,708**	16,290
After four years but within five years	**8,137**	7,227
Over five years	**20,360**	23,490
	159,958	173,763

46. OTHER COMMITMENTS

At the end of the reporting period, the Group had other significant commitments as follows:

	2025	2024
	HK$'000	HK$'000
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	**7,122**	24,582
Property development	**10,381**	22,921
Investment in equity securities	**233,874**	275,997

47. CONTINGENT LIABILITIES

(a) On 30 October 2013, the Group entered into a sale and purchase agreement (the "Master Agreement") for the acquisition of land and buildings located in Guangzhou (the "GZ Property") with an independent third-party vendor (the "Vendor") and a bank to which the GZ Property had been mortgaged (the "Mortgage Bank") at a consideration of RMB60,000,000. Prior to the execution of the Master Agreement, the GZ Property had been pledged by the Vendor to the Mortgage Bank. A lawsuit brought by a claimant (the "Claimant") in 2014 alleging that the registration of the legal titles of the GZ Property passed to the Group pursuant to the Master Agreement being illegal and requesting the PRC land bureau to revoke the certificates of the GZ Property issued by it to the Group. The lawsuit was finalised in 2023 and pursuant to the final judgment of the court, the transfer and the registration of the titles of the GZ Property are proper and the Group has legal titles and all relevant rights over the GZ Property. Another lawsuit was brought by the Claimant alleging the Group, the Vendor and the Mortgaged Bank colluded in bad faith, thereby harming its interests in respect of the sales and purchase agreement entered into by the Mortgage Bank and Claimant in 2007 and requesting the court to void the Master Agreement. The court also ruled during 2022 that the Claimant's allegations were not justified, and that the ruling was final.

On the other hand, the Group brought a lawsuit against the tenants of the GZ property, including the Claimant, requesting them to vacate the GZ Property and to compensate the Group for losses incurred, including rental income and related interest. As at 31 December 2025, the lawsuit was still ongoing, and the outcome of the claims was uncertain. Accordingly, no receivable in relation to the claim was recognised in the consolidated financial statements.

Subsequently, in April 2026, the lawsuit against the tenants of the GZ Property was concluded. Pursuant to the court judgment, the Claimant was ordered to pay compensation to the Group in total sum of RMB40,161,000 plus subsequent monthly occupation fees of RMB 480,000 from 1 January 2026 until the actual vacation. The Group is currently pursuing enforcement actions to recover the compensation awarded by the court. As at the date of approval of these consolidated financial statements, the Group received compensation of RMB10,628,000 from the Claimant.

(b) During the year ended 31 December 2015, the Group entered into sale and purchase agreement with an independent third party to dispose of certain land parcels in Hong Kong which had been held by the Group for property development. The consideration for the disposal of those land parcels amounted to HK$26,600,000. However, the directors had come to know that there might have potential legality issue in respect of the titles of those land parcels which may therefore render the sale and purchase agreement ineffective. As assessed by the directors, it was uncertain as to when the legality issue of those land titles can be addressed. Accordingly, the Group had written down the net carrying amount of the concerned land parcels during the year ended 31 December 2015 which amounted to HK$17,417,000 and recorded the consideration paid by the buyer as deposit received under "Trade and other payables". Consideration paid by the buyer amounted to HK$25,680,000 as at 31 December 2025 (2024: HK$25,680,000). Based on the current assessment of the directors, it is still uncertain as to when potential legality issue of the land parcels can be addressed, which is subject to latest development of government policies and related legislation. As assessed by the directors, claims, if any, arising from this potential land legality issue would not result in material effect to the financial statements to the Group.

48. RELATED PARTY TRANSACTIONS

Transactions between the entities among the Group have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties including key management personnel are disclosed below.

(a) Save as disclosed elsewhere in these financial statements, the Group had the following significant transactions with related parties:

	2025	2024
	HK$'000	HK$'000
Service fee paid to a director (note)	**7,735**	7,640
Raw materials and goods purchased from an associate	**34,742**	29,413
Management fee income charged to directors and related parties	**420**	412

Note:

Service fee was paid to Mr. Yung, director of the Company, for providing personal guarantee to banks in respect of the banking facilities granted to the Group, which is charged at the rate of 0.7% (2024: 0.8%) on the amount of facilities granted.

(b) The remuneration of members of key management were as follows:

	2025	2024
	HK$'000	HK$'000
Salaries, allowance and other benefits	**32,097**	32,088
Contributions to defined contribution retirement plan	**1,068**	1,060
	33,165	33,148

49. CAPITAL MANGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to support the Group's financial stability and growth.

The Group monitors its capital structure on the basis of gearing ratio i.e. net debt to equity. Net debt includes borrowings less cash and bank balances. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The gearing ratios of the Group as at 31 December 2025 and 2024 were as follows:

	2025	2024
	HK$'000	HK$'000
Debts	**525,385**	431,089
Less: cash and bank balances	**(232,086)**	(267,966)
Net debts	**293,299**	163,123
Capital represented by total equity	**3,960,650**	3,883,126
Gearing ratio	**7.4%**	4.2%

The Group targets to maintain a gearing ratio of not higher than 50% which is in line with the expected changes in economic and financial conditions. The Group's overall strategy on capital management remains unchanged throughout the current year.

50. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

50.1 Categories of financial instruments

	2025 HK$'000	2024 HK$'000
Financial assets		
Financial assets at fair value through profit or loss	**333,541**	202,069
Financial assets at fair value through other comprehensive income	**991,562**	868,945
Financial assets measured at amortised cost#	**608,013**	576,996
Financial liabilities		
Financial liabilities at amortised cost^	**898,946**	845,199
Financial liabilities at fair value through profit or loss	**786**	–
Other financial instruments – Lease liabilities	**4,248**	1,281

including trade receivables, loans receivable, other receivables, certificate of deposit, amounts due from directors and related parties, and bank balances.

^ including trade payables, other payables and accruals, refundable deposits received, amounts due to associates and a director, and borrowings.

50.2 Financial results by financial instruments

	2025 HK$'000	2024 HK$'000
Fair value gain/(loss) on:		
Financial assets at fair value through profit or loss	**114,911**	27,917
Financial liabilities at fair value through profit or loss	**(786)**	–
Increase/(Decrease) in fair value of:		
Financial assets at fair value through other comprehensive income	**64,664**	(75,029)
Interest income/(expenses) on:		
Financial assets at amortised cost	**6,712**	8,332
Financial assets at fair value through profit or loss	**–**	325
Financial liabilities at amortised cost	**(21,078)**	(38,322)
Other financial instruments – Lease liabilities	**(141)**	(123)
Dividend income from:		
Financial assets at fair value through profit or loss	**7,692**	11,510
Financial assets at fair value through other comprehensive income	**33,281**	39,528
Impairment loss/(Reversal of impairment loss), net on:		
Financial assets at amortised cost	**985**	(36)

50. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY
(Continued)

50.3 Fair value of financial instruments

(a) Financial instruments measured at fair value

The following table presents the carrying value of financial instruments measured at fair value as at 31 December 2025 and 2024 across the three levels of the fair value hierarchy defined in HKFRS 13, with the fair value of each financial instruments categorised in its entirety based on the lowest level of input that is significant to the fair value measurement. The levels are defined as follows:

Level 1 (highest level):	fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments
Level 2	fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data
Level 3 (lowest level):	fair values measured using valuation techniques in which any significant input is not based on observable market data

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 December 2025				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Listed equity securities	**122,653**	**–**	**–**	**122,653**
– Unlisted equity securities and investment funds	**–**	**–**	**868,909**	**868,909**
Financial assets at fair value through profit or loss				
– Listed equity securities	**333,293**	**–**	**–**	**333,293**
– Listed bond	**248**	**–**	**–**	**248**
Financial liabilities				
Financial liabilities at fair value through profit or loss				
– Interest rate swap	**–**	**–**	**786**	**786**
As at 31 December 2024				
Financial assets				
Financial assets at fair value through other comprehensive income				
– Listed equity securities	110,763	–	–	110,763
– Unlisted equity securities and investment funds	–	–	758,182	758,182
Financial assets at fair value through profit or loss				
– Listed equity securities	201,768	–	–	201,768
– Listed bond	301	–	–	301

50. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY *(Continued)*

50.3 Fair value of financial instruments *(Continued)*

(a) Financial instruments measured at fair value *(Continued)*

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (i.e. Level 3), being unlisted equity securities and investment funds, are as follows:

	2025 HK$'000	2024 HK$'000
Unlisted equity securities and investment funds		
At 1 January	**758,182**	663,131
Translation adjustment	**1,757**	(1,149)
Purchases	**56,196**	121,166
Change in fair value	**52,774**	(24,966)
At 31 December	**868,909**	758,182

Transfers between levels of the fair value hierarchy are reported at the beginning of the reporting period in which they occur. Transfers into Level 3 are generally the result of decreases in market trading activity causing less transparency in prices of the investments. Transfers out of Level 3 are generally the result of increases in market trading activity, including investment dispositions, causing more transparency in prices of the investments.

During the years ended 31 December 2025 and 2024, there was no transfer between instruments in Level 1 and Level 2.

The fair values of listed equity and debt securities as at 31 December 2025 and 2024 were determined by directors based on quoted market prices available on the relevant stock exchanges.

The fair values of unlisted equity securities and investment funds as well as derivatives as at 31 December 2025 and 2024 were estimated by management with reference to quotations provided by the brokers.

(b) Financial instruments not measured at fair value

Financial instruments not measured at fair value include loans receivable, finance lease receivables, trade receivables, other receivables, certificate of deposit, bank balances, trade payables, other payables and accruals, amounts due from/to associates, directors and other related parties and borrowings.

Due to their short-term nature, the carrying values of trade receivables, other receivables, certificate of deposit, bank balances, trade payables, other payables and accruals and amounts due from/to associates, directors and other related parties approximated their fair values.

For disclosure purpose, the fair values of loans receivable, finance lease receivables and borrowings are not materially different from their carrying values at the reporting date. Those fair values have been determined by using discounted cash flow models and are classified as level 3 in the fair value hierarchy. Significant inputs include expected future cash flows and discount rates used to reflect the credit risks of the group entities and the counterparties, where appropriate.

50. FINANCIAL RISK MANAGEMENT

51.1 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks which comprise market risk (including foreign currency risk, price risk, and interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by key management under the policies approved by the board of directors. The Group does not have written risk management policies. However, the directors and senior management of the Group meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks.

51.2 Market risk

(a) Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong and the PRC. The functional currency of the Company and its subsidiaries are mainly HK$, US$ and RMB with certain of their business transactions being settled in US$ and RMB. The Group is thus exposed to currency risk arising from fluctuations on foreign currencies, primarily US$ and RMB, against the functional currency of the Company and the group entities. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group continues to conduct its sales mainly in US$ and RMB and make payments either in US$, HK$ and RMB. In addition, the Group's borrowings were denominated in HK$, US$ and RMB. The directors considered that a natural hedge mechanism existed. The Group would, however, closely monitor the volatility of the RMB exchange rate. All in all, the Group's risk exposure to foreign exchange rate fluctuations remain minimal.

As HK$ is pegged to US$, the Group does not have material exchange risk exposure on such currencies. Other exposure in respect of the carrying amounts of the relevant group companies' foreign currency denominated financial assets and liabilities in net position as at 31 December 2025 and 2024 were as follows:

	2025	2024
	HK$'000	HK$'000
Net financial assets		
US$	**180,708**	158,136
RMB	**1,036,285**	936,168

The following sensitivity analysis, determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial year and held constant throughout the year, demonstrates the Group's exposure to a reasonably possible change in the exchange rates against the functional currencies on the relevant group companies' net financial assets denominated in foreign currencies as at the end of the reporting period (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	Decrease/(Increase) in loss for the year and increase/(decrease) in retained profits	Increase/(Decrease) in profit for the year and retained profits
	2025	2024
	HK$'000	HK$'000
US$ against functional currencies		
– strengthen by 5% (2024: 5%)	**6,777**	5,930
– weaken by 5% (2024: 5%)	**(6,777)**	(5,930)
RMB against functional currencies		
– strengthen by 5% (2024: 5%)	**43,265**	39,085
– weaken by 5% (2024: 5%)	**(43,265)**	(39,085)

The changes in the exchange rates do not affect the Group's other components of equity.

50. FINANCIAL RISK MANAGEMENT *(Continued)*

51.2 Market risk *(Continued)*

(b) Price risk

The Group is mainly exposed to price risk arising from its investments in debt and equity securities and derivatives which are classified as financial assets at fair value through profit or loss (note 26) and financial assets at fair value through other comprehensive income (note 19) as price of those investments in future are uncertain.

The Group's investments in listed equity securities are traded mainly on the Stock Exchange, the New York Stock Exchange, the Shenzhen Stock Exchange and the Shanghai Stock Exchange. The Group also invested in unlisted equity securities and investment funds for strategic purposes. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the relevant stock market index and other industry indicators, as well as the Group's liquidity needs. To manage its price risk arising from the equity securities, the Group maintains a portfolio of diversified investments in terms of industry distribution. Also, the Group has appointed a special team to monitor the price risk and will consider hedging of the risk if necessary.

The Group also holds certain investments in debt securities and derivatives which are also subject to price risk.

The Group's exposure to price risk for debt securities include changes in the credit spreads and market interest rates. No sensitivity analysis on price risk arising from investments in debt securities relating to credit spreads of debt securities has been presented as the amount of investment was not significant as at 31 December 2025 and 2024.

Management's best estimate of the effect on the Group's results in respect of those listed and unlisted equity securities and investment funds due to a reasonably possible change in the relevant stock market index, with all other variables held constant, at the end of the reporting period are as follows (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	Decrease/(Increase) in loss for the year and increase/(decrease) in retained profits	Increase/(Decrease) in profit for the year and retained profits
	2025	2024
	HK$'000	HK$'000
Listed equity securities classified as financial assets at fair value through profit or loss		
Listed in Hong Kong – Hang Seng Index		
+ 16% (2024: + 18%)	**26,990**	16,485
– 16% (2024: – 18%)	**(26,990)**	(16,485)
Listed in New York Stock Exchange – NASDAQ Composite Index		
+ 16% (2024: + 17%)	**1,553**	2,833
– 16% (2024: – 17%)	**(1,553)**	(2,833)
Listed in stock exchange in the PRC		
+ 13% (2024: + 17%)	**11,665**	9,197
– 13% (2024: – 17%)	**(11,665)**	(9,197)

51. FINANCIAL RISK MANAGEMENT *(Continued)*

51.2 Market risk *(Continued)*

(b) Price risk *(Continued)*

	Increase/(Decrease) in other comprehensive income and financial assets at fair value through other comprehensive income reserve	
	2025	2024
	HK$'000	HK$'000
Listed equity securities classified as financial assets at fair value through other comprehensive income		
Listed in Hong Kong – Hang Seng Index		
+ 16% (2024: + 18%)	**19,624**	19,938
– 16% (2024: – 18%)	**(19,624)**	(19,938)
Unlisted equity securities and investment funds classified as financial assets at fair value through other comprehensive income		
+ 16% (2024: + 17%)	**134,315**	126,394
– 16% (2024: – 17%)	**(134,315)**	(126,394)

In the opinion of the directors, the sensitivity analysis is unrepresentative of the inherent equity price risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

The policies to manage price risk have been followed by the Group since prior years and are considered to be effective.

(c) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from borrowings. Borrowings arranged at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. As at 31 December 2025, approximately 80% (2024: 73%) of the borrowings bore interest at floating rates. The interest rates and repayment terms of the borrowings outstanding at the end of reporting period are disclosed in note 35.

The Group's bank balances also expose it to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on the bank balances. The directors consider the Group's exposure on bank deposits and borrowings to fair value interest rate risk is not significant as interest-bearing bank deposits and borrowings at fixed rate are within short maturity periods in general.

In addition, lease liabilities which are fixed rate instruments are insensitive to changes in interest rates and a change in interest rate at the end of the reporting period would not affect the Group's profit or loss.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The following sensitivity demonstrates the Group's exposure to a reasonably possible change in interest rates on its floating rate borrowings with all other variables held constant at the end of the reporting period (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	Decrease/(Increase) in loss for the year and increase/(decrease) in retained profits	Increase/(Decrease) in profit for the year and retained profits
	2025	2024
	HK$'000	HK$'000
Change in basis point ("bp")		
+ 30 bp (2024: + 30bp)	**(1,052)**	(793)
– 30 bp (2024: – 30bp)	**1,052**	793

The change in interest rates do not affect the Group's other components of equity.

The above sensitivity analysis is prepared based on the assumption that the borrowings outstanding at the end of the reporting period would be outstanding in the next financial year.

51. FINANCIAL RISK MANAGEMENT *(Continued)*

51.3 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities. The maximum exposure to credit risk in respect of the Group's financial assets at the end of the reporting period is their carrying amounts.

Management has credit policies in place and the exposures to credit risk are monitored on an on-going basis.

In respect of trade receivables and lease receivables, the Group limits its exposure to credit risk by rigorously selecting the counterparties and to deal with creditworthy counterparties. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Credit terms are granted to new customers after credit worthiness assessment. The Group performs ongoing credit evaluation on the financial condition of its debtors and tightly monitors the ageing of the receivable balances. Follow up action is taken in case of overdue balances. In addition, management assesses the collectability of the receivables regularly for the determination of any loss allowance for the receivables by taking into account the customers' or debtors' financial condition, current creditworthiness, past settlement history, business relationship with the Group and other factors such as current market conditions.

As at 31 December 2025, the Group had certain concentration of credit risk as 21% (2024: 12%) of the Group's trade receivables was due from the Group's largest customer (in terms of revenue) within the business segment of electrical appliances.

In respect of bank balances, the Group's exposure to credit risk is limited because majority of the deposits are placed with reputable banks or financial institutions, for which the Group considers to have low credit risk. There was no history of default in relation to these financial institutions.

In respect of loans receivable, in granting loans to the borrowers, management assesses the background and financial condition of the borrowers and in certain circumstances, may request collateral from the borrowers in order to minimise credit risk.

For other receivables, the Group regularly monitors the financial position of the counterparties to assess the recoverability of the outstanding balances.

As to investment strategies, a significant portion of the investments are liquid securities quoted on recognised stock exchange. As to investments in unlisted securities, investment is made after credit assessment by investment team and those investments are mainly made through reputable investment banks. Accordingly, the directors consider that the Group's exposure to credit risk in respect of its investments in securities is low.

The credit risk on certificate of deposits at amortised cost is limited because the counterparty is bank with high credit ratings assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

The credit and investment policies have been consistently applied and are considered to be effective in limiting the Group's exposure to credit risk to a desirable level.

Impairment under ECL model

The Group measures loss allowance for trade receivables and lease receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix by reference to past default experience of the debtor and current market condition in relation to each debtor's exposure. The ECL also incorporate forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle these receivables. For other financial assets measured at amortised cost, the Group measures loss allowance based on 12-month ECL. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be based on lifetime ECL.

For those individually significant receivables or receivables relating to customers or debtors with known financial difficulties or significant doubt on collection of receivables, they are assessed individually for loss allowance. For other receivables, they have been grouped based on shared credit risk characteristics and the days past due.

51. FINANCIAL RISK MANAGEMENT *(Continued)*

51.3 Credit risk *(Continued)*

Impairment under ECL model *(Continued)*

The Group assesses whether there has been a significant increase in credit risk for exposure since initial recognition on an ongoing basis throughout the year. To assess whether there has been a significant increase in credit risk, the Group compares the risk of default occurring on receivables over the expected life between the reporting date and the date of initial recognition. For this purpose, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, including forward-looking information. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change in the customers' ability to meet their debt obligations;
- actual or expected significant changes in the operating results of the customers;
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group; and
- actual or expected significant adverse change in the regulatory, economic, or technological environment in which the customer operate that results in a significant change in the customers' ability to meet their debt obligations.

The Group presumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

The Group assesses whether a financial asset is credit-impaired at the end of the reporting period. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as default or past due event;
- restructuring of the debt by the Group on terms that the Group would not consider otherwise; or
- it is becoming probable that the debtor will enter into bankruptcy or other financial reorganisation.

51. FINANCIAL RISK MANAGEMENT *(Continued)*

51.3 Credit risk *(Continued)*

Impairment under ECL model *(Continued)*

Set out below is the information about the Group's exposure on the Group's trade receivables at the end of the reporting period:

Electrical appliances business

As at 31 December 2025, the gross carrying amount of trade receivables of this business segment was HK$171,745,000 (2024: HK$195,953,000), of which trade receivables amounting to HK$60,562,000 (2024: HK$67,659,000) are subject to collective assessment for credit losses using provision matrix in the following table and ECL allowance of HK$699,000 (2024: HK$176,000) was made. ECL rates are based on actual loss experience and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the balances. The Group determines the ECL rate for these trade receivables as follows:

	ECL rate		**Net carrying amount of collectively assessed trade receivables**	
	2025	2024	**2025**	2024
			HK$'000	HK$'000
Not yet past due	**0.46%**	0.04%	**46,711**	61,858
Past due				
30 days or below	**3.54%**	2.60%	**8,849**	5,335
31–60 days	**3.62%**	2.60%	**3,574**	4
61–90 days	**3.62%**	2.60%	**380**	286
91–180 days	**3.39%**	–	**349**	–
			59,863	67,483

The remaining balance of trade receivables of this segment amounted to HK$111,183,000 (2024: HK$128,294,000) were assessed for credit loss on individual basis, of which loss allowance amounting to HK$1,639,000 (2024: HK$1,706,000) was made for trade receivables of HK$1,639,000 (2024: HK$1,706,000) on individual basis whereas the remaining trade receivables of HK$109,544,000 (2024: HK$126,588,000) were assessed for credit loss on collective basis for which the ECL rate is assessed to be minimal and ECL allowance was not made.

Other businesses

In respect of other business segments, including power discrete semiconductors, property leasing, real estate investment and development, taxi rental and other segments, the gross carrying amount of trade receivables as at 31 December 2025 was HK$26,607,000 (2024: HK$28,792,000). Out of this sum, trade receivables of HK$11,939,000 (2024: HK$11,069,000) were assessed for credit loss on individual basis and loss allowance of HK$7,221,000 (2024: HK$7,883,000) was provided for in current year. The remaining balance of HK$14,668,000 (2024: HK$17,723,000) were assessed for credit loss on collective basis for which the ECL in respect of these balances were considered minimal and ECL allowance was not made.

ECL rates are based on actual loss experience and are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the balances.

For loans receivable and other receivables, the Group regularly monitor the financial positions of the counterparties to assess the recoverability of the outstanding balances. As at 31 December 2025 and 2024, no loss allowance has been provided for both loans receivable and other receivables. Other than that, management does not expect any losses from non-performance by the counterparties. The management assessed that there has been no significant increase in credit risk and the ECL in respect of the loans receivable and the other receivables was immaterial.

The management assessed that there has been no significant increase in credit risk and the movements in the loss allowance account in respect of trade receivables and other receivables during the year ended 31 December 2025 are set out in note 24(b) and 24(c) respectively. The changes in loss allowances during the year is mainly due to changes in risk parameters.

51. FINANCIAL RISK MANAGEMENT *(Continued)*

51.4 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables and its financing obligations, and also in respect of its cash flow management. The Group is also exposed to liquidity risk with regard to certain of the Group's investments which are not traded on Stock Exchange thus the disposal of those investments may require higher exit costs. The Group's objective is to maintain a prudent liquidity risk management which is to maintain sufficient cash and cash equivalents as well as to make available of fund through adequate amounts of committed credit facilities and the ability to close out market positions. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risk.

The table below analyses the remaining contractual maturities of the Group's financial liabilities at the end of the reporting period which are based on contractual undiscounted cash flows and the earliest date the Group may be required to pay:

	Repayable on demand or less than 1 year HK$'000	**1 to 2 years HK$'000**	**2 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total contractual undiscounted cash flow HK$'000**	**Carrying amount HK$'000**
As at 31 December 2025						
Non-derivative financial liabilities						
Interest-bearing borrowings *(note)*	**265,486**	**276,841**	**–**	**–**	**542,327**	**525,385**
Trade payables	**107,306**	**–**	**–**	**–**	**107,306**	**107,306**
Other payables and accruals	**236,959**	**–**	**–**	**–**	**236,959**	**236,959**
Amounts due to associates	**126**	**–**	**–**	**–**	**126**	**126**
Amount due to a director	**29,170**	**–**	**–**	**–**	**29,170**	**29,170**
	639,047	**276,841**	**–**	**–**	**915,888**	**898,946**
Lease liabilities	**1,346**	**1,339**	**640**	**1,457**	**4,782**	**4,248**
	640,393	**278,180**	**640**	**1,457**	**920,670**	**903,194**

	Repayable on demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
As at 31 December 2024						
Non-derivative financial liabilities						
Interest-bearing borrowings *(note)*	155,879	299,025	–	–	454,904	431,089
Trade payables	129,996	–	–	–	129,996	129,996
Other payables and accruals	254,913	–	–	–	254,913	254,913
Amounts due to associates	126	–	–	–	126	126
Amount due to a director	29,075	–	–	–	29,075	29,075
	569,989	299,025	–	–	869,014	845,199
Lease liabilities	1,314	–	–	–	1,314	1,281
	571,303	299,025	–	–	870,328	846,480

51. FINANCIAL RISK MANAGEMENT *(Continued)*

51.4 Liquidity risk *(Continued)*

Note:

For certain term loans which contain repayment on demand clause which can be exercised at the lender's sole discretion including loans which repayment on demand clause is exercisable after year end, the analysis above shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

The following table summarises the maturity analysis of borrowings based on agreed scheduled repayments set out in the loan agreements. The amount include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks or financial institutions will exercise their discretion to demand immediate repayment. The directors believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Repayable on demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Borrowings						
31 December 2025	**265,629**	**287,941**	**–**	**–**	**553,570**	**525,385**
31 December 2024	155,929	40,064	291,960	–	487,953	431,089

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The particulars of the principal subsidiaries as at 31 December 2025 are as follows:

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
China Dynasty Development Ltd	British Virgin Islands/ PRC	Ordinary	1,000 shares of US$1 each	–	100%	Property leasing
Extra-Fund Investment Limited	Hong Kong	Ordinary	2 shares of HK$2	100%	–	Securities trading
Fast-Gain Overseas Limited	British Virgin Islands/ PRC	Ordinary	1 share of US$1	–	100%	Property holding
Fortress Link Investment Limited	Hong Kong	Ordinary	1 share of HK$1	–	100%	Property holding
Foshan Shunde SMC Multi-Media Products Company Limited** 佛山市順德區蜆華多媒體製品有限公司	PRC^	Paid up capital	US$6,500,000	–	100%	Manufacturing and trading of electrical appliances
Guangdong PFC Device Limited	PRC^	Paid up capital	US$13,000,000	–	100%	Manufacturing and sales of power discrete semiconductors
Guangzhou Hui Liang Property Management Limited** 廣州匯朗物業管理有限公司	PRC#	Paid up capital	RMB101,000,000	–	100%	Property holding
Guangzhou SMC Car Rental Company Limited 廣州蜆富出租汽車有限公司	PRC^	Paid up capital	HK$75,000,000	–	100%	Taxi operations
Guangzhou Sien Fu Car Leasing Limited** 廣州蜆富汽車租賃有限公司	PRC#	Paid up capital	RMB2,500,000	–	100%	Vehicle rental
Guangzhou Desheng Auto Repair Service Co. Limited** 廣州市德升汽車維修服務有限公司	PRC#	Paid up capital	RMB1,000,000	–	100%	Vehicle repair service
Guangzhou Xian Di Property Management Limited** 廣州蜆地物業管理有限公司	PRC^	Paid up capital	HK$1,000,000	–	100%	Property rental agency
PFC Device Corporation	British Virgin Islands/ Taiwan	Preferred	4,956,153 shares of US$5,522,820	–	100%	Research and development and sales of power discrete semiconductors
		Common	105,000 shares of US$105,000			
PFC Device Holdings Limited	British Virgin Islands/ Hong Kong	Preferred	12,656,153 shares of US$13,222,820	100%	–	Investment and trademark holding
		Common	658,255 shares of US$658,255			
PFC Device (HK) Limited	Hong Kong	Ordinary	1 share of HK$1	–	100%	Investment holding and sales of power discrete semiconductors
Quanta Global Limited	British Virgin Islands/ Hong Kong	Ordinary	1 share of US$1	–	75%	Trading of electric fans
Shell Electric Mfg. (China) Company Limited	British Virgin Islands/ Hong Kong	Ordinary	100 shares of US$10 each	–	75%	Trading of electric fans

52. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

The particulars of the principal subsidiaries as at 31 December 2025 are as follows: *(Continued)*

Name of subsidiaries	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
Silvergate Global Limited	British Virgin Islands	Ordinary	1 share of US$1	–	100%	Property holding
SMC Electric Limited	Cayman Islands/ Hong Kong	Ordinary	1 share of HK$0.01	75%	–	Investment holding
SMC Electric Holdings Limited	British Virgin Islands/ Hong Kong	Ordinary	1 share of US$1	–	75%	Investment holding
SMC Electric (HK) Limited	Hong Kong	Ordinary	1 share of HK$1	–	75%	Trading of electric fans and electric tools
SMC Electric (China) Limited** 廣東蜆壳家電有限公司	PRC^	Paid up capital	US$999,958.50	–	75%	Manufacturing and trading of electric tools
SMC Investments Limited	Hong Kong	Ordinary	2 shares of HK$2	–	100%	Property holding
SMC Multi-Media (H.K.) Limited	Hong Kong	Ordinary	2 shares of HK$2	100%	–	Investment holding and contract manufacturing
SMC Multi-Media Trading Company Limited	Hong Kong	Ordinary	1 share of HK$1	100%	–	Contract manufacturing
SMC Property Investment Limited	Hong Kong	Ordinary	2 shares of HK$2	100%	–	Investment holding and property holding
Speed Power Limited	Hong Kong	Ordinary	2 shares of HK$2	–	75%	Trading of electric fans
Sunny Resource Limited	Hong Kong	Ordinary	1 share of HK$1	100%	–	Intangible assets holding
High Speed Enterprises Limited	Hong Kong	Ordinary	1 share of HK$1	–	100%	Investment holding
迅速咨詢(深圳)有限公司	PRC^	Paid up capital	HK$13,000,000	–	100%	Property holding
SMC Investment Vietnam Company Limited	Vietnam	Paid up capital	VND95,000,000,000	–	90%	Property holding
Guangzhou Xianhuang Enterprise Management Co., Ltd.** 廣州蜆皇企業管理有限公司	PRC##	Paid up capital	RMB2,651,554	–	100%	Property holding

^ The companies are incorporated in the PRC as wholly-owned foreign enterprises.

\# The companies are incorporated in the PRC as limited liability companies.

\## The company is incorporated in the PRC as sino-foreign cooperative enterprise.

** The English translation of the company name is for reference only. The official names of these companies are in Chinese.

None of the subsidiaries had any debt securities outstanding as at 31 December 2025 and 2024.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

53. PARTICULARS OF PRINCIPAL ASSOCIATES

The particulars of the associates as at 31 December 2025 are as follows:

Name of associates	Place of incorporation/ operation	Class of shares held	Paid up issued/ registered capital	Percentage of issued/ registered capital held by the Company		Principal activities
				Directly	Indirectly	
Hong Kong Construction SMC Development Limited	Hong Kong	Ordinary	HK$10,000,000	–	20%	Investment holding
Kumagai SMC Development (Guangzhou) Limited** 熊谷蜆壳發展(廣州)有限公司	PRC^	Paid up capital	RMB5,000,000	–	20%	Property leasing
Guangdong Sien Hua Electrical Appliance Manufacturing Company Limited** 廣東蜆華電器製造有限公司	PRC##	Paid up capital	US$3,250,000	–	28.92%	Manufacturing of electric fans, electric cables and lamps

^ The company is incorporated in the PRC as wholly-owned foreign enterprise.

The company is incorporated in the PRC as sino-foreign cooperative enterprise.

** The English translation of the company name is for reference only. The official names of these companies are in Chinese.