

Evergreen Products Group Limited 訓修實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1962

2025

ANNUAL REPORT

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Corporate Information

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Chang Yoe Chong Felix
(Chairman and Chief Executive Officer)
Mr. Chan Kwok Keung
Ms. Jia Ziyang
Mr. Li Yanbo

NON-EXECUTIVE DIRECTOR

Mr. Chan Lau Yui Kevin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Sin Hendrick *M.H.*
Mr. Szeto Yuk Ting
Ir. Cheung Siu Wa

COMPANY SECRETARY

Mr. Siu Ching Hung *(ACG, HKACG)*

AUTHORIZED REPRESENTATIVES

Mr. Chan Kwok Keung
Mr. Siu Ching Hung *(ACG, HKACG)*

AUDIT COMMITTEE

Mr. Sin Hendrick *M.H.* *(Chairman)*
Mr. Szeto Yuk Ting
Ir. Cheung Siu Wa

REMUNERATION COMMITTEE

Mr. Szeto Yuk Ting *(Chairman)*
Mr. Chang Yoe Chong Felix
Mr. Sin Hendrick *M.H.*
Ir. Cheung Siu Wa

NOMINATION COMMITTEE

Mr. Chang Yoe Chong Felix *(Chairman)*
Mr. Sin Hendrick *M.H.*
Ms. Jia Ziyang
(appointed with effect from 5 June 2025)
Mr. Szeto Yuk Ting
Ir. Cheung Siu Wa

AUDITOR

Forvis Mazars CPA Limited
Registered Public Interest Entity Auditors

Corporate Information

PRINCIPAL BANKS

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

HONG KONG LEGAL ADVISER

Woo Kwan Lee & Lo

REGISTERED OFFICE

P.O. Box 472, Harbour Place, 2nd Floor
North Wing, 103 South Church Street
George Town, Grand Cayman KY1-1106
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN HONG KONG

11th Floor, Chiap Luen Industrial Building
30–32 Kung Yip Street
Kwai Chung, New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

International Corporation Services Ltd
P.O. Box 472, Harbour Place, 2nd Floor
North Wing, 103 South Church Street
George Town, Grand Cayman KY1-1106
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
(stock code: 1962)

COMPANY WEBSITE

www.epfhk.com

Chairman's Statement

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Evergreen Products Group Limited (“**Evergreen**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**”), I am pleased to present the annual report of the Group for the year ended 31 December 2025 (the “**Year**”).

BUSINESS REVIEW

The outlook for global trade deteriorated sharply in the first half of the Year, as a surge in tariffs and heightened trade policy uncertainty negatively affected customer sentiment and prompted a cautious “wait-and-see” approach toward placing sales orders. With the gradual easing of tariff tensions in the second half of the Year, the customers have begun to resume shipments, signaling a recovery in demand and a stabilizing business environment.

During the Year, the Group's hair products generated revenue, representing a slight increase of 2.7% as compared to the year ended 31 December 2024. The traditional wig business maintained stable growth, despite being affected by weakened consumer sentiment and the fragility of the global economy during the Year, with customers shifting toward braid products with lower profit margins. Meanwhile, the Halloween product business remained steady. In contrast, the Group's focus on the human hair extension products with a higher profit margin led to a gradual decline in revenue, primarily due to clients' brand repositioning and product updates. Due to the ongoing impact of Bangladesh's minimum gross wage, and despite the continued depreciation of the Bangladeshi Taka against the US dollar offsetting the rise in labour costs, the Group's gross profit margin decreased slightly during the Year. Moreover, under the negative impact of trade policy uncertainty and increased US tariffs, customer sentiment weakened noticeably and consumer confidence fell, shifting demand toward wig products with lower profit margin. Declining deposit rates reduced interest income, while expenses toward advertising, distribution and salary increased, causing net profit to decrease by 22.6% as compared to the year ended 31 December 2024.

The Group has continued to enhance inventory control and streamline production processes in conjunction with the strategy of product diversification to sustain its market competitive advantage. The Group's gearing ratio rose to 77.2% when compared to 72.1% for the year ended 31 December 2024.

FINANCIAL OVERVIEW

During the Year, the Group's turnover amounted to HK\$1,044.3 million (2024: HK\$1,016.4 million), representing a slightly increase of 2.7% from the year ended 31 December 2024. The Group recorded a profit of HK\$30.8 million for the Year, representing a decrease of HK\$9.0 million, or 22.6%, as compared with the profit of HK\$39.7 million for the year ended 31 December 2024.

Chairman's Statement

OUTLOOK

Despite uncertainties surrounding tariffs and trade policies, as well as the volatile global economic outlook, the Group has maintained its growth strategy by expanding sales teams across multiple regions to better serve customer needs and expectations. In parallel, the Group has accelerated its expansion into leading cross-border e-commerce platforms to strengthen market presence and boost sales of human hair extension products.

In the upcoming year, the Group will continue to strengthen the financial performance enhancement initiatives across its operations including tightening inventory control, strictly implementing cost optimization, and refining the bank borrowing costs, accelerate its expansion into leading cross-border e-commerce platforms and also explore other social platforms to open up a new sales channel to drive the sales of the traditional wigs and human hair extension products.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK2.7 cents per Share for the Year, approximately HK\$17.2 million in total based on a total of 636,182,000 Shares in issue as at the date of this annual report, plus the interim dividend of HK2.0 cents per Share already declared and paid, making a total dividend of HK4.7 cents per Share (2024: final dividend of HK2.8 cents per Share and interim dividend of HK3.0 cents per Share). The dividend payout ratio for the Year was approximately 97.2% (2024: 95.1%). Subject to approval by shareholders at the 2026 annual general meeting, the proposed final dividend is expected to be payable on 8 June 2026.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to the Directors for their continuing efforts and to thank all members of our staff and management team for their dedication and continuous support. The Group is dedicated to seeking opportunities for positive change and pursuing breakthroughs in 2026. I look forward to sharing the Group's prosperity with them and all of our shareholders and customers in the future.

Chang Yoe Chong Felix

Chairman

Hong Kong, 31 March 2026

Management Discussion and Analysis

BUSINESS REVIEW

The outlook for global trade has deteriorated sharply in the first half of the year due to a surge in tariffs and trade policy uncertainty which has had a negative impact on customers' sentiment and prompted a cautious "wait-and-see" approach toward placing sales orders. With the gradual easing of tariff tensions in the second half of the year, customers have begun to resume shipments, signaling a recovery in demand and a more stable business environment. The segmental revenue of braid and special braid products with a lower profit margin has recorded steady growth and the demand for Halloween products remained stable during the Year but the demand for human hair extension products with a higher profit margin has declined significantly, which was primarily driven by reduced customer orders, stemming from re-branding, product updates and inventory clearance. In the current complex and ever-changing environment, the Group has continuously improved the product quality, enhanced the operation and strengthened the collaboration with customers in technology and research and development, gaining deeper insights into customers' needs and adjusting its product mix and production capacity to be effective and efficient. In the meantime, the Group intensified its efforts in cross-border e-commerce expansion and promoted human hair extension products through the hairstyling business, which were undertaken to mitigate the impact of periodic reductions in inventory orders from traditional offline channel customers and to further diversify sales channels.

The global wigs and human hair extensions market has continuously expanded annually, driven by evolving fashion trends and increasing consumer demand. Nevertheless, the wigs and human hair extension industry remained competitive, characterized by intense market rivalry and diversified customer preferences. The revenue of the Group slightly increased to HK\$1,044.3 million during the Year, representing a slight increase of approximately 2.7% as compared with the corresponding year ended 31 December 2024, mainly attributable to the increase in sales of braid products and the stable performance of Halloween products and the revenue contribution from festival products during the Year. Due to the continued impact of the minimum gross wage in Bangladesh, although the depreciation of the Bangladeshi Taka against the U.S. Dollar offset part of the increase in labor costs, compared with the corresponding year ended 31 December 2024, the gross profit margin for the Year decreased from 24.0% to 23.3%.

As a result of the above, the Group reported profits in the amount of HK\$30.8 million, representing a decrease of 22.6% as compared with the corresponding year ended 31 December 2024.

FINANCIAL REVIEW

During the Year, the Group's financial results dropped as compared with the corresponding year ended 31 December 2024. This was mainly because the negative impact of trade policy uncertainty and increased US tariffs significantly weakened customer sentiment, lowered consumer confidence and shifted demand towards the wigs products with lower margin. This led to a decline in the interest income due to a drop in the deposit rate, and an increase in the advertisement and distribution expenses and salaries expenses.

Management Discussion and Analysis

REVENUE

Revenue of the Group is mainly generated from the manufacturing and sale of its products. Revenue represents the amount received by the Group and the receivables for the sale of its products, net of any discounts and returns. The Group derives revenue from three principal product segments: (i) wigs, hair accessories and others; (ii) high-end human hair extensions (that is, human hair goods used for adding hair length and/or hair volume with an average retail price of over US\$5 per gram); and (iii) Halloween products.

During the Year, the Group's revenue amounted to HK\$1,044.3 million, representing a slight increase of HK\$27.9 million or 2.7% as compared with HK\$1,016.4 million for the year ended 31 December 2024. The increase was primarily due to the fact that the market demand of the braid products with lower profit margin increased stably while the sales order for Halloween products remained stable and the revenue on the hairstyling business and party products continuously contributed during the Year. The Bangladesh factory has consistently adjusted its production capabilities to adapt to the changing market demand. During the Year, the revenue generated from hair products made at the Bangladesh factory accounted for 98.3% of the Group's total revenue as compared to 98.9% for the year ended 31 December 2024.

The USA remained as the Group's principal market during the Year with revenue contribution accounting for 87.9% of the Group's total revenue during the Year as compared to 91.5% for the year ended 31 December 2024. In terms of product segments, wigs, hair accessories and others, which remained as the Group's key product segment, accounted for 93.7% of its total revenue during the Year as compared to 86.8% for the year ended 31 December 2024.

Wigs, hair accessories and others. Revenue from wigs, hair accessories and others increased by HK\$96.9 million, or 11.0%, from HK\$882.1 million for the year ended 31 December 2024 to HK\$979.0 million for the Year, primarily due to a rise in sales of braid and special braid items which was one of the popular products and the revenue from the hairstyling business and the party products business has continued to contribute during the Year.

High-end human hair extensions. Revenue from high-end human hair extensions decreased by HK\$71.5 million, or 65.2%, from HK\$109.7 million for the year ended 31 December 2024 to HK\$38.2 million for the Year, primarily due to a decrease in orders from customers as result of re-branding, product updates and inventory clearance, which led to a decrease in the sale volume of the human hair extension products.

Halloween products. Revenue from Halloween products increased by HK\$2.5 million, or 10.0%, from HK\$24.6 million for the year ended 31 December 2024 to HK\$27.1 million for the Year, primarily due to a gradual pick-up in the sales revenue from customers.

COST OF GOODS SOLD

The Group's cost of goods sold increased by HK\$28.2 million, or 3.6%, from HK\$772.8 million for the year ended 31 December 2024 to HK\$801.0 million for the Year, primarily due to an increase in direct labour cost as a result of the continuous impact of the minimum gross wage in Bangladesh and an increase in the cost of hairstyling business during the Year.

Management Discussion and Analysis

Wigs, hair accessories and others. Cost of goods sold for wigs, hair accessories and others increased by HK\$74.1 million, or 10.9%, from HK\$682.7 million for the year ended 31 December 2024 to HK\$756.8 million for the Year, corresponding with an increase in sales of these products during the Year.

High-end human hair extensions. Cost of goods sold for high-end human hair extensions decreased by HK\$48.2 million, or 65.2%, from HK\$73.9 million for the year ended 31 December 2024 to HK\$25.7 million for the Year, corresponding with a decrease in sales of these products during the Year.

Halloween products. Cost of goods sold for Halloween products increased by HK\$2.3 million, or 14.1%, from HK\$16.2 million for the year ended 31 December 2024 to HK\$18.5 million for the Year, corresponding with an increase in sales of these products during the Year.

GROSS PROFIT

During the Year, the Group's gross profit amounted to HK\$243.3 million, representing a decrease of HK\$0.2 million, or 0.1%, as compared with HK\$243.5 million for the year ended 31 December 2024, primarily due to the fact that market demand for its human hair extension products with higher margin significantly dropped as a result of the customers' product re-branding and the market demand for lace wig products with higher margin also declined which effected by the negative impact of US trade policy uncertainty during the Year. The gross profit declined primarily due to the increase in the sale of braid products with lower profit margin and the increase in the labour cost due to the continuous impact of the minimum gross wage in Bangladesh. During the Year, the Group's gross profit margin amounted to 23.3%, representing a decrease of 0.7 percentage points from 24.0% for the year ended 31 December 2024.

Wigs, hair accessories and others. Gross profit for wigs, hair accessories and others increased by HK\$22.8 million, or 11.5%, from HK\$199.4 million for the year ended 31 December 2024 to HK\$222.2 million for the Year. Gross profit margin for this segment slightly increased from 22.6% for the year ended 31 December 2024 to 22.7% for the Year, primarily attributable to the effective cost control of wigs, hair accessories and other products during the Year.

High-end human hair extensions. Gross profit for high-end human hair extensions decreased by HK\$23.3 million, or 65.0%, from HK\$35.8 million for the year ended 31 December 2024 to HK\$12.5 million for the Year. Gross profit margin for this segment slightly increased from 32.6% for the year ended 31 December 2024 to 32.7% for the Year, primarily due to the continuous improvement in the procurement and manufacturing process during the Year.

Halloween products. Gross profit for Halloween products increased by HK\$0.2 million, or 2.2%, from HK\$8.4 million for the year ended 31 December 2024 to HK\$8.6 million for the Year. Gross profit margin for Halloween products decreased from 34.3% for the year ended 31 December 2024 to 31.8% for the Year, primarily due to an increase in total production costs of Halloween products during the Year as compared to the year ended 31 December 2024.

Management Discussion and Analysis

OTHER INCOME

Other income decreased by HK\$1.3 million, or 17.1%, from HK\$7.9 million for the year ended 31 December 2024 to HK\$6.6 million for the Year, primarily due to a decrease in income from properties rental and bank interest income during the Year.

OTHER (LOSSES) GAINS, NET

Other (losses) gains, net decreased by HK\$5.0 million, or 107.6%, from a gain of HK\$4.7 million for the year ended 31 December 2024 to a loss of HK\$0.4 million for the Year. The other (losses) gains, net primarily comprises of HK\$1.4 million from the fair value gain on financial assets at fair value through profit or loss and HK\$0.6 million from the loss on disposal of property, plant and equipment and HK\$0.2 million from the fair value loss on investment properties and HK\$0.9 million from the impairment loss on goodwill and customer relationship during the Year.

IMPAIRMENT LOSSES RECOGNISED ON TRADE RECEIVABLES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

During the Year, the Group recognised impairment losses of HK\$0.7 million in respect of trade receivables (2024: Impairment losses of HK\$1.4 million). The impairment losses of HK\$0.7 million were recognised on the trade and other receivable which are unlikely to be recovered.

DISTRIBUTION AND SELLING EXPENSES

Distribution and selling expenses increased by HK\$1.9 million, or 6.9%, from HK\$27.0 million for the year ended 31 December 2024 to HK\$28.9 million for the Year, was mainly arising from the increase in the advertisement and declaration during the Year.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by HK\$5.5 million, or 4.1%, from HK\$132.5 million for the year ended 31 December 2024 to HK\$138.0 million for the Year, which was mainly due to the increase in the administrative cost on salaries and rent, rates and government rent expenses during the Year.

OTHER EXPENSES

Other expenses increased by HK\$1.2 million, or 766.0%, from HK\$0.2 million for the year ended 31 December 2024 to HK\$1.4 million for the Year. The donation made by the Group during the Year amounted to HK\$1.4 million (2024: HK\$0.2 million).

Management Discussion and Analysis

FINANCE COSTS

Finance costs decreased by HK\$8.3 million, or 19.6%, from HK\$42.4 million for the year ended 31 December 2024 to HK\$34.1 million for the Year. The decrease in finance cost is primarily due to the average borrowing level remaining low.

TAXATION

Income tax expense of the Group increased by HK\$2.8 million, or 21.3%, from HK\$13.0 million for the year ended 31 December 2024 to HK\$15.8 million for the Year. Income tax expense included deferred taxation in the amount of HK\$3.9 million for the Year (2024: HK\$1.4 million of deferred taxation).

NET PROFIT

The Group's net profit for the Year amounted to HK\$30.8 million, representing a decrease of HK\$9.0 million, or 22.6%, as compared with a net profit of HK\$39.7 million for the year ended 31 December 2024. This was because of the negative impact of trade policy uncertainty and increased US tariffs having significantly weakened customer sentiment, a drop in the deposit rate, and the increase in the advertisement and distribution expenses and salaries expenses during the Year when compared to the year ended 31 December 2024.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank balances decreased by HK\$17.3 million or 15.0% from HK\$115.7 million as at 31 December 2024 to HK\$98.4 million as at 31 December 2025. The decrease in cash and bank balances as at 31 December 2025 was primarily due to the change in cash collection cycle during the Year. The Group's pledged bank deposits slightly increased by HK\$0.6 million or 1.0% from HK\$58.7 million as at 31 December 2024 to HK\$59.3 million as at 31 December 2025. The increase in pledged bank deposits was mainly due to the foreign exchange conversion during the Year.

The Group's trade and other receivables increased by HK\$56.5 million or 21.3% from HK\$264.8 million as at 31 December 2024 to HK\$321.3 million as at 31 December 2025. The increase was primarily attributable to the increase in trade receivables resulting from the growth in sales shipments during the final quarter of the Year, together with an increase in prepayments and deposits made to suppliers.

BORROWINGS AND GEARING RATIO

As at 31 December 2025, the Group's banking facilities amounted to HK\$884.4 million, of which HK\$181.7 million remained unutilised. The Group's bank and other borrowings are mainly denominated in Hong Kong dollars or United States dollars, of which HK\$519.3 million are repayable within one year, HK\$44.8 million are repayable within a period of more than one year but not exceeding two years, HK\$18.8 million are repayable within a period of more than two years but not exceeding five years, and HK\$7.1 million with maturity exceeding five years.

Management Discussion and Analysis

The Group's bank borrowings arranged at floating rates are with average effective interest rates ranging from 3.25% to 8.20% (31 December 2024: 2.90% to 7.59%) per annum. The bank borrowings arranged at fixed rate are with average effective interest rates ranging from 0.90% to 4.25% (31 December 2024: 0.90% to 4.25%) per annum. The other borrowings carry interest at Hong Kong Interbank Offered Rate ("**HIBOR**") plus 1.5% (31 December 2024: HIBOR plus 1.5%) per annum. The amount due to a related company is unsecured, interest bearing at HIBOR plus 3.5% and repayable on demand. The amount due to a non-controlling shareholder of a subsidiary is unsecured, interest-free and repayable on demand.

As at 31 December 2025, the gearing ratio of the Group, which is equivalent to the total interest-bearing debt (including secured bank and other borrowings and lease liabilities) divided by total equity, was 77.2% as compared to 72.1% as at 31 December 2024. Moreover, the net gearing ratio of the Group, which is equivalent to the total interest-bearing debt (including secured bank and other borrowings and lease liabilities) net of total cash and bank balances divided by total equity, was 57.4% as compared to 50.1% as at 31 December 2024. The increase in gearing ratio was primarily due to an increase in bank borrowings for the Year while the increase in net gearing ratio was primarily due to an increase in bank borrowings as at 31 December 2025.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENTS

During the Year, the Group spent approximately HK\$30.2 million on additions to fixed assets as compared to HK\$33.9 million for the year ended 31 December 2024 mainly to maintain its manufacturing capabilities in Bangladesh. As at 31 December 2025, the Group had capital commitments of HK\$2.6 million in respect of property, plant and equipment (2024: HK\$6.6 million).

CURRENCY RISKS

A significant portion of the Group's revenue is derived from sales to overseas customers denominated in foreign currencies. For the Year, 94.2% (2024: 91.5%) of the Group's revenue was denominated in U.S. dollar ("**US\$**"). The Group mainly operates in Bangladesh and the PRC and most of the Group's operating expenses are denominated in Bangladeshi Taka ("**Taka**") and Renminbi ("**RMB**").

During the Year, the Group did not enter into any foreign currency forward contracts in view of the high volatility in the exchange rate of RMB. The Group has not hedged exposure to any change in the foreign exchange rate of Taka. The value of Taka or RMB against US\$ and other currencies may fluctuate due to, among other things, political as well as economic policies and conditions both in the jurisdictions in which the Group operates as well as globally. The Group's profit margins could be adversely affected to the extent that the Group is unable to increase the US\$ denominated selling prices of products sold to overseas customers or shift the exchange risk to the Group's customers to account for the appreciation of Taka or RMB against US\$. These fluctuations may result in exchange losses or gains or increases or reductions in the Group's costs after translation from US\$ to RMB or Taka. Any appreciation of Taka or RMB may lead to an increase in the Group's manufacturing costs if the Group is unable to pass on such additional costs to customers. This potential increase may, in turn, affect the Group's competitiveness against competitors outside Bangladesh and/or the PRC.

Management Discussion and Analysis

CONTINGENT LIABILITIES

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

PLEDGE OF ASSETS

As at 31 December 2025, the Group's bank and other borrowings were secured by:

- (a) pledge of the Group's bank deposits of approximately HK\$59.3 million (2024: HK\$58.7 million);
- (b) the Group's land and buildings and car parks in Hong Kong of approximately HK\$50.3 million (2024: HK\$70.5 million);
- (c) the Group's land and buildings in the USA and the PRC of approximately HK\$27.2 million (2024: HK\$26.0 million);
- (d) investment properties in the PRC of approximately HK\$4.9 million (2024: HK\$4.7 million);
- (e) negative pledge of the assets of certain subsidiaries in the PRC and Bangladesh; and
- (f) certain life insurance contracts classified as financial assets at fair value through profit or loss of the Group of approximately HK\$38.0 million (2024: HK\$36.4 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed a total of (i) 29,566 employees in Bangladesh, as compared to 21,050 as at 31 December 2024, (ii) 145 employees in the PRC, as compared to 189 as at 31 December 2024, (iii) 67 employees in Hong Kong, as compared to 72 as at 31 December 2024, and (iv) a total of 25 employees in Japan, the USA, Thailand and the UK, as compared to 26 as at 31 December 2024.

Total employee expenditures during the Year amounted to HK\$405.5 million as compared to HK\$354.7 million for the year ended 31 December 2024. The Group determines the remuneration of its employees based on prevailing market conditions, the relevant local laws and regulations regarding wage protection and the performance of the employees. Remuneration includes salary, bonuses and benefits. The remuneration packages of the employees are reviewed annually. The Group operates a defined contribution retirement scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all qualified employees. Employees of the Group's factories in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. For employees in Bangladesh, the Group is currently not subject to any compulsory social insurance contribution, but they are covered by a self-managed provident fund operated by the respective subsidiaries of the Group in Bangladesh. In addition, the Company has adopted the Share Option Scheme, details of which are set out in the sub-section headed "Share Option Scheme" in this annual report.

Management Discussion and Analysis

On 11 December 2017, the Company adopted the Share Award Scheme. The Share Award Scheme were completed and terminated as at 30 November 2021.

SHARE OPTION SCHEME

On 19 June 2017, a Share Option Scheme was adopted, whereby the Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe for the shares of the Company (the “**Shares**”).

During the Year, no option has been granted or agreed to be granted under the Share Option Scheme.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, (i) there were no significant investments held, nor were there any material acquisitions or disposals during the Year; and (ii) no plans have been authorised by the Board for any material investments or additions of capital assets as at the date of this annual report.

IMPORTANT EVENTS AFTER THE END OF THE YEAR

There were no events that had significant impacts on the Group after 31 December 2025 and up to the date of this annual report.

OUTLOOK

Despite the uncertainties surrounding tariffs and trade policies, as well as the volatile global economic outlook, the Group has maintained its growth strategy by expanding sales teams across various regions to better meet customer needs and expectations. The Group has also accelerated its expansion on several well-known cross-border e-commerce platforms to strengthen its market presence and boost sales of human hair extension products.

The Group has continuously refined its bank loan portfolio and optimised product costs and quality to improve the profit margin and enhance the liquidity the soonest possible.

The Board believes that the Group is capable of navigating the complex and ever-changing business environment and predicts that the market demand for wigs and human hair extensions products will continuously and stably increase towards the end of 2026. The Group will continue to focus on its core business, closely monitor the latest industry developments and adjust its strategies to provide the best medium to long term benefits to the shareholders of the Company.

Biographical Details of Directors and Senior Management

Brief biographical particulars of the existing Directors and senior management of the Company are set out below:

EXECUTIVE DIRECTORS

Mr. Chang Yoe Chong Felix, aged 60, has been a Director since the incorporation of the Company on 19 May 2016. Mr. Chang was re-designated as an executive Director and appointed as the Chief Executive Officer on 9 September 2016. He is also the Chairman of the Group, the chairman of the nomination committee (the “**Nomination Committee**”) and a member of the remuneration committee (the “**Remuneration Committee**”) of the Company and has assumed various positions in the Company’s subsidiaries including a director of Evergreen Products Factory Limited, a director of EPF Global Enterprises Limited, a director of EPF International Limited, the sole director of Kunming Evergreen Hair Products Co., Ltd.* (昆明訓修髮製品有限公司), a director of Evergreen Products Factory (BD) Ltd., a director of Gold Timing Manufacture (BD) Limited and sole director of Evergreen Products Factory (YZ) Co., Ltd.* (訓修實業(禹州)有限公司). He is responsible for the Group’s overall business strategy and major business decisions. He also oversees the Group’s operation in Hong Kong, China, Bangladesh and Japan. Mr. Chang is also a director of certain substantial shareholders of the Company including Evergreen Enterprise Holdings Limited, Golden Evergreen Limited, FC Investment Worldwide Limited and CLC Investment Worldwide Limited.

Mr. Chang joined the Group in April 1992 as a manager and was promoted to be the Vice-Chairman and Managing Director in September 1996. He accumulated over 30 years of experience in the hair goods industry. Since joining the Group, Mr. Chang has been responsible for the Group’s business strategies and decision-making. Mr. Chang also developed and modified the Group’s strategies relating to production, market strategies, and research and development. He has also proposed directional recommendations to the Company by discovering new business opportunities. Mr. Chang has also significantly expanded the Group’s scale of production which has led to the Group’s current leading position in the hair goods industry.

Mr. Chang obtained a Master of Science degree in Information Technology for Manufacture and a Bachelor of Science degree with honours in Computer and Management Sciences from the University of Warwick in the United Kingdom in July 1992 and July 1990, respectively. Mr. Chang has become a member of the Yunnan Provincial Committee of the Chinese People’s Political Consultative Conference (中國人民政治協商會議) since January 2018.

Save as disclosed above, Mr. Chang does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

The discloseable interests of Mr. Chang in the shares and underlying shares of the Company and its associated corporations under the provisions of Part XV of the Securities and Futures Ordinance (the “**SFO**”) are set out in the section headed “Report of the Directors – Directors’ and Chief Executives’ Interests in Shares and Underlying Shares of the Company and its Associated Corporations” in this annual report.

* For identification purposes only

Biographical Details of Directors and Senior Management

Mr. Chan Kwok Keung, aged 58, was appointed as an executive Director on 9 September 2016. Mr. Chan is currently the head of the Company's sales and marketing department and primarily responsible for overseeing the Group's sales and marketing.

Mr. Chan joined the Group in March 1995 and accumulated over 27 years of experience in sales and marketing. He has held various positions in the Group, including director of Evergreen Products Factory Limited, director of EPF Global Enterprises Limited, director of EPF International Limited, director of Evergreen Products Factory (BD) Ltd., as well as director of Gold Timing Manufacture (BD) Limited. Before joining the Group, Mr. Chan worked in the Korea Trade Centre, the Korean Trade-Investment Promotion Agency, as a market research officer from September 1990 to April 1994.

Mr. Chan obtained a Higher Diploma in Institutional Management and Catering Studies from the Hong Kong Polytechnic University (formerly known as the Hong Kong Polytechnic) in November 1990.

Mr. Chan does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

The discloseable interests of Mr. Chan in the shares and underlying shares of the Company and its associated corporations under the provisions of Part XV of the SFO are set out in the section headed "Report of the Directors – Directors' and Chief Executives' Interests in Shares and Underlying Shares of the Company and its Associated Corporations" in this annual report.

Ms. Jia Ziying, aged 49, was appointed as an executive Director on 9 September 2016 and she was appointed as a member of the Nomination Committee on 5 June 2025. Ms. Jia is currently the head of the Company's research and development department and production coordination department and is primarily responsible for the Group's product research and development, and the overall manufacturing management. She is also a director of Evergreen Products Factory Limited.

Ms. Jia joined the Group in July 1997 and accumulated over 25 years of experience in design and development of the hair goods. In February 2002, she set up a product design, research and development division for wigs made by sewing machines. In February 2009, Ms. Jia took charge of the product design, research and development division for weaving products. In February 2011, she was promoted to the head of the Group's research and development department and production coordination department. As the head of the Group's production coordination department, Ms. Jia has been primarily responsible for overseeing production and operations management. In March 2011, Ms. Jia also took charge of the product design, research and development division for Halloween products.

Ms. Jia obtained a Diploma in Accounting and Statistics from Chongqing Radio and TV University (重慶廣播電視大學) in October 1997. Ms. Jia is the spouse of Mr. Li Yanbo, an executive Director.

Biographical Details of Directors and Senior Management

Save as disclosed above, Ms. Jia does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

The discloseable interests of Ms. Jia in the shares and underlying shares of the Company and its associated corporations under the provisions of Part XV of the SFO are set out in the section headed “Report of the Directors – Directors’ and Chief Executives’ Interests in Shares and Underlying Shares of the Company and its Associated Corporations” in this annual report.

Mr. Li Yanbo, aged 55, was appointed as an executive Director on 9 September 2016. He is primarily responsible for the Company’s sales and marketing in the PRC. Mr. Li is also a director of Evergreen Products Factory (SZ) Co., Ltd.* (訓修實業(深圳)有限公司) and Evergreen Products Factory Limited, respectively.

Mr. Li has over 27 years of experience in sales and marketing and has assumed various positions in the Group. Mr. Li joined the Group in September 1995 as a merchandiser in Shenzhen Evergreen Hair Products Co., Ltd.* (深圳訓修髮製品有限公司) and was later promoted to its production planner and production director in October 1996 and February 1997, respectively. In October 1998, Mr. Li was further promoted to the manager of the PRC marketing department in Kunming Evergreen Hair Products Co., Ltd.* (昆明訓修髮製品有限公司). Since then, he has been primarily responsible for the Group’s sales and marketing in the PRC, including but not limited to sales, marketing planning, market information collection and after-sales service.

Mr. Li graduated from Northwest A&F University (西北農林科技大學) majoring in Environmental Monitoring and Assessment (distance learning) in July 2016. He graduated from a two-year programme in business administration of China Sociology Correspondence University (中國社會學函授大學) (not MOE accredited) (distance learning) in August 2004. In July 1990, he completed two years of study majoring in English in Hunan Wulingyuan Foreign Language School (湖南武陵源外國語學校).

In March 2003, Mr. Li obtained a Qualification Certificate for National Marketing Manager approved and issued by the Marketing Professional Committee of China Business Manager Association. Mr. Li is the spouse of Ms. Jia Ziyang, an executive Director.

Save as disclosed above, Mr. Li does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

The discloseable interests of Mr. Li in the shares and underlying shares of the Company and its associated corporations under the provisions of Part XV of the SFO are set out in the section headed “Report of the Directors – Directors’ and Chief Executives’ Interests in Shares and Underlying Shares of the Company and its Associated Corporations” in this annual report.

* For identification purposes only

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Mr. Chan Lau Yui Kevin, aged 59, was appointed as a non-executive Director on 9 September 2016, representing SEAVI Advent Investments Ltd, a pre-IPO investor of the Group. He has been a director of Evergreen Enterprise Investment Limited since June 2016 and was also a director of Evergreen Products Factory Limited from 2015 to 2017. Mr. Chan is responsible for formulation of the Group's strategic directions and for high level oversight of the Group's management and operations. Mr. Chan is a senior partner of SEAVI Advent Private Equity Limited, overseeing its fund management activities for private equity investments in Greater China. Mr. Chan is also an executive director and a responsible officer of SEAVI Advent Ocean Private Equity Limited, a company licensed to conduct type 9 (asset management) regulated activities under the SFO.

Mr. Chan first joined Advent International Corporation as the Principal of its Technology and Communications Investment in its Hong Kong office in May 2000. He has been with SEAVI Advent Equity Limited, the Asian affiliate of Advent International Corporation since July 2002. Prior to the employment in Advent International Corporation, Mr. Chan worked at HSBC Investment Bank Asia Limited from June 1999 to May 2000 and his last position was an associate director, and earlier worked as an associate in the Investment Banking Division of Goldman Sachs (Asia) L.L.C. from 1997 to 1999.

Mr. Chan obtained a Master of Business Administration degree from Columbia University in May 1997, a Master of Arts degree from the University of Cambridge in May 1993, a Master of Science degree in Electrical Engineering from Polytechnic University in the U.S. (currently known as New York University Polytechnic School of Engineering) in June 1991 and a Bachelor of Arts degree from the University of Cambridge in July 1989. He is a member of the Institution of Engineering and Technology and the Institute of Electrical and Electronics Engineers, respectively, and is a Chartered Engineer. Mr. Chan has been a responsible officer licensed under the SFO to engage in type 9 (asset management) regulated activities since July 2008. He was awarded the Pearson SRF BTEC Level 7 Advanced Professional Diploma for the Financial Times Non-Executive Director by Pearson Education Ltd in May 2016.

Mr. Chan does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at 31 December 2025, Mr. Chan did not have any interests in the shares, underlying shares and debentures of the Company and its associated corporations under the provisions of Part XV of the SFO.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Sin Hendrick M.H., aged 51, was appointed as an independent non-executive Director on 19 June 2017. He is the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee. Mr. Sin is responsible for giving strategic and independent advice and guidance on the Group's business and operations.

Mr. Sin is a founding partner of China Prosperity Capital Fund. He is also the vice chairman of CMGE Group Limited and has been an executive director of CMGE Technology Group Limited (the shares of which were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 31 October 2019, stock code: 0302) since 25 April 2018. Since November 2019 and July 2022, Mr. Sin has respectively been serving as an independent non-executive director of 36 Kr Holdings Inc., whose shares are listed on the NASDAQ (stock code: KRKR) and Suning.com Co., Limited, a company listed on the Shenzhen Stock Exchange (stock code: 002024). Since January 2022, October 2022 and March 2023, Mr. Sin has been appointed as an independent non-executive Director of Hong Kong Economic Times Holdings Limited, a company listed on the Stock Exchange (stock code: 423) and China Tower Corporation Limited, a company listed on the Stock Exchange (stock code: 788) and Tianjin Development Holdings Limited, a company listed on the Stock Exchange (stock code: 882) respectively. Between July 2013 and August 2015, Mr. Sin was an independent non-executive director of AID Partners Capital Holdings Limited, a company listed on the Stock Exchange (Stock Code: 8088). Between March 2009 and October 2012, Mr. Sin was an executive director and the chief financial officer of V1 Group Limited, a company listed on the Stock Exchange (Stock Code: 0082).

Mr. Sin obtained a Master of Science degree in Engineering Economic Systems and Operations Research from Stanford University in June 1997. He also obtained three Bachelor of Science degrees in Mathematics/Computer Science, Economics and Industrial Management from Carnegie Mellon University in May 1996. Mr. Sin is a member of The Hong Kong Institute of Directors and the executive vice-chairman of the Hong Kong Software Industry Association (香港軟件行業協會). Mr. Sin has become a member of the Tianjin Municipal's Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議) since January 2018 and has been elected as a deputy of the fourteenth National People's Congress in Hong Kong SAR on 15 December 2022.

Mr. Sin does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at 31 December 2025, Mr. Sin did not have any interests in the shares, underlying shares and debentures of the Company and its associated corporations under the provisions of Part XV of the SFO.

Mr. Szeto Yuk Ting, aged 58, was appointed as an independent non-executive Director on 19 June 2017. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. Szeto is responsible for giving strategic and independent advice and guidance on the Group's business and operations.

Biographical Details of Directors and Senior Management

Mr. Szeto was admitted as a solicitor in Hong Kong in September 1992 and had over 25 years of legal experience. His major areas of practice include civil and criminal litigation, conveyancing and probate. Mr. Szeto co-founded Messrs. Y.T. Szeto & Company, Solicitors in September 1996 and has been the sole proprietor of the firm since January 2001. He also worked in Messrs. Paul Chan & Co., Solicitors from 1993 to 1996.

Mr. Szeto obtained a Postgraduate Certificate in Laws and a Bachelor of Laws degree (with Honours) from the University of Hong Kong in June 1990 and December 1989, respectively. Since December 2019 and March 2023, Mr. Szeto has respectively been serving as an independent non-executive director of Wise Ally International Holdings Limited, a company listed on the Stock Exchange (stock code: 9918) and Chiho Environmental Group Ltd, a company listed on the Stock Exchange (stock code: 976).

Mr. Szeto does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at 31 December 2025, Mr. Szeto did not have any interests in the shares, underlying shares and debentures of the Company and its associated corporations under the provisions of Part XV of the SFO.

Ir. Cheung Siu Wa, aged 64, was appointed as an independent non-executive Director on 18 February 2019. He was appointed a member of the Audit Committee, the Remuneration Committee and the Nomination Committee on 1 June 2023. Ir. Cheung Siu Wa is responsible for giving strategic and independent advice and guidance on the Group's business and operations.

Ir. Cheung is an equity partner of Key Direction Limited ("**KDL**"), a railway engineering consultancy firm based in Hong Kong with subsidiaries in Kuala Lumpur, Singapore and Macau. He has been appointed as the vice chairman and a director of KDL since September 2018. Before joining KDL, he worked in MTR Corporation Limited ("**MTR**"), a company listed on Stock Exchange (stock code: 0066), for 35 years during the period from November 1983 to July 2018 and held various senior positions in MTR involving railway operations and maintenance and construction of new extension projects. He joined MTR in 1983 as a graduate engineer, and had progressed over the years to senior management positions in its Operations and Projects Divisions. He was seconded to Ngong Ping 360 Limited as its managing director from September 2007 to July 2009. In July 2009, Ir. Cheung was appointed as the Chief of Operating of MTR and was responsible for the operations of all transport business of MTR in Hong Kong. In January 2011, he took up the position of the Chief of Operations Engineering of MTR for overseeing all maintenance and technical functions for railway assets. Ir. Cheung was the Human Resources Director of MTR between July 2012 and June 2015 and the European Business Director of MTR between June 2015 and June 2016. He was the president of the MTR Academy between July 2016 and July 2018 and a member of the Executive Directorate of MTR between July 2012 and July 2018.

Ir. Cheung is a fellow of each of The Hong Kong Institution of Engineers, The Institution of Electrical Engineers of the United Kingdom and The Chartered Institute of Logistics & Transport in Hong Kong. He is also a member of the Hong Kong Institute of Directors. Ir. Cheung has become a member of the Yunnan Provincial Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議) between 2018 to 2022.

Biographical Details of Directors and Senior Management

Ir. Cheung obtained a Bachelor of Science degree in Engineering and a Master of Science degree in Engineering from The University of Hong Kong in 1983 and 1990, respectively, a Master of Business Administration degree from the City Polytechnic of Hong Kong (now called City University of Hong Kong) in 1990 and a Master of Science degree in Financial Analysis from The Hong Kong University of Science and Technology in 2005.

Ir. Cheung does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As at the 31 December 2025, Ir. Cheung did not have any interests in the shares, underlying shares and debentures of the Company and its associated corporations under the provisions of Part XV of the SFO.

SENIOR MANAGEMENT

Mr. To Hin Pak, aged 46, joined the Group on 20 May 2022 as the Chief Financial Officer of the Company, and is responsible for supervising financial reporting, corporate finance, treasury, tax and other financial related matters, and overseeing investment activities and transactions of the Group.

Mr. To is a fellow member of the Association of Chartered Certified Accountants and a member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute. Mr. To has over twenty years of experience in accounting and financial management. Mr. To obtained a master's degree in Corporate Governance in 2013 and a Bachelor of Arts degree in Accountancy in 2002, in each case, from the Hong Kong Polytechnic University.

Corporate Governance Report

The Company is committed to maintaining high standard of corporate governance practices. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Board is of the view that, the Company has complied with all the code provisions that were in force and as set out in the CG Code throughout the Year, save and except for code provision C.2.1, which states that the roles of chairman and chief executive should be separate and should not be performed by the same individual, details of which are set out below:

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be separate and should not be performed by the same individual. However, Mr. Chang Yoe Chong Felix, an executive Director, currently performs these two roles in the Company. Given the current scale of the Company’s operations and management structure, the Company considers that entrusting Mr. Chang, who has been the Company’s key leadership figure and chiefly responsible for the business strategy, decisions and operations, to perform both the functions of the chairman and the chief executive officer of the Company is appropriate. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired considering the background and experience of the Directors and the number of independent non-executive Directors in the Board and this structure will enable the Company to make and implement decisions promptly and effectively.

PURPOSE, VALUES AND STRATEGIES

The Company has always emphasised the importance of integrity in conducting its business, which has contributed to the building of trust and mutual respect among its management, employees, customers and suppliers and has led to the long-term success of the Company. The Company’s culture is moulded by our values. The Board has established the following values that are integrated throughout the Company’s objective and policies, to guide employees’ conduct and behaviors, as well as business operation and strategies:

Evergreen’s purpose want to be the best and create the best and highest quality hair products possible to its customers.

Evergreen’s values are to ensure that the Company adheres to the principles of achieving integrity, excellence, flexibility and innovation, and to strive to deliver the best and the highest quality hair products which are trusted by its customers.

Corporate Governance Report

Evergreen's strategies are (i) to integrate the production lines of its Bangladesh factories to achieve a balanced and diverse product mix of hair products to satisfy its customers' requirements in scalability, flexibility, adaptability and quality; (ii) to sustain the competitive advantages to strengthen the research and development team in the People's Republic of China and Bangladesh, with a focus on driving product innovation.

The Company will conduct regular review of and adjust (if necessary) our strategies, and diligently monitor the evolving market conditions to ensure prompt and proactive measures will be taken in response to the changes and market needs, thereby fostering the Company's sustainability.

CORPORATE GOVERNANCE PRINCIPLES AND THE COMPANY'S PRACTICES

A. DIRECTORS

A.1. Board of Directors

The Company should be headed by an effective Board which should assume responsibility for leadership and control of the Company and be collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. Directors should take decisions objectively in the interests of the Company.

The Company has in place mechanisms to ensure that independent views and input are available to the Board. Such mechanisms include appointing sufficient number of independent non-executive Directors, reviewing their time contribution and assessing their performance annually. If required, the Directors may request for separate independent professional advice to be provided to them to assist them to discharge their duties at the Company's expenses.

A.2. Chairman and Chief Executive Officer

There are two key aspects of the management of the Company – the management of the Board and the day-to-day management of the Company's business. There should be a clear division of these responsibilities at the Board level to ensure a balance of power and authority, so that power is not concentrated in any one individual.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

In view of the present composition of the Board, the in-depth knowledge of Mr. Chang Yoe Chong Felix, the Chairman and the Chief Executive Officer, of the Company's operations and the wigs industry in general, his extensive business network and connections, and the scope of operations of the Company, the Board believes that it is in the best interest of the Company for Mr. Chang Yoe Chong Felix to assume the roles of both the Chairman and the Chief Executive Officer.

Corporate Governance Report

A.3. Board Composition

The Board should have a balance of skills and experience appropriate for the requirements of the business of the Company. The Board should ensure that changes to its composition can be managed without undue disruption. The Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board to enable effective exercise of independent judgment. Non-executive Directors should be of sufficient calibre and number for their views to carry weight.

The Board currently comprises four executive Directors, namely, Mr. Chang Yoe Chong Felix, Mr. Chan Kwok Keung, Ms. Jia Ziyang and Mr. Li Yanbo; one non-executive Director, namely, Mr. Chan Lau Yui Kevin; and three independent non-executive Directors, namely, Mr. Sin Hendrick *M.H.*, Mr. Szeto Yuk Ting and Ir. Cheung Siu Wa. Mr. Li Yanbo is the spouse of Ms. Jia Ziyang. Mr. Chang Yoe Chong Felix is the Chairman of the Board.

During the Year, the Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules in relation to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board with one of whom, being Mr. Sin Hendrick *M.H.*, possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the requirements set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Biographies of the Directors including the necessary details of the relationships among the Directors are set out in the section headed “Biographical Details of Directors and Senior Management” of this annual report, which demonstrate a diversity of skills, expertise, experience and qualifications among members of the Board.

A.4. Board Independence

The Company recognises that Board independence is pivotal in good corporate governance and Board effectiveness. The Board has established mechanisms to ensure independent views and input are available to the Board. The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors. Further, independent non-executive Directors will be appointed to Board Committees as required under the Listing Rules and as far as practicable to ensure independent views and input are available. The Nomination Committee strictly adheres to the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgement. No equity-based remuneration with performance related elements will be granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence. A director (including independent non-executive Director) who has a material interest in a contract or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

Corporate Governance Report

During the Year, the Board through the Nomination Committee has reviewed the implementation of the above mechanisms and considered that they were effective in ensuring independent views and input were available to the Board.

A.5. Appointments, Re-election and Removal of Directors

There should be formal, careful and transparent procedures for the appointment of new Directors to the Board. There should be plans in place for orderly succession for appointments to the Board. All Directors should be subject to re-election at regular intervals. The Company must explain the reasons for the resignation or removal of any Director.

According to article 108 of the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

According to article 112 of the articles of association of the Company, any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office only until the first annual general meeting of the Company after such appointment and be subject to re-election at such meeting.

A.6. Responsibilities and Delegation of Directors

The Board oversees the overall management of the Company's businesses and affairs. The Board's primary duty is to ensure the viability of the Company and to ascertain that it is managed in the best interests of the shareholders as a whole while taking into account the interests of other stakeholders.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

The Board reserves its decision for all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company.

Corporate Governance Report

The Board has delegated the day-to-day management of the Company's businesses to the management and the executive committee of the Company, and focuses its attention on matters affecting the Company's long-term objectives and plans for achieving these objectives, the overall business and commercial strategy of the Group as well as overall policies and guidelines.

During the Year, all Directors have been provided, on a monthly basis, with the Group's management information updates, giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects in sufficient detail to keep them abreast of the Group's affairs and facilitate them to discharge their duties under the relevant requirements of the Listing Rules.

All Directors are entitled to access Board papers, minutes and related materials. When queries are raised by Directors, steps will be taken to respond as promptly and fully as possible.

A.7. Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its code of conduct for securities transactions by the Directors. All the Directors have confirmed, following a specific enquiry by the Company, that they had complied with the required standards as set out in the Model Code throughout the Year.

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

A.8. Corporate Governance Functions

The Audit Committee is responsible for performing the functions as set out in code provision A.2.1 and D.3.3 of the CG Code.

During the Year, the Audit Committee has reviewed the Company's corporate governance policies and practices, training and continuous professional development ("**CPD**") of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the Company's compliance with the CG Code and the disclosures in this report.

A.9. Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director would receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction would be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Corporate Governance Report

Directors should participate in appropriate CPD training to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The Directors are required to provide the Company with details of the CPD training undertaken by them from time to time.

Based on the details so provided, CPD training undertaken by the Directors during the year is summarised as follows:

Directors	Attending seminars and training on the Model Code and corporate governance	Attending seminars/ workshops on Directors' responsibilities and other related issues	Reading relevant news alerts, newspaper, journals, magazines, relevant publications and guidelines on Directors' continuous responsibilities, corporate governance and other related issues
Executive Directors			
Mr. CHANG Yoe Chong Felix <i>(Chairman and Chief Executive Officer)</i>	✓	✓	✓
Mr. CHAN Kwok Keung	✓	✓	✓
Ms. JIA Ziying	✓	✓	✓
Mr. LI Yanbo	✓	✓	✓
Non-executive Director			
Mr. CHAN Lau Yui Kevin	✓	✓	✓
Independent non-executive Directors			
Mr. SIN Hendrick <i>M.H.</i>	✓	✓	✓
Mr. SZETO Yuk Ting	✓	✓	✓
Ir. CHEUNG Siu Wa	✓	✓	✓

Corporate Governance Report

Each of the Directors has complied with code provision C.1.4 of the CG Code. The Directors have confirmed that they have devoted sufficient time and attention to the affairs of the Group. Besides, the Directors have disclosed to the Company their interests as director and other office in other public companies and organizations in a timely manner and updated the Company on any subsequent changes.

B. BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs and delegated its authority to these committees to assist it in the implementation of its functions.

The terms of reference setting out the authorities, duties and responsibilities of the above committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

B.1. Audit Committee

On 19 June 2017, the Board established the Audit Committee which currently comprises three independent non-executive Directors, namely Mr. Sin Hendrick *M.H.* (Chairman), Mr. Szeto Yuk Ting and Ir. Cheung Siu Wa. The Company has complied with Rule 3.21 of the Listing Rules, which requires that the Audit Committee must comprise a minimum of three members with at least one member being an independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise, and must be chaired by an independent non-executive Director. All members of the Audit Committee have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of the Company.

B.1.1. Duties of the Audit Committee

The Audit Committee is principally responsible for, among other things, monitoring the integrity of periodical financial statements of the Company, reviewing significant financial reporting judgments contained in them before submission to the Board for approval, reviewing and monitoring the external auditor's independence and objectivity as well as the effectiveness of the audit process in accordance with applicable standards.

The Audit Committee has been delegated with the responsibilities to develop, review, monitor, and make recommendations to the Board (as appropriate) in respect of the Company's policies and practices of corporate governance (including the compliance with the CG Code and the relevant disclosures in the Company's interim and annual reports), whether the practices are in compliance with legal and regulatory requirements, the Company's compliance with the CG Code and disclosures in this report and the training and continuous professional development of the Directors and senior management of the Company. In addition, the Audit Committee has also been delegated the duties of overseeing and reviewing the Company's risk management and internal control systems.

Corporate Governance Report

B.1.2. Work Performed by the Audit Committee

The Audit Committee held three meetings during the Year, at which it reviewed the audited annual results of the Group for the year ended 31 December 2024 prepared by Deloitte Touche Tohmatsu, the unaudited interim results of the Group for the six months ended 30 June 2025 and the audit planning report for the year ended 31 December 2025 to Audit Committee of the Group prepared by Forvis Mazars CPA Limited, the Company's independent auditor ("**Forvis Mazars**" or the "**Independent Auditor**"), the terms of reference of the Audit Committee, other matters related to the financial and accounting policies and practices of the Company, as well as the nature and scope of the audit for the Year. Further, it reviewed the Group's internal control review report, the risk management policy and a report on risk assessment prepared by CityLinkers Corporate Advisory Services Limited (an independent advisor of the Company) (the "**Independent Advisor**"), and put forward relevant recommendations to the Board for approval.

On 24 March 2026, the Audit Committee held another meeting and reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements as well as the Group's audit and financial reporting matters for the Year in the presence of the representatives from Forvis Mazars, and the Company's management. It also reviewed this report, a report on enterprise risk management of the Company prepared by the Independent Advisor and a report on internal control review and assessment of risk management prepared by the internal audit team of the Group. The Audit Committee concluded that the internal control systems and risk management of the Group are effective and adequate.

B.2. Remuneration Committee

On 19 June 2017, the Board established the Remuneration Committee which currently comprises four members, including three independent non-executive Directors, namely Mr. Szeto Yuk Ting (Chairman), Mr. Sin Hendrick *M.H.* and Ir. Cheung Siu Wa and an executive Director, Mr. Chang Yoe Chong Felix.

The Remuneration Committee has adopted the model under code provision E.1.2(c)(ii) of the CG Code, where it performs an advisory role to the Board by making recommendations to the Board on the remuneration packages of the Directors and the senior management of the Company, with the Board retaining the final authority to approve the remuneration packages of such individuals.

B.2.1. Duties of the Remuneration Committee

The Remuneration Committee has been charged with the responsibility of making recommendations to the Board, in consultation with the Chairman of the Board, on an appropriate policy and framework for all aspects of remuneration of all Directors and senior management of the Company, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, benefits in kind and pension rights, to ensure that the level of remuneration offered by the Company is competitive and sufficient to attract, retain and motivate personnel of the required quality to manage the Company successfully.

Corporate Governance Report

B.2.2. Work Performed by the Remuneration Committee

The Remuneration Committee held one meeting during the Year to discuss the Company's remuneration-related matters. All members of the Remuneration Committee had also deliberated on matters relating to the determination of the policy for the remuneration of executive Directors, the assessment of the performance of executive Directors, the approval of the terms of executive Directors' service contracts, the director's fee of independent non-executive Directors, the remuneration package of, payment of bonuses and grant of share options to, certain executive Directors and senior management of the Company and the remuneration packages of the Directors newly appointed during the Year. No Director was involved in deciding his own remuneration at the meeting of the Remuneration Committee.

The remuneration of the members of the senior management of the Group by band for the Year is set out below:

Remuneration band	Number of persons
HK\$1 to HK\$500,000	5
HK\$500,001 to HK\$1,500,000	3
HK\$3,000,001 to HK\$4,000,000	1

B.3. Nomination Committee

On 19 June 2017, the Board established the Nomination Committee which currently comprises five members, including two executive Directors, namely Mr. Chang Yoe Chong Felix (Chairman) and Ms. Jia Ziyang, and three independent non-executive Directors, namely Mr. Sin Hendrick *M.H.*, Mr. Szeto Yuk Ting and Ir. Cheung Siu Wa.

B.3.1. Duties of the Nomination Committee

The principal duties of the Nomination Committee include reviewing the composition of the Board, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of the independent non-executive Directors.

The Company and the Nomination Committee commit to selecting the best person for the role as Director. In assessing the composition of the Board, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Board diversity policy adopted by the Company, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Corporate Governance Report

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Company has adopted a policy for the nomination of Directors, which sets out the procedures as well as the process and criteria for nomination and appointment of a new Director and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business.

The Nomination Committee should, upon receipt of the proposal on appointment of a new Director and his/her biographical information, evaluate such candidate based on the criteria as set out in the nomination policy to determine whether such candidate is qualified for directorship. If the process yields one or more desirable candidates, the Nomination Committee should rank them by order of preference based on the needs of the Company and reference check of each candidate. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable. For any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee should evaluate such candidate based on the criteria as set out in the nomination policy to determine whether such candidate is qualified for directorship.

To ensure that a newly appointed Director will have a proper understanding of the operations and business of the Company and is fully aware of his/her responsibilities under all applicable laws and regulations (including the Listing Rules), he/she will be provided with a comprehensive, tailored made and formal induction on the first occasion of his/her appointment.

B.3.2. Work Performed by the Nomination Committee

The Nomination Committee held two meetings during the Year to review the size and composition of the Board and the independence of the independent non-executive Directors, identify any new Board member and make recommendation on the re-election of the retiring Directors at the 2026 annual general meeting, and to recommend a new Nomination Committee member to the Board.

Corporate Governance Report

C. ATTENDANCE RECORD AT MEETINGS

During the Year, four Board meetings, three meetings of the Audit Committee, one meeting of the Remuneration Committee, two meetings of the Nomination Committee and one general meeting of the Company were held. Attendance of individual Directors at such meetings are as follows:

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	General Meetings
Number of meetings	4	3	1	2	1
Executive Directors					
Mr. Chang Yoe Chong Felix (Chairman and Chief Executive Officer)	4	N/A	1	2	1
Mr. Chan Kwok Keung	4	N/A	N/A	N/A	1
Ms. Jia Ziyang (appointed as a member of the Nomination Committee on 5 June 2025)	3	N/A	N/A	–	1
Mr. Li Yanbo	4	N/A	N/A	N/A	1
Non-executive Director					
Mr. Chan Lau Yui Kevin	4	N/A	N/A	N/A	1
Independent Non-executive Directors					
Mr. Sin Hendrick M.H.	4	3	1	1	1
Mr. Szeto Yuk Ting	4	3	1	2	1
Ir. Cheung Siu Wa	4	3	1	2	1

The Chairman also held a meeting with all independent non-executive Directors without the presence of the other Directors during the Year.

Directors are consulted to include matters in the agenda for regular Board meetings.

Dates of regular Board meetings are scheduled at least 14 days in advance to provide sufficient notice to give all Directors an opportunity to attend. For all other Board meetings, a reasonable period of notice will be given.

Directors have access to the advice and services of the company secretary of the Company to ensure that Board procedures and all applicable rules and regulations are followed.

Corporate Governance Report

Minutes of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee are kept by the company secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Minutes of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee have recorded in sufficient detail the matters considered by the Board and the committees, decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of such minutes would be sent to all Directors for their comments and records.

D. ACCOUNTABILITY AND AUDIT

D.1. Financial Reporting

The Directors acknowledge that they are responsible for overseeing the preparation of the financial statements which give a true and fair view of the financial position of the Group and of the financial performance and cash flows for such reporting period. In doing so, the Directors select suitable accounting policies and apply them consistently and make accounting estimates that are appropriate in the circumstances. With the assistance of the accounting and finance staff, the Directors ensure that the financial statements of the Group are prepared in accordance with statutory requirements and appropriate financial reporting standards. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

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

More detailed descriptions of the changes in accounting policies (if any) and the related financial impacts are included in the audited consolidated financial statements of the Group for the Year.

D.2. Independent Auditor's Reporting

The statement by the Independent Auditor about its reporting and auditing responsibilities for the financial statements is set out in the Independent Auditor's Report contained in this annual report.

D.3. Independent Auditor's Remuneration

The fees in respect of the audit and non-audit services provided to the Group by the Independent Auditor for the Year amounted to approximately HK\$1.7 million and HK\$0.4 million, respectively. The non-audit service mainly consisted of interim review of the Group for the Year.

The total fees paid or payable in respect of audit and non-audit services for the financial year of 2024 provided to the Group by Deloitte Touche Tohmatsu amounted to approximately HK\$2.7 million and HK\$0.8 million, respectively. The fees payable to Deloitte Touche Tohmatsu in respect of audit services for the financial year of 2024 amounted to approximately HK\$2.3 million paid during the Year. The non-audit service mainly consisted of interim review of the Group for the financial year of 2024.

Corporate Governance Report

E. DIVERSITY

The Company has adopted a board diversity policy. As detailed under paragraph B.3.1 above in this Corporate Governance Report, the Board will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, experience, expertise, qualifications, skills and knowledge in maintaining the composition of the Board. As at the date of this report, the Board consists of one female Director and seven male Directors. The Nomination Committee considered that the Board had achieved gender diversity and possessed skill and expertise and a diverse mix appropriate for the business of the Company and will review the composition and diversity of the Board annually to ensure its continued effectiveness.

Measures to develop a pipeline of potential successors to achieve gender diversity:

- The Board will identify potential successors internally based on the industry expertise, leadership skills, decision making capabilities, communication skills and professional qualification of the employee.
- The Board will consider external sources such as recruitment agency and referral.

As at 31 December 2025, the gender ratio of the workforce of the Group was 23:77 male to female. As to senior management, currently the Chief Financial Officer of the Company is male. Although the Company does not currently have a specific diversity policy on hiring employees or appointing senior management, its HR measures and practices promote anti-discrimination and equal opportunity in all human resources decisions processes, as mentioned in section B1 of the Environmental, Social and Governance Report. The Company will review the effectiveness of these measures and practices against the actual circumstances of the Group and will adopt new policies when considered necessary. In particular, it will continue to monitor the above-mentioned gender ratio and will aim at achieving a greater gender diversity in hiring all positions across the Group.

F. INTERNAL CONTROLS AND RISK MANAGEMENT REPORT

The Board is directly responsible for risk management and the internal control systems of the Group and reviewing their effectiveness. The systems are designed for the Group to identify and manage significant risks to achieve its business objectives, safeguard its assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The systems are designed to manage rather than to eliminate the risk of failure in order to achieve the business objectives of the Group, and can only serve as reasonable, but not absolute, assurance against material misstatement or loss.

Corporate Governance Report

The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design and implementation and the overall effectiveness of the systems. The Board conducts and reviews the effectiveness of the systems on a semi-annual basis through the Audit Committee which is responsible for all material controls and measures, including financial, operational and compliance controls. The Board has adopted a comprehensive risk management policy to identify, evaluate and manage significant risks. The Group can thereby identify risks which might adversely affect the achievement of the Group's objectives, and assess as well as prioritise the level of risk, in order to draw up risk mitigation plans which can then be established to respond to such significant risks.

The Audit Committee relies on the following parties for reviewing the Group's systems:

- The Company has an internal audit function. The Group Internal Audit Department (the "**GIA**") reviews material internal control aspects of the Group, including financial, operations and compliance controls. During the Year, the GIA conducted audits and issued internal audit reports to management covering various financial, operational and compliance controls based on the annual internal audit work plan. Audit findings were reported to the Audit Committee and the Board on a half-yearly basis. Relevant findings, recommendations and risk assessment results reported by GIA were communicated with management and remedial actions were taken to resolve deficiencies once they are identified. There were no material internal control deficiencies identified during the year.
- To further strengthen the resilience of the systems, the Board had engaged an external independent internal control consultant (the "**IC Consultant**") to perform a review of the Group's internal controls (the "**Internal Controls Review**") and assist the Company to perform a Group level risk assessment during the year. The scope of work of the IC Consultant was to conduct a gap analysis of the Company's overall systems to identify potential areas of improvement through interviews with designated responsible personnel and examining relevant documents of certain business processes, to identify potential internal controls design gaps, and to recommend remedial actions to be taken. The results of the Internal Controls Reviews and assessment were reported to the Audit Committee. Moreover, improvements in internal control and risk management measures as recommended by the IC Consultant to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of the IC Consultant as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems effective and adequate.
- The IC Consultant adopts a risk-based approach when reviewing the system; the GIA develops and implements the annual internal audit work plan based on the risk assessment results at the Group level.

Management has confirmed to the Board and the Audit Committee on the effectiveness of the systems during the Year. The Board, as supported by the Audit Committee, reviewed the systems, including the financial, operational and compliance controls during the Year, and considered that such systems are appropriate and effective for the purposes set out in Principle D2 of the CG Code. The annual review also covered the Company's accounting and financial reporting function, internal audit as well as the function relating to its ESG performance and reporting staff's qualifications, experiences and relevant resources.

Corporate Governance Report

G. HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has put in place a policy on handling and dissemination of inside information according to the “Guidelines on Disclosure of Inside Information” issued by the Securities and Futures Commission which sets out the procedures and internal controls for handling and dissemination of inside information in a timely manner in such a way to avoid placing any person in a privileged dealing position. The inside information policy also provides guidelines to employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory and Listing Rules disclosure requirements. The Company has appropriate internal control and reporting systems to identify and assess potential inside information. Dissemination of inside information of the Company shall be conducted by publishing the relevant information on the websites of the Stock Exchange and the Company, according to the requirements of the Listing Rules.

H. COMPANY SECRETARY

Mr. Siu Ching Hung, an employee of the Company, has been appointed by the Board as the company secretary of the Company and reports to the Chairman and the Chief Executive Officer of the Company on governance matters. During the Year, Mr. Siu has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

I. COMMUNICATION WITH SHAREHOLDERS

I.1. Effective Communication

On 19 June 2017, the Board adopted a shareholders’ communication policy reflecting mostly the current practices of the Company for communication with its shareholders. Such policy aims at providing the shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. It will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Company has established a number of channels for maintaining an on-going dialogue with its shareholders as follows:

- (i) corporate communications such as annual reports, interim reports and circulars are issued in printed form upon request and are available on the Company’s website at www.epfhk.com and the Stock Exchange’s website at www.hkexnews.hk;
- (ii) periodic announcements are made through the Stock Exchange and published on websites of the Company and the Stock Exchange, respectively;
- (iii) corporate information is made available on the Company’s website and the articles of association of the Company is made available on websites of the Company and the Stock Exchange, respectively;

Corporate Governance Report

- (iv) annual general meetings and other general meetings of the Company provide a forum for the shareholders to make comments and exchange views with the Directors and senior management of the Company; and
- (v) the Company's share registrar serves the shareholders in respect of share registration, dividend payment, change of shareholders' particulars and related matters.

On 14 May 2025, the annual general meeting was held, at which the Board and the chairmen of the Audit Committee and the Remuneration Committee were present to answer questions from shareholders.

The Chairman of the Board and the chairmen of the Audit Committee and the Remuneration Committee shall attend the upcoming annual general meeting of the Company to answer questions from shareholders.

I.2. Procedures for Convening an Extraordinary General Meeting by Shareholders

Pursuant to article 64 of the articles of association of the Company, one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one-tenth of the voting rights at general meetings of the Company may make a requisition to convene an extraordinary general meeting by a written requisition to the Board or the company secretary either via mail to the Company's principal place of business in Hong Kong at 11th Floor, Chiap Luen Industrial Building, 30–32 Kung Yip Street, Kwai Chung, New Territories, Hong Kong or at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or via email to info2@epfhk.com. Such meeting shall be held within two months after the deposit of such requisition. If the Board fails to proceed to convene such meeting within 21 days of such deposit, the requisitionist(s) himself/themselves may do so in the same manner.

I.3. Procedures for Putting Forward Proposals at General Meetings

Any shareholder who wishes to put forward proposals at a general meeting of the Company shall submit such proposals to the Board in writing for the Board's consideration either via mail to the Company's principal place of business in Hong Kong at 11th Floor, Chiap Luen Industrial Building, 30–32 Kung Yip Street, Kwai Chung, New Territories, Hong Kong or at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or via email to info2@epfhk.com not less than seven days prior to the date of the general meeting.

I.4. Procedures for Proposing a Person for Election as a Director

As regards the procedures for proposing a person for election as a Director, please refer to the procedures titled "Procedures for Shareholders to Propose a Director" made available under the section headed "Investor Relations – Corporate Governance" in the Company's website at www.epfhk.com.

Corporate Governance Report

I.5. Procedures for Putting Forward Enquiries to the Board

To put forward any enquiries to the Board, shareholders may send written enquiries to the Company. The Company will normally not deal with verbal or anonymous enquiries.

Address: 11th Floor, Chiap Luen Industrial Building, 30–32 Kung Yip Street, Kwai Chung, New Territories, Hong Kong, for the attention of the Board of Directors/Company Secretary

Email: info2@epfhk.com

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

J. CONSTITUTIONAL DOCUMENTS

There was no change in the constitutional documents of the Company during the Year.

K. INVESTOR RELATIONS

The Company keeps on promoting good investor relations and enhancing communication with its shareholders and potential investors in order for them to better understand the Group's business performance and strategies. In line with the shareholders' communication policy of the Company, the Company maintains an on-going dialogue with shareholders and the investing community, in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries. Investors, stakeholders and the public can also communicate and/or raise concerns or suggestions with the Company by phone on (852) 2427 5468 during normal business hours, by fax at (852) 2420 3938 or by e-mail at info2@epfhk.com.

The Board has considered the shareholders' communication policy of the Company as described above and is satisfied that there are effective channels by which shareholders can communicate and raise concern with the Company.

Report of the Directors

The Directors present their report and the audited consolidated financial statements (the “**Consolidated Financial Statements**”) of the Group for the Year.

PRINCIPAL ACTIVITIES

During the Year, the principal activities of the Group included the manufacturing and trading of hair products. There were no significant changes in the nature of the Group’s principal activities during the Year and up to the date of this report.

Particulars of the Company’s principal subsidiaries as at 31 December 2025 are set out in note 36 to the Consolidated Financial Statements.

BUSINESS REVIEW AND OUTLOOK

A fair review of the business of the Group including a discussion and analysis of the Group’s performance during the Year and the material factors underlying its financial performance and financial position as well as an indication of likely future development in the Group’s business as required by section 388(2) and Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) can be found in the section headed “Management Discussion and Analysis” of this annual report. The financial risk management objectives and policies of the Group are set out in note 32 to the Consolidated Financial Statements.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board of Directors and management are aware, the Group has complied in all material respects with the relevant laws, rules and regulations that have a significant impact on the business and operation of the Group. During the Year, the Group was not aware of any material breach of, or non-compliance, with the applicable laws and regulations by the Group that had a significant impact on it.

RELATIONSHIP WITH EMPLOYEES

The Group believes that employees are important and valuable assets. The Group provides training for employees to enhance their knowledge about corporate values and culture and to encourage employees to implement them thoroughly. The Group has provided competitive and attractive remuneration packages to retain and motivate its capable employees and reviewed annually the remuneration package offered to the employees of the Group. Meanwhile, the Group encourages its employees on continued studies by giving subsidy to recognised development courses.

In addition, for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group’s operations, the Company has adopted the Share Option Scheme, details of which are set out in the section headed “Report of the Directors – Share Option Scheme” in this annual report.

Report of the Directors

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining good relationships with its suppliers and customers to meet its medium and long-term goals. The Group aims at delivering high quality products to its customers and developing mutual trust and enhancing communication and commitment between the Group and its suppliers to maintain sustainable growth. During the Year, there were no material and significant disputes between the Group and its suppliers, customers and other stakeholders except for the legal proceedings in respect of the contractual dispute in ordinary businesses with its suppliers that are still on-going during the Year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to achieving the long-term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavors to comply with the applicable environmental laws and regulations and to adopt effective measures to ensure the efficient use of resources and energy saving. Such initiatives include the recycling of office consumables (including toner cartridges and paper) and the adoption of energy saving measures.

During the Year, the Group was not aware of any material breach of, non-compliance with occupational health and safety or environmental regulations.

The details of the Company's environmental policy and performance as at 31 December 2025 are set in the section headed "Environmental, Social and Governance Report" of this annual report.

RESULTS AND DIVIDENDS

Details of the consolidated profit of the Group for the Year and the Group's financial position as at 31 December 2025 are set out in the Consolidated Financial Statements and their accompanying notes on pages 112 to 205.

The Board has recommended the payment of a final dividend of HK2.7 cents per Share for the Year, totalling approximately HK\$17,177,000 based on a total of 636,182,000 Shares in issue as at the date of this annual report, plus the interim dividend of HK2.0 cents per Share already declared and paid, making a total dividend of HK4.7 cents per Share (2024: final dividend of HK2.8 cents per Share and interim dividend of HK3.0 cents per Share).

As at the date of this annual report, no treasury shares were held by the Company (including any treasury shares held or deposited with Central Clearing and Settlement System (CCASS)). Treasury shares (if any) will not receive the final dividend.

Report of the Directors

DIVIDEND POLICY

The Company has adopted a dividend policy (the “**Dividend Policy**”) on payment of dividends. The objectives of the Dividend Policy are to allow shareholders of the Company to participate in the Company’s profits and to attract potential investors whilst retaining adequate reserves for the Group’s future growth.

The Board shall consider the following factors of the Group before declaring or recommending dividends:

- financial results;
- shareholders’ interests;
- general business conditions and strategies;
- capital requirements;
- contractual restrictions on the payment of dividends by the Company to its shareholders or by the Company’s subsidiaries to the Company;
- taxation considerations;
- possible effects on our creditworthiness;
- statutory and regulatory restrictions; and
- any other factors the Board may deem relevant.

The Company intends to distribute no less than 20% of its net distributable profits as dividends to its shareholders for each financial year, subject to the conditions and factors as set out above.

The Board will review the Dividend Policy, as appropriate, to ensure its effectiveness from time to time.

Report of the Directors

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties that may cause the Group's financial conditions or results materially different from the expected or historical results can be categorised into the following areas: (i) risks relating to the Group's business and industry; (ii) risks relating to conducting business in Bangladesh; and (iii) risks relating to conducting business in the PRC, as described below:

RISKS WITH REGARD TO LABOUR SUPPLY, INCREASED LABOUR COSTS AND OTHER FACTORS AFFECTING LABOUR SUPPLY FOR THE GROUP'S PRODUCTION

The manufacturing of hair goods is labour intensive. Labour supply is key to being able to ensure the quality of the Group's products. The Group's performance relies on the steady supply of skilled and low-cost labour in Bangladesh and the PRC. The Group's direct labour costs accounted for approximately 40.1% of its total cost of goods sold for the Year (2024: 35.7%). Labour costs are primarily affected by the demand for and supply of labour, laws and regulations governing the industries operating inside the export processing zones, and other economic factors such as the rate of inflation and standard of living. Labour costs may increase due to a shortage of skilled labour or growing industry demands for skilled workers or amendments to labour law. There is no assurance that supply of skilled workers would not be disrupted or that labour costs would not increase. As such, the Group is subject to the risks associated with labour supply and its respective costs.

RISKS WITH REGARD TO HIGHLY COMPETITIVE INDUSTRY AND COMPETITION AMONG COMPETITORS

The industry in which the Group operates is highly competitive and fragmented. Competitive factors include product quality, price, design and development capability, timely delivery, valuable service, scale and capacity, and efficiency. The Group faces competition from existing and new players in the hair goods industry worldwide, including numerous manufacturers in the PRC, Bangladesh and Indonesia which offer similar hair goods at lower prices than it does, as well as other enterprises which offer an increasing number of related products which could be used as substitutes for the Group's products. The Group's competitors conduct operations in Indonesia, Bangladesh, Cambodia or other developing countries where labour costs are relatively lower, and as a result they may adopt more competitive pricing strategies and achieve greater scales of production at lower production costs. In addition, margin pressure could arise from, among other factors, limited demand growth and overcapacity in a relevant market, price reductions by competitors, new industry players, industry consolidation, and the ability of competitors to capitalise on their economies of scale and create excess product supply.

Report of the Directors

Moreover, the entry barriers to the hair goods industry are relatively low as hair goods do not require advanced production technology and small-scale manufacturing can be established without substantial capital investment. The Group therefore faces intense domestic and foreign competition in terms of production and sales. In the overseas market, enterprises located in central and southern Asian regions where hair goods may be commonly produced (for example, India and Pakistan) have been very competitive in terms of cost as there are inexpensive and abundant supplies of labour. In response to increasing labour and rental costs and tariff pressures in the PRC, some PRC manufacturers are relocating their manufacturing bases from the PRC to various Asian countries such as Indonesia and Bangladesh.

To compete effectively, the Group may be forced, among other actions, to reduce prices, provide more sales incentives to customers and increase capital expenditures in the Group's labour force, plant, property and equipment. Any or a combination of these events may reduce the Group's profitability which could, in turn, adversely affect the Group's business, financial condition, results of operations and prospects. Any intensification of the competition or failure by us to compete successfully with the Group's competitors could have an adverse impact on the demand for, and pricing of, the Group's products, and as a result, could result in a reduction of the Group's market share and have an adverse effect on the Group's business, financial condition, results of operations and prospects.

RISKS WITH REGARD TO SIGNIFICANT RELIANCE ON SALES IN THE UNITED STATES AND OTHER INTERNATIONAL MARKETS

A significant portion of the Group's revenue is derived from international markets, in particular, the United States. For the Year, the Group derived 98.3% (2024: 98.9%) of the Group's revenue from sales outside the PRC and derived 87.9% (2024: 91.5%) of the Group's revenue from sales to the United States. As the Group relies heavily on international sales and sales to the United States, the tariffs and trade policies as well as the economic conditions of these regions have had and will continue to have a material impact on the Group's sales and business. Any significant downturn in the global economy especially in the United States or heightened uncertainty surrounding tariffs and trade policies could adversely affect the Group's business, financial condition, results of operations, and future prospects.

RISKS WITH REGARD TO FAILURE ON DESIGN, RESEARCH AND DEVELOPMENT OF NEW HAIR GOODS AND LOSS OF THE GROUP'S COMPETITIVENESS

The sales of hair goods to a specific sales market are subject to several factors, including consumers' taste, product design, prevailing fashion trends and usage patterns. There may be changes in fashion trends and consumers may have a change in preference towards certain hair goods in the future. The Group's future success depends upon the ability to address the changes in consumer trends by developing and introducing new and innovative products on a timely basis and in accordance with changing demands. The Group's market research regarding the latest trends of hair goods may be inaccurate, or the Group may fail to appreciate the change in customer preferences.

Report of the Directors

RISKS WITH REGARD TO ANY DISRUPTION IN SUPPLIERS' SUPPLY THAT COULD HAVE AN ADVERSE EFFECT ON THE GROUP'S BUSINESS, RESULTS OF OPERATIONS, FINANCIAL CONDITION AND PROSPECTS

The Group's five largest suppliers collectively supplied raw materials comprising 35.8% (2024: 34.3%) of the Group's cost of goods sold during the Year. The Group's largest supplier supplied raw materials comprising 30.1% (2024: 30.1%) of the Group's cost of goods sold. Some of the synthetic fibres that the Group uses in the manufacturing of products are not able to be readily sourced from other suppliers. If there is any decrease or disruption in supply or an increase in prices by one or more of the Group's major suppliers, particularly the Group's largest supplier, or any termination of the Group's business relationships with the Group's major suppliers and any failure to find replacement suppliers on similar or favourable terms in a timely manner, the Group's business, results of operations, financial condition and prospects could be adversely affected.

In general, the Group does not enter into any long-term supply agreements, which exposes the Group to uncertainty and potential volatility with respect to the Group's costs of raw materials and supply of raw materials. The prices of most of the Group's raw materials generally follow the price trends of, and vary with, prevailing market conditions. There is no assurance that the Group can continue to secure adequate supplies of raw materials at a competitive cost level to meet its production requirements. If the Group experiences any interruption, reduction or termination in supply of raw materials from its suppliers, or is unable to find a substitute material to meet the Group's production schedule or to produce or at all, the Group might not be able to have a stable and adequate supply of raw materials needed for the production of its products.

RISKS WITH REGARD TO POTENTIAL FINANCIAL DIFFICULTIES IF THE GROUP FAILS TO MAINTAIN SUFFICIENT WORKING CAPITAL

As at 31 December 2025, the Group recorded net cash from operating activities of HK\$322.3 million (2024: net cash from operating activities of HK\$400.4 million) and net cash use in financing activities of HK\$320.9 million (2024: net cash used in financing activities of HK\$378.3 million). During the Year, the Group had net cash used in investing activities of HK\$18.4 million (2024: net cash from investing activities of HK\$6.6 million). The Group had total bank and other borrowings and bank overdrafts of HK\$590.0 million (2024: HK\$562.3 million), out of which HK\$551.0 million (2024: HK\$507.2 million) will be due within one year or repayable on demand. Also, the Group had cash and cash equivalents of HK\$98.4 million (2024: HK\$115.7 million) and unutilised bank credit facilities of HK\$181.7 million (2024: HK\$182.3 million). While the Group has in the past financed its working capital needs primarily with cash generated from operating activities and borrowings, there is no assurance that the Group will always be able to generate net cash from operating activities or that banking facilities or other loans will always be available to it on commercially acceptable terms, or at all. Even if the Group is able to obtain new borrowings, any increased level of indebtedness could have a negative impact on the Group's business. For example, any increase in finance expenses could lower the Group's profitability, and the banking facilities that the Group may enter into may contain covenants limiting its flexibility in planning for, or reacting to, changes in its business. The Group may even be in breach of certain covenants in existing bank facilities by increasing its level of indebtedness.

Report of the Directors

RISKS WITH REGARD TO CONDUCTING BUSINESS IN BANGLADESH

The Group's principal manufacturing capacities are currently housed in the Bangladesh factory. As at 31 December 2025, the Group had a total of 29,566 employees (2024: 21,050 employees) in Bangladesh. Operating in developing countries exposes the Group to risks associated with regional, political and economic instabilities that could have a disproportionately negative effect on the Group's business, financial condition, results of operations and prospects.

The application of the laws in market-emerging countries such as Bangladesh is not always clear or consistent. The legislative drafting has not always kept pace with the demands of the marketplace, which can make it difficult to ensure that the Group is in compliance with changing legal requirements. Moreover, the government has the broad discretion in the grant of its licences and permits, including revocation for public interests. In addition, regulations are often introduced that require the Group to implement changes that are costly and technologically challenging. The regulators responsible for the control and supervision of communications services in Bangladesh frequently check the Group's compliance with the requirements of the applicable regulations. The Group may incur significant costs in implementing such compliance.

Corruption and poor governance in Bangladesh have historically been a hindrance to the Bangladesh government's ability to attract foreign investment and to reduce poverty. Failure of the Bangladesh government to continue to fight corruption or the perceived risk of corruption in Bangladesh could have an adverse effect on the Bangladesh economy, which may adversely affect the Group's business, financial condition, results of operations and prospects.

INTEREST RATE RISKS

Most of the Group's borrowings are floating-rate bank loans, which expose the Group to rising interest rates. The Group will closely monitor the interest rate risk and when appropriate adopt measures to manage the associated risk, including but not limited to, the issuance of fixed rate bonds, and use of derivatives such as interest rate swaps and management of the ratio of fixed or floating loan portfolio. The Group had not entered into any interest rate swap contract to hedge exposure to the fluctuations of floating rate bank loans during the Year (2024: HK\$Nil). During the Year, the Group had not incurred any net loss (2024: HK\$Nil) from the transactions under the contract.

CURRENCY RISKS

Please refer to the section headed "Management Discussion and Analysis – Liquidity and Financial Resources – Currency Risks" in this annual report.

Report of the Directors

DIRECTORS

The Directors during the Year and up to the date of this report are:

EXECUTIVE DIRECTORS

Mr. CHANG Yoe Chong Felix (*Chairman and Chief Executive Officer*)

Mr. CHAN Kwok Keung

Ms. JIA Ziying

Mr. LI Yanbo

NON-EXECUTIVE DIRECTOR

Mr. CHAN Lau Yui Kevin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SIN Hendrick *M.H.*

Mr. SZETO Yuk Ting

Ir. CHEUNG Siu Wa

In accordance with article 108 of the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Directors to retire every year will be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. By virtue of articles 108 and 111 of the articles of association of the Company, Mr. Li Yanbo, Mr. Sin Hendrick *M.H.* and Mr. Szeto Yuk Ting will retire as Directors in accordance with the articles of association. Mr. Li Yanbo, being eligible, will offer himself for re-election at the forthcoming annual general meeting of the Company (the “**AGM**”). Mr. Sin Hendrick *M.H.* and Mr. Szeto Yuk Ting shall retire and have decided not to seek for re-election at the AGM. Accordingly, Mr. Sin Hendrick *M.H.* will cease to be an independent non-executive Director, the Chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee of the Company and Mr. Szeto Yuk Ting will cease to be an independent non-executive Director, the Chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee of the Company upon the conclusion of the AGM.

Report of the Directors

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation in writing of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that, as at the date of this report, all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the AGM has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees and other emoluments are reviewed by the Remuneration Committee and determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Company as well as the prevailing market conditions. Details of the Directors' remuneration are set out in note 9 to the Consolidated Financial Statements.

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The articles of association of the Company provide that the Directors or other officers of the Company are entitled to be indemnified out of the assets of the Company against all losses and liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the Year.

Report of the Directors

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 30 headed "Related Party Transactions" to the Consolidated Financial Statements, no Director nor an entity connected with a Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year or at the end of the Year.

MANAGEMENT CONTRACTS

No contract of significance concerning the management and administration of the whole or any substantial part of business of the Company or any of its subsidiaries was entered into or subsisted during the Year.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the Year was the Company or any of its subsidiaries, the holding company, a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS OF SUBSIDIARIES

Other than the Directors named in the section headed "Biographical Details of Directors and Senior Management" of this annual report, the persons who had served on the boards of the subsidiaries of the Company during the Year and up to the date of this report include Mr. Chan Wing Shing, Mr. Feng Zhi Hui, Mr. Li San Tung, Mr. Hu Jianan, Mr. Li Chao, Mr. Dewan Zakir Hussain, Ms. Loretta Lo, Ms. Sujifra Luangcharoen, Mr. Chan Hau Him Howard, Mr. Quazi Ferdaus-Us-Alam, Mr. Nakayama Masashi, Mr. Satoshi Itakura, Mr. Yoshio Seko, Ms. Ma Jiaxian, Mr. Kwok Che Fai Ricky, Ms. Chan Yee Man, Mr. To Hin Pak, Mr. Stuart James Goodman, Mr. Wu Liu Kenneth, Mr. Charmpoonod Darenpope, Mr. Tsang Chiu Mo Samual, Ms. Chu Ming Tak Evans Tania and Mr. Wu Zhiyong.

Report of the Directors

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year and up to the date of this report, none of the Directors is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

DEED OF NON-COMPETITION

Each of the controlling shareholders of the Company, namely, Mr. Chang Yoe Chong Felix, FC Management Limited, FC Investment Worldwide Limited, CLC Management Limited, CLC Investment Worldwide Limited, Golden Evergreen Limited and Evergreen Enterprise Holdings Limited, has confirmed to the Company his/its compliance with the non-competition undertakings given to the Company under the Deed of Non-competition as defined in the prospectus of the Company dated 29 June 2017.

SHARE OPTION SCHEME

On 19 June 2017 (the “**Adoption Date**”), a share option scheme (the “**Share Option Scheme**”) was adopted by the Company. The following is a summary of the principal terms of the rules of the Share Option Scheme:

PURPOSE OF THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

WHO MAY JOIN AND BASIS OF ELIGIBILITY

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group, options to subscribe at a price calculated in accordance with paragraph headed “price of shares” below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his/her contribution or potential contribution to the development and growth of the Group.

Report of the Directors

PRICE OF SHARES

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is offered, which must be any day on which the Stock Exchange is open for the business of dealings in securities (the "**Business Day**"); (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date on which the option is offered; and (iii) the nominal value of a Share on the date on which the option is offered.

MAXIMUM NUMBER OF SHARES AVAILABLE FOR ISSUE UNDER THE SHARE OPTION SCHEME

The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date, i.e. 61,500,000 Shares.

As at the date of this report, the total number of Shares available for issue under the Share Option Scheme was 61,500,000 Shares, representing approximately 9.67% of the Company's issued share capital (excluding treasury shares, if any) as at the date of this report.

MAXIMUM ENTITLEMENT OF EACH PARTICIPANT UNDER THE SHARE OPTION SCHEME

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue unless otherwise approved by the shareholders in general meeting.

TIME OF EXERCISE OF AN OPTION

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date on which the option is offered subject to the provisions of early termination thereof.

Report of the Directors

MINIMUM PERIOD FOR WHICH AN OPTION MUST BE HELD BEFORE IT CAN BE EXERCISED

There is no minimum period for which an option must be held before it can be exercised; however, the Board may, subject to the provisions of the Listing Rules, in its absolute discretion when offering the grant of an option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as it may think fit.

AMOUNT PAYABLE ON APPLICATION OR ACCEPTABLE OF AN OPTION

Participants of the Share Option Scheme are required to pay the Company a nominal consideration of HK\$1.00 upon acceptance of the grant within seven days from the offer date.

BASIS OF DETERMINING THE EXERCISE PRICE

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is offered, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date on which the option is offered; and (iii) the nominal value of a Share on the date on which the option is offered.

LIFE OF THE SHARE OPTION SCHEME

The Share Option Scheme will remain in force for a period of 10 years commencing on the Adoption Date and shall expire at the close of business on a Business Day immediately preceding the tenth anniversary thereof.

As at the date of this report, the remaining life of the Share Option Scheme is about one year and two months.

During the Year, no option has been granted or agreed to be granted under the Share Option Scheme. As at 1 January 2025 and 31 December 2025, the total number of options available for grant under the Share Option Scheme was 61,500,000.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

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

LONG POSITION IN THE SHARES OF THE COMPANY

Name of Director/ chief executive	Capacity/nature of interest	Number of Shares	Approximate percentage of issued share capital of the Company ⁽⁷⁾
Mr. Chang Yoe Chong Felix	(i) Beneficiary of a trust/ Founder of a discretionary trust	343,369,803 ⁽¹⁾	53.97%
	(ii) Beneficial owner	12,790,000 ⁽²⁾	2.01%
Mr. Chan Kwok Keung	Beneficial owner	1,000,000 ⁽³⁾	0.16%
Ms. Jia Ziying	(i) Beneficial owner	394,000 ⁽⁴⁾	0.06%
	(ii) Interest of spouse	100,000 ⁽⁶⁾	0.02%
Mr. Li Yanbo	(i) Beneficial owner	100,000 ⁽⁵⁾	0.02%
	(ii) Interest of spouse	394,000 ⁽⁶⁾	0.06%

Notes:

- (1) These Shares are held directly by Evergreen Enterprise Holdings Limited (the “**Evergreen Holdings**”), a direct wholly-owned subsidiary of Golden Evergreen Limited (the “**Golden Evergreen**”). 49% and 51% of the issued share capital of Golden Evergreen are owned by FC Investment Worldwide Limited (the “**FC Investment**”) (a direct wholly-owned subsidiary of FC Management Limited (the “**FC Management**”) and CLC Investment Worldwide Limited (the “**CLC Investment**”) (a direct wholly-owned subsidiary of CLC Management Limited (the “**CLC Management**”)), respectively. FC Management is directly and wholly-owned by HSBC International Trustee Limited as the trustee of a discretionary trust established on 17 February 2010 by Mr. Chang Yoe Chong Felix as the settlor for the benefit of the late Mr. Chang Chih Lung (who passed away in March 2022), Mr. Chang Ka Wai Aidan and Mr. Chang Yoe Chong Felix’s issue (the “**Felix Family Trust**”). CLC Management is directly and wholly-owned by HSBC International Trustee Limited as the trustee of a discretionary trust established on 9 July 2013 by the late Mr. Chang Chih Lung as the settlor for the benefit of Mr. Chang Yoe Chong Felix and his issue (the “**CLC Family Trust**”). Accordingly, the late Mr. Chang Chih Lung ceased to be interested in the Shares and Mr. Chang Yoe Chong Felix is deemed to be interested in the Shares which are indirectly held by HSBC International Trustee Limited under the SFO.

Report of the Directors

- (2) These Shares are beneficially owned by Mr. Chang Yoe Chong Felix.
- (3) These Shares were granted by the Company to Mr. Chan Kwok Keung on 16 January 2018 pursuant to a share award scheme of the Company which was adopted on 11 December 2017 and terminated on 30 November 2021 (the “**Share Award Scheme**”).
- (4) These Shares were granted by the Company to Ms. Jia Ziyong on 16 January 2018 pursuant to the Share Award Scheme.
- (5) These Shares were granted by the Company to Mr. Li Yanbo on 16 January 2018 pursuant to the Share Award Scheme.
- (6) Ms. Jia Ziyong is the spouse of Mr. Li Yanbo. As such, Ms. Jia Ziyong and Mr. Li Yanbo are deemed to be interested in each other’s interest.
- (7) Based on a total of 636,182,000 issued Shares as at 31 December 2025.

LONG POSITION IN THE SHARES OF THE ASSOCIATED CORPORATIONS OF THE COMPANY

Name of Director/ chief executive	Name of our associated corporations	Capacity/nature of interest	Number of shares interested	Approximate percentage of shareholding
Mr. Chang Yoe Chong Felix ⁽³⁾	Evergreen Holdings ⁽¹⁾	Beneficiary of a trust/ Founder of a discretionary trust	20,000	100%
Mr. Chang Yoe Chong Felix ⁽³⁾	Golden Evergreen ⁽¹⁾	Beneficiary of a trust/ Founder of a discretionary trust	100	100%
Mr. Chang Yoe Chong Felix ⁽³⁾	CLC Investment ⁽¹⁾	Beneficiary of a trust	2	100%
Mr. Chang Yoe Chong Felix ⁽³⁾	CLC Management ⁽¹⁾	Beneficiary of a trust	2	100%
Mr. Chang Yoe Chong Felix ⁽³⁾	Evergreen Group Limited ⁽²⁾	Beneficiary of a trust/ Founder of a discretionary trust	100,000,000	73.04%
Mr. Chang Yoe Chong Felix ⁽³⁾	Ventures Day Investments Limited ⁽²⁾	Beneficiary of a trust/ Founder of a discretionary trust	100	100%
Mr. Chang Yoe Chong Felix ⁽³⁾	Acemaster Ventures Limited ⁽²⁾	Beneficiary of a trust/ Founder of a discretionary trust	1	100%
Mr. Chang Yoe Chong Felix ⁽³⁾	Cowden Ventures Limited ⁽²⁾	Beneficiary of a trust/ Founder of a discretionary trust	1	100%

Report of the Directors

Name of Director/ chief executive	Name of our associated corporations	Capacity/nature of interest	Number of shares interested	Approximate percentage of shareholding
Mr. Chang Yoe Chong Felix ⁽³⁾	Fast Track Ventures Limited ⁽²⁾	Beneficiary of a trust/ Founder of a discretionary trust	1	100%
Mr. Chang Yoe Chong Felix ⁽³⁾	Golden Image Ventures Limited ⁽²⁾	Beneficiary of a trust/ Founder of a discretionary trust	1	100%
Mr. Chang Yoe Chong Felix ⁽³⁾	Market Focus Ventures Limited ⁽²⁾	Beneficiary of a trust/ Founder of a discretionary trust	1	100%
Mr. Chang Yoe Chong Felix ⁽³⁾	Punchline Ventures Limited ⁽²⁾	Beneficiary of a trust/ Founder of a discretionary trust	1	100%
Mr. Chang Yoe Chong Felix ⁽³⁾	Smart Plus Ventures Limited ⁽²⁾	Beneficiary of a trust/ Founder of a discretionary trust	1	100%
Mr. Chang Yoe Chong Felix ⁽³⁾	Eastern Earnings (China) Company Limited ⁽⁴⁾	Beneficiary of a trust/ Founder of a discretionary trust	1,000,000	100%
Mr. Chang Yoe Chong Felix ⁽³⁾	Sunleaf Holdings Limited ⁽⁴⁾	Beneficiary of a trust/ Founder of a discretionary trust	7,000	70%
		Interest of controlled corporation ⁽⁵⁾	3,000	30%
Mr. Chang Yoe Chong Felix ⁽³⁾	Evergreen Housekeepers Training Center Limited ⁽⁴⁾	Founder of a discretionary trust	999	99%

Notes:

- (1) Evergreen Holdings, a direct wholly-owned subsidiary of Golden Evergreen, holds approximately 53.97% of the issued share capital of the Company. 49% and 51% of the issued share capital of Golden Evergreen are owned by FC Investment (a direct wholly-owned subsidiary of FC Management) and CLC Investment (a direct wholly-owned subsidiary of CLC Management), respectively. Accordingly, each of Evergreen Holdings, Golden Evergreen, CLC Investment and CLC Management is a holding company and an associated corporation of the Company.
- (2) Approximately 73.04% of the issued share capital of Evergreen Group Limited is owned by Evergreen Holdings. Evergreen Group Limited holds the entire issued share capital of Ventures Day Investments Limited. Ventures Day Investments Limited holds the entire issued share capital of each of Acemaster Ventures Limited, Cowden Ventures Limited, Fast Track Ventures Limited, Golden Image Ventures Limited, Market Focus Ventures Limited, Punchline Ventures Limited and Smart Plus Ventures Limited. Accordingly, each of Evergreen Group Limited, Ventures Day Investments Limited, Acemaster Ventures Limited, Cowden Ventures Limited, Fast Track Ventures Limited, Golden Image Ventures Limited, Market Focus Ventures Limited, Punchline Ventures Limited and Smart Plus Ventures Limited is a subsidiary of Evergreen Holdings and an associated corporation of the Company.

Report of the Directors

- (3) Each of FC Management and CLC Management is directly and wholly-owned by HSBC International Trustee Limited, the trustee of the Felix Family Trust and the CLC Family Trust. The CLC Family Trust is a discretionary trust established by the late Mr. Chang Chih Lung (who passed away in March 2022) (the father of Mr. Chang Yoe Chong Felix) as the settlor, with Mr. Chang Yoe Chong Felix and his issue being the beneficiaries. The Felix Family Trust is a discretionary trust established by Mr. Chang Yoe Chong Felix as the settlor, with the late Mr. Chang Chih Lung, Mr. Chang Ka Wai Aidan (the son of Mr. Chang Yoe Chong Felix and a minor) and Mr. Chang Yoe Chong Felix's issues being the beneficiaries. Accordingly, Mr. Chang Yoe Chong Felix is deemed to be interested in the above associated corporations of the Company under the SFO.
- (4) Evergreen Housekeepers Training Center Limited is 100% owned by Sunleaf Holdings Limited, which is 70% owned by Eastern Earnings (China) Company Limited. Eastern Earnings (China) Company Limited is 51% owned by FC Investment, which is 100% held by FC Management. Accordingly, Mr. Chang Yoe Chong Felix is deemed to be interested in the above associated corporations of the Company under the SFO.
- (5) Such shares are held by Prince Orchid Limited, which is 100% owned by Mr. Chang Yoe Chong Felix.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2025, none of the Directors or the chief executives of the Company had any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 31 December 2025, the following corporations/persons had interests of 5% or more in the issued Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity/nature of interest	Number of Shares	Approximate percentage of issued share capital of the Company ⁽³⁾
Evergreen Holdings ⁽¹⁾	Beneficial owner	343,369,803 (Long position)	53.97%
Golden Evergreen ⁽¹⁾	Interest of controlled corporation	343,369,803 (Long position)	53.97%
FC Investment ⁽¹⁾	Interest of controlled corporation	343,369,803 (Long position)	53.97%

Report of the Directors

Name of shareholder	Capacity/nature of interest	Number of Shares	Approximate percentage of issued share capital of the Company ⁽³⁾
FC Management ⁽¹⁾	Interest of controlled corporation	343,369,803 (Long position)	53.97%
CLC Investment ⁽¹⁾	Interest of controlled corporation	343,369,803 (Long position)	53.97%
CLC Management ⁽¹⁾	Interest of controlled corporation	343,369,803 (Long position)	53.97%
HSBC International Trustee Limited ⁽¹⁾	Trustee of a trust	343,369,803 (Long position)	53.97%
Ms. Wong Hor Yan ⁽²⁾	Interest of spouse	356,159,803 (Long position)	55.98%
Precision Global Capital Management LLC	Investment Manager	58,236,000 (Long position)	9.15%

Notes:

- (1) Evergreen Holdings is a direct wholly-owned subsidiary of Golden Evergreen. 49% and 51% of issued share capital of Golden Evergreen are owned by FC Investment (a direct wholly-owned subsidiary of FC Management) and CLC Investment (a direct wholly-owned subsidiary of CLC Management), respectively. Each of FC Management and CLC Management is directly and wholly-owned by HSBC International Trustee Limited, the trustee of the Felix Family Trust and the CLC Family Trust. The late Mr. Chang Chih Lung ceased to be interested in the CLC Family Trust and the Felix Family Trust on 20 November 2023. Accordingly, each of Golden Evergreen, FC Investment, FC Management, CLC Investment, CLC Management, and HSBC International Trustee Limited is deemed to be interested in the Shares held by Evergreen Holdings under the SFO.
- (2) Ms. Wong Hor Yan is the spouse of Mr. Chang Yoe Chong Felix, and is deemed to be interested in the Shares which Mr. Chang Yoe Chong Felix is deemed to be interested under the SFO.
- (3) Based on a total of 636,182,000 issued Shares as at 31 December 2025.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2025, no other persons had interests or short positions in Shares or underlying Shares of the Company which were required to be notified to the Company and the Stock Exchange, or as recorded in the register required to be kept under section 336 of the SFO.

Report of the Directors

CONTROLLING SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in note 30 headed "Related Party Transactions" to the Consolidated Financial Statements, at no time during the Year had the Company or any of its subsidiaries, and any of the controlling shareholders (as defined in the Listing Rules) of the Company or any of their subsidiaries (as the case may be) entered into any contract of significance or any contract of significance for the provision of services by any such controlling shareholders or their subsidiaries (as the case may be) to the Company or any of its subsidiaries.

CONTINUING CONNECTED TRANSACTIONS

The related party transactions as disclosed in note 30 headed "Related Party Transactions" to the Consolidated Financial Statements for the Year constitute de minimis continuing connected transactions of the Company and are fully exempted from the reporting, annual reviews, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Therefore, the Independent Auditor has not been engaged to report on such transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) – "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". No letter is prepared by the Independent Auditor with reference to Practice Note 740 – "Auditor's letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants (HKICPA).

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business of the Group during the Year are provided under note 30 to the Consolidated Financial Statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and contribution to results by businesses and geographical areas of the operations for the Year is set out in note 3 to the Consolidated Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Year are set out in note 13 to the Consolidated Financial Statements.

SHARES ISSUED IN THE YEAR

Details of the ordinary shares issued by the Company during the Year are set out in note 25 to the Consolidated Financial Statements.

Report of the Directors

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company had reserves available for distribution to the Shareholders of approximately HK\$164.8 million.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company had maintained the prescribed public float under the Listing Rules during the Year and up to the date of this report.

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

During the Year, the Company repurchased an aggregate of 10,492,000 Shares for an aggregate consideration of approximately HK\$6.5 million (before expenses) on the Stock Exchange. The repurchased Shares were subsequently cancelled. As at 31 December 2025, the total number of Shares in issue was 636,182,000. Details of the shares repurchased are as follows:

Month of repurchase	Number of Shares repurchased	Highest price paid per Share <i>HK\$</i>	Lowest price paid per Share <i>HK\$</i>	Aggregate consideration paid <i>HK\$ in million</i>
May 2025	10,492,000	0.62	0.60	6.5

The Directors were of the view that the above Shares repurchase would lead to an enhancement of the net assets and/or earnings per Share and benefit the Company and the shareholders. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

The Company did not hold or sell any treasury shares during the year ended 31 December 2025.

PRE-EMPTIVE RIGHTS

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

Report of the Directors

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult an expert.

BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2025 are set out in note 23 to the Consolidated Financial Statements.

KEY PERFORMANCE INDICATORS (“KPI”)

(I) GROSS PROFIT MARGIN

- Definition and calculation: Gross profit margin is derived by dividing gross profit by revenue for a given year.
- Purpose: The Group aims to enhance its gross profit margin. The extent to which this objective has been achieved is assessed by comparing the Group's gross profit margin from one year to the next, as it is an indicator showing the Group's profitability.
- Quantified KPI data: The gross profit margin was approximately 23.3% for the Year (2024: approximately 24.0%).

(II) NET MARGIN

- Definition and calculation: Net margin is derived by dividing loss/profit for a given year by revenue for that year.
- Purpose: The Group emphasises cost control. The net margin provides direction for a better control and utilisation of expenses. The extent to which this objective has been achieved is assessed by comparing the Group's net margin from one year to the next, as it is an indicator showing the Group's earnings from its business operations and other related activities.
- Quantified KPI data: The net margin was approximately 2.9% for the Year (2024: net margin was approximately 3.9%). The decrease in net margin was primarily attributable to: the negative impact of trade policy uncertainty and increased US tariffs having significantly weakened customer sentiment, a drop in the deposit rate, and the increase in the advertisement and distribution expenses and salaries expenses during the Year when compared to the year ended 31 December 2024.

Report of the Directors

(III) GEARING RATIO AND NET GEARING RATIO

- Definition and calculation: Gearing ratio is derived by dividing total interest-bearing debt (including secured bank and other borrowings and lease liabilities) by total equity as at the end of a given year. Net gearing ratio of the Group is equivalent to total interest-bearing debt (including secured bank and other borrowings and lease liabilities) net of total cash and bank balances divided by total equity as at the end of a given year.
- Purpose: The Group monitors its capital structure based on gearing ratio. Gearing ratio provides direction for the Group to optimise its financing and business development activities. The extent to which this objective has been achieved is assessed by comparing the Group's gearing ratio from one year to the next, as it is an indicator showing the Group's level of leverage.
- Quantified KPI data: The Group's gearing ratio was approximately 77.2% (2024: 72.1%) and net gearing ratio was approximately 57.4% (2024: 50.1%) for the Year. The increase in gearing ratio was primarily due to an increase in the bank borrowings for the Year while the increase in net gearing ratio was primarily due to an increase in the bank borrowings as at 31 December 2025.

CHARITABLE CONTRIBUTIONS

During the Year, the Group made charitable contributions totalling approximately HK\$1.4 million (2024: HK\$0.2 million).

MAJOR CUSTOMERS AND SUPPLIERS

The revenue attributable to the Group's five largest customers and the largest customer accounted for 71.2% and 32.0%, respectively, of the Group's total revenue for the Year.

Purchases attributable to the Group's five largest suppliers and the largest supplier accounted for 35.8% and 30.1%, respectively, of the Group's total purchases for the Year.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any shareholders of the Company (whom, to the best knowledge and belief of the Directors, own more than 5% of the Company's total issued share capital (excluding treasury shares)) had any beneficial interest in the Group's five largest suppliers and customers for the Year.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material respects with the relevant laws, rules and regulations that have a significant impact on the business and operation of the Group. In the meantime, the Group would seek professional legal advice from its legal advisers to ensure that transactions and business to be conducted by the Group are in compliance with the applicable laws, rules and regulations.

During the Year, the Group was not aware of any material breach of, or non-compliance with, the applicable laws and regulations by the Group that had a significant impact on it.

Report of the Directors

IMPORTANT EVENTS AFTER THE END OF THE YEAR

There were no events that had significant impacts on the Group after 31 December 2025 and up to the date of this report.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this annual report.

EQUITY-LINKED AGREEMENT

For the Year, the Company has not entered into any equity-linked agreement, save for options that can be granted under the Share Option Scheme. As at 31 December 2025, no option had been granted under the Share Option Scheme.

REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Sin Hendrick *M.H.* (chairperson), Mr. Szeto Yuk Ting and Ir. Cheung Siu Wa. The Audit Committee has reviewed, together with the management of the Company, the consolidated financial statements for the Year.

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu was the auditor of the Company for the financial years of 2022, 2023 and 2024 and retired as the auditor of the Company with effect from the conclusion of the annual general meeting of the Company held on 14 May 2025.

Forvis Mazars was appointed as the new auditor of the Company upon the retirement of Deloitte Touche Tohmatsu to hold office until the conclusion of the AGM.

The Consolidated Financial Statements for the Year have been audited by Forvis Mazars who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM. Having been approved by the Board upon the Audit Committee's recommendation, a resolution for the re-appointment of Forvis Mazars as the Independent Auditor for the ensuing year will be put to the forthcoming AGM for shareholder's approval.

On Behalf of the Board

Chang Yoe Chong Felix

Chairman and Chief Executive Officer

Hong Kong, 31 March 2026

Environmental, Social and Governance Report

ABOUT THE REPORT

This Environmental, Social, and Governance (“**ESG**”) report (the “**Report**” or “**ESG Report**”) is published by Evergreen Products Group Limited (“**Evergreen**,” “**We**,” or collectively with its subsidiaries, the “**Group**”) to disclose relevant information about our ESG activities and practices.

REPORTING BOUNDARY

This Report covers the environmental and social performances of principal operations in the manufacturing, distribution, and retail business of hair products, which include:

- (1) the Group’s head office in Hong Kong;
- (2) the trading business and relevant services (collectively, the “**Trading Business**”) of hair products, in the United States; and
- (3) the manufacturing business of hair products and relevant services (the “**Manufacturing Business**”) in the PRC and Bangladesh.

REPORTING PERIOD

This Report describes the ESG activities, challenges and measures taken by the Group during the period from 1 January 2025 to 31 December 2025. (the “**Reporting Period**,” “**FY2025**,” or “**2025**”).

ACCESS OF THIS REPORT

This ESG Report is available in both printed and online versions. The online version is available on the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**” or “**HKEX**”) (www.hkexnews.hk) and the Group’s website (www.epfhk.com).

This Report is published in both English and Chinese versions. Should there be any discrepancies between the two versions, the English version shall prevail.

REPORTING FRAMEWORK

This Report has been prepared in accordance with the mandatory disclosure requirements and “comply or explain” provisions of the ESG Reporting Code (the “**ESG Reporting Code**”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Please refer to the Stock Exchange Content Index in this Report for information on the location of specific disclosures.

Environmental, Social and Governance Report

REPORTING PRINCIPLES

In the process of preparing this Report, the Group has adhered to the reporting principles stipulated in the ESG Reporting Code.

Materiality	When the board determines that ESG issues will have a material impact on investors and other stakeholders, it should report on them. For the purpose of Part D of the ESG Reporting Code, an issuer must disclose information about climate-related risks and opportunities that could reasonably be expected to affect its cash flows, its access to finance or cost of capital over the short, medium or long term.
Quantitative	Supplementary notes are added alongside quantitative data disclosed in this ESG Report to explain any standards, methodologies, and sources of conversion factors used during the calculation of emissions and energy consumption.
Consistency	The preparation approach of this ESG Report is substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure or calculation methodologies.
Balance	The ESG Report should provide an unbiased picture of the issuer's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

FORWARD-LOOKING STATEMENT

This ESG Report contains forward-looking statements which are based on the current expectations, estimations, projections, beliefs, and assumptions of the Group about the businesses and the markets in which it operates. These forward-looking statements are not guarantees of future performance and are subject to market risks, uncertainties, and factors beyond the control of the Group. Therefore, actual outcomes may differ from the assumptions made and the statements contained in this Report.

CONFIRMATION AND APPROVAL

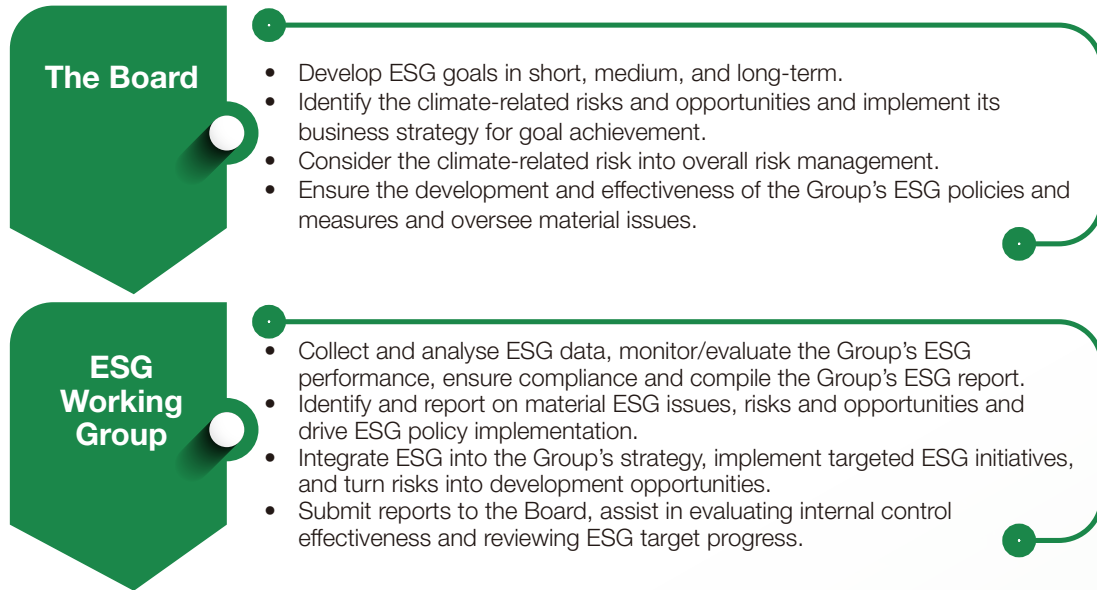
This Report was endorsed by the ESG Working Group and approved by the board of directors (the "**Board**") of the Group.

CONTACT AND FEEDBACK

Should you have any enquiry on this Report, please kindly contact us by email at info2@epfhk.com.

Environmental, Social and Governance Report

BOARD STATEMENT AND ESG GOVERNANCE STRUCTURE



THE BOARD

The Board oversees all ESG issues within the Group and ensures the effectiveness of our risk management and internal controls. We have developed an ESG governance framework to integrate ESG considerations into our business operations and align with our strategic growth. The Board monitors the Group's ESG performance, oversees the assessment of the Group's sustainability-related impacts as well as climate-related risks and opportunities, and drives the integration of such considerations into the Group's overall risk management and internal control mechanisms. To enhance our ESG performance and identify potential risks and opportunities, the Board conducts regular materiality assessments with the ESG Working Group, prioritising key ESG issues based on stakeholder feedback and monitors the progress and achievement of such sustainability goals on an ongoing basis.

ESG WORKING GROUP

The Group has established an ESG Working Group consisting of core members from various business units to oversee its ESG management. The ESG Working Group is responsible for collecting and analysing ESG-related data, monitoring and evaluating the Group's ESG performance, ensuring compliance with applicable laws and regulations, and preparing the Group's ESG Report. It also reviews and assesses performance against ESG goals and targets across key areas including the environment, health and safety, labour standards and product responsibility. Aligned with the directions set by the Board, the ESG Working Group implements various ESG strategies and policies; it reports directly to the Board, assists in identifying the Group's ESG risks and opportunities, evaluates the effectiveness of internal control mechanisms, and reviews progress towards the established ESG targets and metrics.

Environmental, Social and Governance Report

STAKEHOLDER ENGAGEMENT

The Group recognises the significance of effective stakeholder engagement and collaboration. As the operations involve a variety of stakeholder groups, their inputs are instrumental in allowing the Group to respond promptly to sustainability challenges and opportunities. The feedback from stakeholders of different backgrounds also helps the Group understand the ever-changing market demands and global sustainability trends. This, in turn, allows the Group to make informed decisions regarding its sustainability practices, initiatives, and disclosures.

The Group has multiple feedback and communication channels to understand the views of key stakeholders who have a significant impact on or have a close relationship with the Group's business. The following are the communication channels established between the Group and stakeholders, as well as the stakeholders' main concerns.

Stakeholders	Expectations and Concerns	Communication Channels
Government and Regulatory Authorities	<ul style="list-style-type: none"> Compliance with laws and regulations Pay taxes according to law Implement relevant regulatory policies 	<ul style="list-style-type: none"> Policy guidance Supervision of compliance Routing reports and taxes paid
Suppliers/Business Partners	<ul style="list-style-type: none"> Fair and open procurement Win-win cooperation 	<ul style="list-style-type: none"> Open tendering Purchase reviews Business exchange and cooperation Supplier screening and rating Face-to-face meetings and onsite visits
Customers	<ul style="list-style-type: none"> High quality products and services Protect the rights of customers 	<ul style="list-style-type: none"> Product promotion Sales reviews Customer service hotline and email
Shareholders	<ul style="list-style-type: none"> Sound risk management Effective and transparent disclosure The ability to continuously create value Return on investment 	<ul style="list-style-type: none"> Regular meetings Regular reports and announcements Routing communication Official website
General public (i.e., media, NGO, local communities)	<ul style="list-style-type: none"> Involvement in communities Business compliance Environmental protection awareness 	<ul style="list-style-type: none"> Actively carry out various charitable activities Media conferences and responses to enquiries Investment on communities Public welfare management
Employees	<ul style="list-style-type: none"> Health and safety in the working places Employees' compensation and benefits Fair career development opportunity 	<ul style="list-style-type: none"> Regular meetings and training Emails, notice boards, hotline, caring activities with management

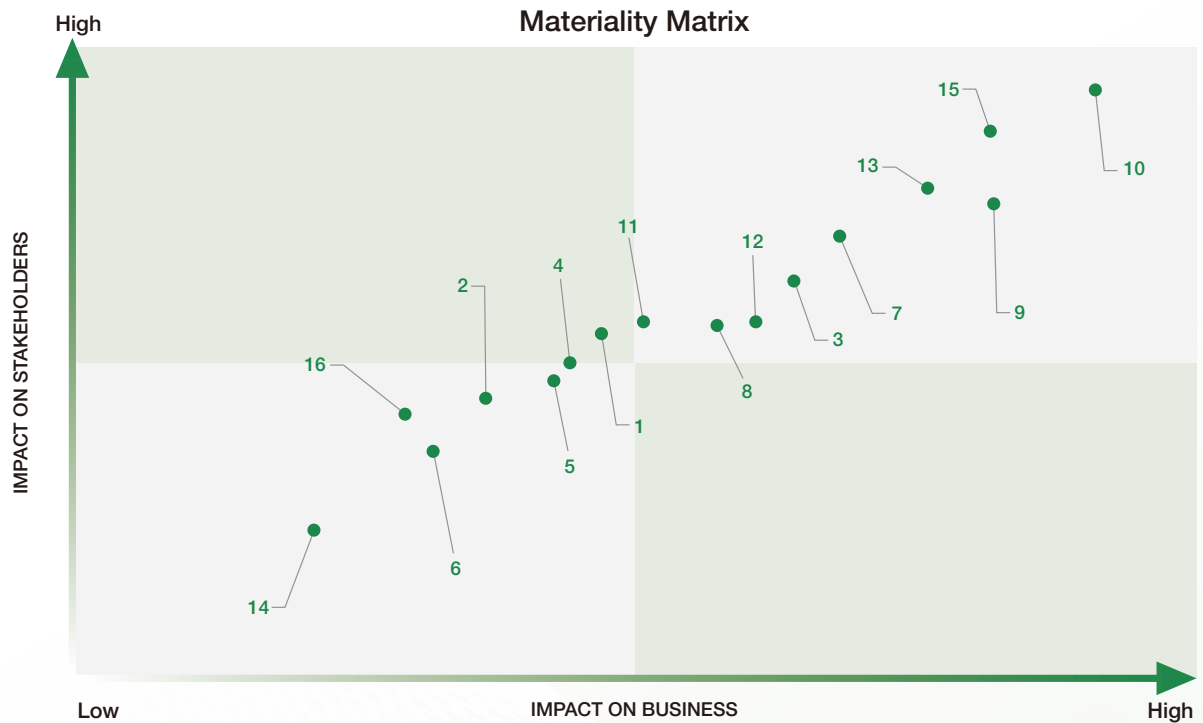
Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

In FY2025, the Group conducted a materiality assessment survey by inviting key stakeholders to participate. Material ESG issues are determined by the contribution of internal and external stakeholders. The Group’s management selected and invited key stakeholders to provide feedback on a list of material ESG issues.

Through the materiality assessment survey, the Group has a better understanding of the significance of impacts of each material ESG issue on stakeholders and on the business, allowing the Group to gain a better understanding of its key issues and to identify risks and opportunities.

The matrix below shows the prioritisation of material ESG issues of the group, ranked by their relative importance.



1. Waste Management	5. Utilisation of Environmentally Friendly Materials	9. Employees’ Health and Safety	13. Product and Service Quality
2. Gas Emission Management	6. Climate Change Risk	10. Prohibition of Child Labour and Forced Labour	14. Advertising and Labeling
3. Water Resource Conservation and Wastewater Treatment	7. Employment Practices	11. Sustainable Procurement and Supply Chain Management	15. Anti-Corruption
4. Resource Usage Management	8. Employees’ Rights and Benefits	12. Technological Advancement	16. Social Welfare and Charity

The Group reviewed the materiality assessment results and considered that the said result is applicable to the Group. The Group will continuously monitor its business operations and its ESG performance.

Environmental, Social and Governance Report

RESPONDING TO CLIMATE CHANGE

CLIMATE GOVERNANCE

Board Oversight

The Board considers a broad spectrum of climate-related risks and opportunities in setting the Group's strategic direction, and ensures these factors are fully integrated into its oversight of strategy, major transactions, and policies. ESG considerations and stakeholder expectations are fully embedded in decision making by regularly assessing whether proposed transactions, and controls and mitigation measures align with the Group's climate commitments. The Board balances short-term financial implications with long-term resilience to support informed, forward-looking decisions that enable sustainable performance.

The ESG Working Group reports to the Board at least annually on climate-related risks and opportunities. The Board further oversees the development of climate-related targets, ensuring they are grounded in credible data, aligned with strategic priorities, and supported by clear execution plans. It reviews progress against these targets on a regular basis and raises queries where gaps or delays arise. Although climate-related performance indicators have not yet been incorporated into remuneration policies, the Group's commitment to achieving its climate objectives remains fully intact.

Internal controls and review mechanisms are integrated into the operations of business units. These include periodic climate-related risks assessments, as well as cross-functional reviews of regulatory and market developments.

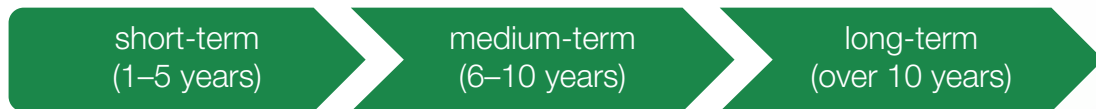
To support the implementation of the Group's climate-related strategies, the skills and competencies of the Board and members in the ESG Working Group are regularly assessed against market standards to ensure that they remain sufficient and up-to-date over time. All the Directors and members in the ESG Working Group have received sustainability training. The Board is kept informed of emerging ESG developments, including energy policies, regulatory updates and evolving market best practices. ESG training is embedded in the ongoing development of Directors and senior management.

Environmental, Social and Governance Report

STRATEGY

The Group continuously monitors global and local policy trends and action progress in addressing climate change. Drawing on internationally mainstream climate scenario analysis frameworks, it identifies, assesses and addresses climate-related risks and opportunities that may affect business operations and the value chain.

We integrate climate-related considerations into corporate strategy and business planning and clearly define the scope of impacts across three time horizons: short-term (1–5 years), medium-term (6–10 years) and long-term (over 10 years). This ensures that climate risk management is aligned with the Group's sustainable development strategy.



We screen and identify climate-related risks and opportunities by comprehensively considering the Group's business model and value chain, industry practices, and outcomes of stakeholder engagement. We clarify the concentration of such risks and opportunities across the Group's own operations and value chain, establish a risk and opportunity inventory, and conduct ongoing monitoring and management efforts.

Managing Climate-related Risks and Opportunities

Climate change presents both risks and opportunities. We take a balanced approach that considers potential positive and negative impacts, enabling us to maximise value while minimising adverse effects on our business.

Physical Risks, Transition Risks and Opportunities

We categorise climate-related impacts into physical risks, transition risks and opportunities that are reasonably expected to affect our cash flows, access to finance, or cost of capital.

Physical risks: These include acute events—such as extreme heat, rainfall, storms and other natural disasters—that may disrupt our supply chain and infrastructure, as well as chronic changes like rising sea levels and shifting climate patterns that could affect long term business viability.

Transition risks: They stem from the global shift toward a low carbon economy, including more stringent laws and regulations on environmental protection, carbon emission and waste generation. Technological developments and changing market preferences for green companies may require adjustments to our business model and operations. These changes may lead to increased risks of regulatory non-compliance resulting in legal, technological, market and reputational risks.

Environmental, Social and Governance Report

Opportunities: The transition to a low-carbon business model may bring us opportunities. Growing ESG awareness among consumers gradually shapes the market as preferences shift toward more responsible businesses. Efforts to improve energy efficiency and reduce waste not only lower operating costs in the short-term, but also help streamline and optimise operations over the medium term. Emerging low-carbon markets are expected to mature within the next three to ten years, creating new opportunities for growth and innovation. By actively disclosing ESG performance and taking concrete action, we can enhance our reputation, attracting new capital and customers.

Effects on Business Model and Value Chain

The ESG Reporting Code's implementation reliefs have been applied in this section:

	Reasonable Information Relief	Commercial Sensitivity Relief	Financial Effects Relief
Current financial effects			Yes
Anticipated financial effects	Yes	Yes	Yes
Metrics in cross-industry categories	Yes		

The Group has identified the following risks and opportunities on its business model and value chain:

Effects on Business Model	Effects on Value Chain	Qualitative Financial Impact
---------------------------	------------------------	------------------------------

Acute Physical Risks – Extreme High Temperature/Rainfall/Flooding

- | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Damages property and assets in areas affected by extreme weather • Increases need for air-conditioning and energy use • Affects employee health and safety • Disrupts utilities supply • Increases maintenance costs and insurance premiums • Reduces short-term revenue • Impacts asset values | <ul style="list-style-type: none"> • Interrupts supply chains • Reduces availability of insurance on assets in risks exposed areas • Lowers sales/output due to business disruption • Disrupts cloud services • Affects costs and availability of utilities | <p>Time Horizon: Short-to-long term
Financial Impact: Asset value
The impact is low considering our location of operation.</p> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|

Environmental, Social and Governance Report

Effects on Business Model

Effects on Value Chain

Qualitative Financial Impact

Chronic Physical Risks – Water Scarcity/Ecosystem Degradation

- | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Procurement of alternative water sources increases operating costs • Additional capital expenditure for water conservation projects • Reduced raw material supply leads to long-term cost increases | <ul style="list-style-type: none"> • Higher procurement costs • Unstable raw material supply requires sourcing alternative suppliers | <p>Time Horizon: Mid-to-long term
Financial Impact: Revenue
The impact is low considering our location of operation.</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|

Transition Risks – Policy & Regulatory Risks/Technology Risks/Market Risks/Reputational Risks

Regulatory Risks

- | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Increases regulatory requirements on carbon pricing • Retires existing assets early due to policy changes • Changes in energy efficiency standards • Increases costs on adopting new processes for compliance | <ul style="list-style-type: none"> • Induces structural changes in compliance throughout the value chain • Increases risks from non-compliance of suppliers or partners • Reduces demand for high-emissions products and services • Lowers profit margin due to upstream compliance costs | <p>Time Horizon: Mid-to-long term
Financial Impact: Operating cost
The impact is low to medium considering our industry.
The cost of compliance may increase over time.</p> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Market Risks

- | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Changes input prices (e.g. legal and compliance expenses) • Increases output requirements (e.g. on waste treatment and emission control) | <ul style="list-style-type: none"> • Disrupts existing upstream and downstream partnerships as procurement shifts toward greener alternatives | <p>Time Horizon: Mid-to-long term
Financial Impact: Revenue
The impact is low to medium considering our industry.
The cost of compliance may increase over time.</p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Environmental, Social and Governance Report

Effects on Business Model	Effects on Value Chain	Qualitative Financial Impact
Technology Risks		
<ul style="list-style-type: none"> Retires existing technology early Increases research and development expense Increases cost on adopting and acquiring new technology 	<ul style="list-style-type: none"> Alters competitive dynamics Increases procurement costs along the value chain 	<p>Time Horizon: Mid-to-long term</p> <p>Financial Impact: Capital expenditure</p> <p>The impact is low to medium considering our industry. Investment in new technologies may increase over time.</p>
Reputational Risks		
<ul style="list-style-type: none"> Increases the difficulty of talent retention and workforce planning Lowers ability to attract capital 	<ul style="list-style-type: none"> Reduces demand of goods and services throughout the value chain 	<p>Time Horizon: Mid-to-long term</p> <p>Financial Impact: Operating cost</p> <p>The impact is low considering our industry.</p>
Opportunities – Consumer Preference/Resource Efficiency/Market Opportunities		
Consumer Preference		
<ul style="list-style-type: none"> Opens up new revenue streams Increases market share of green companies 	<ul style="list-style-type: none"> Incentivises sustainable innovation throughout the value chain, driven by downstream demands 	<p>Time Horizon: Short-to-long term</p> <p>Financial Impact: Operating cost</p> <p>The impact is low in considering our industry.</p>
Market Opportunities		
<ul style="list-style-type: none"> Offers additional revenue source from new markets Diversifies geographically 	<ul style="list-style-type: none"> Fosters mature development of the entire value chain via expanded product and service offerings 	<p>Time Horizon: Short-to-long term</p> <p>Financial Impact: Revenue</p> <p>The impact is low in considering our industry.</p>
Resource Efficiency		
<ul style="list-style-type: none"> Improves efficiency from flexible work arrangement during extreme weather Improves profit margin Benefits employee health, satisfaction, and productivity Reduces exposure to fossil fuel price increase Increases capital availability 	<ul style="list-style-type: none"> Enhances capacity and resource utilisation throughout the value chain Reduces operational costs due to upstream improvements 	<p>Time Horizon: Short-to-long term</p> <p>Financial Impact: Operating cost</p> <p>The impact is low to medium considering the energy alternative options in Bangladesh is limited.</p>

Environmental, Social and Governance Report

Climate Resilience and Scenario Analysis

During the Reporting Period, the Group assessed the resilience of its strategy and business model to climate-related changes through scenario analysis across short-, medium-, and long-term horizons.

The analysis applied diverse scenarios sourced from Intergovernmental Panel on Climate Change (“**IPCC**”) and the International Energy Agency (“**IEA**”), including one aligned with the latest international climate agreement. The Group employs the following two pathways to conduct climate scenario analysis for 2030 and 2050 timeframe. We primarily utilise two representative Shared Socioeconomic Pathways (SSPs) from the IPCC’s Sixth Assessment Report (AR6): SSP1-2.6 and SSP5-8.5. SSP1-2.6 represents a relatively low-emissions scenario, while SSP5-8.5 denotes a high-emissions scenario.

Turquoise Scenario – IPCC SSP1-2.6 and IEA Announced Pledges Scenario (APS)

Brown Scenario – IPCC SSP5-8.5 and IEA Stated Policies Scenario (SPS)

Turquoise Scenario	Brown Scenario
<p>Representing a global average temperature increase of 1.7°C before 2060 and 1.8 °C before 2100</p>	<p>Representing a global average temperature increase of above 2.4°C before 2060 and 4.4°C before 2100</p>
<p>The Turquoise Scenario envisions a future with strong global climate action. This pathway involves stringent climate policies and accelerated decarbonisation in all sectors, focusing on rapid renewable energy deployment, electrification of transport and industry, low-carbon fuel adoption, and significant carbon capture and storage, along with afforestation and reforestation.</p>	<p>The Brown Scenario depicts a future with limited climate action. This pathway relies solely on current policies and Nationally Determined Contributions (NDCs) with minimal investment in decarbonisation and adaptation. Consequently, severe and unpredictable physical climate impacts occur, including extreme weather, sea level rise, and resource scarcity.</p>
<p>While this scenario reduces physical climate risks compared to high-emission pathways, it presents short-term transition challenges like regulatory compliance and technology investments. For businesses, it may mean higher upfront costs but offers greater long-term resilience and opportunities in low-carbon markets, aligning with international climate agreements and net-zero objectives.</p>	<p>While transition risks are low due to a lack of stringent climate policies, businesses encounter rising costs from asset damage, supply chain disruptions, and insurance challenges. This scenario highlights the urgent need for robust adaptation measures to sustain operational resilience and safeguard long-term financial performance amid ongoing physical risks.</p>

Environmental, Social and Governance Report

While these data-rich structure above enhances our ability to assess short-, medium- and long-term implications for our business, these scenarios rely on long-term policy assumptions such as carbon pricing, technology advancement and policy development that are outside the Group's control. There is uncertainty not only in how the climate may impact the transition risks the Group faces (which we have attempted to represent with the scenarios selected), but also in how we will react to these changes. In the absence of systematic scenario-based assumptions, we have assumed that the Group's current performance will continue to hold for the modelled duration.

Scope and Time Horizons: The analysis covers all of our major operating locations in the United States, Bangladesh, Hong Kong and the PRC. Impacts were evaluated across short term (1–5 years), medium term (6-10 years), and long term (10+ years) horizons, consistent with our time horizons outlined in the Strategy section.

Methodology: For each scenario, we assess the potential operational and financial implications of identified climate-related risk and opportunity factors. While full quantitative modelling is still in progress, we remain committed to strengthening our data systems and analytical capabilities to support more detailed and quantitative scenario assessments in the future.

Assessment Results: The results of our climate scenario analysis are presented below:

Environmental, Social and Governance Report

Potential Impact of Physical and Transition Risks on Asset Value (2050)

Climate-Related Risk Factors

Operating Locations:

Hong Kong, the United States, the PRC, Bangladesh.

	Turquoise Scenario	Brown Scenario
Physical Risks		
Extreme Heat	Low	Medium
Extreme Rainfall/Flooding	Low	High
Water Scarcity	Low	Medium
Transition Risks		
Policy & Regulatory Risks	Low	High
Market Risks	Low	High
Technology Risks	Low	Medium
Reputational Risks	Low	High

Our climate-related risks and opportunities are concentrated in Hong Kong, a few major cities in China, the United States and Bangladesh which are our principal places of operations. Nonetheless, these cities are characterised by well-developed infrastructure, strong emergency preparedness and robust public healthcare systems. These conditions help moderate exposure to acute physical risks and support continuity across our business activities.

The Group maintains the capacity to adapt its strategy and business model to climate change over the short, medium or long term through existing risk management framework and strategic planning. Results of the climate scenario analysis are incorporated into these processes to inform decision-making, enabling the Group to respond to evolving climate-related risks and opportunities in a timely manner while supporting long-term resilience and value creation across the Group's business operations.

Environmental, Social and Governance Report

Strategy and Decision-Making

Based on the findings of the scenario analysis, we have formulated the below adaptation and mitigation measures to tackle physical risk, transition risks, and opportunities:

Type	Adaptation and Mitigation Measures
Acute Physical Risks	<ul style="list-style-type: none"> • Conduct regular drills to test emergency response, crisis management and business continuity plans. • Formulate enhanced and localised measures for various climate scenarios to address extreme weather events. • Carry out ventilation and cooling retrofitting for internal facilities and suppliers' factories to improve the working environment. • Incorporate considerations of flood and water-related risks into office site selection. • Install key equipment (such as servers and air conditioners) in locations that meet flood and wind resistance standards. • Implement targeted measures across the Group to reduce the risk of casualties.
Chronic Physical Risks	<ul style="list-style-type: none"> • Incorporate the impacts of surrounding water resources into the office site selection process. • Adopt water-saving equipment and retrofit existing facilities to improve water use efficiency. • Assess the availability of alternative water sources in the event of water shortages and install backup water supply facilities. • Establish a long-term monitoring mechanism to protect key species and natural habitats and mitigate the impact of ecosystem changes on the supply chain.
Transition Risks	<ul style="list-style-type: none"> • Track global and domestic trends and latest requirements for climate-related information disclosure. • Optimise carbon emission disclosure and management to respond to stakeholder feedback; monitor the development of the domestic carbon market. • Collaborate with academic institutions and suppliers to promote low-carbon technologies and integrated energy solutions. • Disclose energy consumption and carbon emission data with high quality in accordance with regulatory requirements, and formulate environmental risk control plans. • Assess the impact of climate risks on business operations, establish a climate risk management mechanism, and mitigate reputational risks. • Improve legal risk management policies and incorporate climate-related risk considerations.

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Type	Adaptation and Mitigation Measures
Opportunities	<ul style="list-style-type: none"> • Develop lower-carbon service offerings. • Invest in energy-efficient and low-emission technologies to reduce costs. • Explore the possibility to invest in green bonds to support climate-positive investments.

Current and Anticipated Financial Effect

The Group has not disclosed the quantified current and anticipated financial effects of climate-related risks and opportunities and internal carbon prices are currently not applied in our scenario analysis or decision-making. Given its scale, both current and anticipated financial effects of climate-related risks and opportunities are not considered material to the Group's overall financial position. Furthermore, where effects may exist, the level of measurement uncertainty is high and isolating specific impacts is difficult. The Group is also developing internal capabilities for preparing disclosures on current and anticipated financial effects. Accordingly, the Group has applied the financial effects relief and the capabilities relief (where applicable) as provided under the ESG Reporting Code for disclosure requirements about the current and anticipated financial effects of the climate-related risks and opportunities. The Group has also assessed and determined that the combined financial effects of climate-related risks and opportunities would not be useful at this stage.

CLIMATE RISK MANAGEMENT

The Group has in place a comprehensive risk management framework. Climate-related risk and opportunity identification, assessment, prioritisation, and management are fully integrated into the Group's overall risk management processes. The relevant policy and processes have been implemented consistently across reporting periods and are reviewed annually and updated when necessary.

Climate-related risks and opportunities are examined across the Group's operations and value chain using both internal and external data through a coordinated, multi-level process. Strategic direction is set at the top, with the Board providing oversight and regularly reviewing the most significant climate-related issues. At the same time, operational teams contribute detailed, ground-level insights by assessing their own exposures on an annual basis. When a potential risk is identified, the relevant department will design and carry out mitigation actions, followed by ongoing reviews to ensure that the controls remain robust and effective over time.

All identified climate-related risks and opportunities play a role in shaping our strategic direction, operational priorities, and internal policies. We evaluate each item based on its potential impact and the likelihood of occurrence using the Group's risk assessment methodologies, creating a clear profile that supports informed decision-making. These evaluations also underpin the scenario analysis outlined above. Risks that score highly on both impact and likelihood are elevated in priority and addressed ahead of lower-rated issues to ensure our resources are focused where they matter most.

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CLIMATE AND NATURE-RELATED TARGETS

The Group does not have a climate-related transition plan at the moment but a long-term transition plan will set out a clear direction to transform our operations into a low-carbon, climate-resilient business. We are setting long-term climate-related targets across our operations and value chain supported by short-, medium-, and long-term milestones, all measured against a 2025 base year to ensure consistent comparison over time. These targets have taken reference from Hong Kong's long-term decarbonisation pathway and its goal of achieving carbon neutrality, as well as the Paris Agreement, ensuring that our efforts contribute meaningfully to the city's broader climate ambitions.

To deliver on this plan, we will focus on decarbonising our operations through improved energy efficiency, responsible resource management, and the adoption of lower-carbon technologies. We will also strengthen climate resilience by enhancing risk management, and collaborating with partners across our value chain. Our transition plan relies on the collective efforts of our employees and broader community, as well as the pace at which the national grid decarbonises.

The Group develops and regularly reviews its target internally based on its strategic planning and did not apply the Science Based Targets initiative's Sectoral Decarbonisation Approach. The use of carbon credits to achieve any net targets is currently not considered. Below sets forth the phased targets over our time horizon:

Targets (with 2025 as the base year)	Short-term (2025–2030)	Medium-term (2030–2040)	Long-term (Post–2050)
Greenhouse Gas (“ GHG ”) Intensity* (Scope 1&2)	Maintain or reduce by 1%–3%	Reduce by 5%–10%	Reduce by more than 11%
GHG Intensity (Scope 3)			
Electricity Consumption Intensity			
Water Consumption Intensity			
Hazardous Waste Intensity			
Non-Hazardous Waste Intensity			

* *The GHG emission target is a gross target.*

Internal carbon price are currently not applied in our scenario analysis. The Group has not allocated capital expenditure, financing or investment towards climate-related risks and opportunities.

By applying reasonable information relief of the ESG Reporting Code, the Group does not disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks, transition risks and aligned with climate-related opportunities.

Trend Analysis: During the Reporting Period, the Group's environmental performance maintained a positive trend with continuous reductions in various intensity indicators. All key metrics, including GHG emission intensity, non-hazardous and hazardous waste intensity, wastewater discharge intensity, as well as electricity and water consumption intensity, showed a year-on-year downwards trend in 2025 from 2024. The Group will strengthen ongoing monitoring of environmental indicators to sustain progress toward its climate goals.

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GHG Emissions

The major sources of the Group's GHG emissions are direct GHG emissions (Scope 1) from petrol and diesel consumption of company-owned vehicles and machinery used at the operation sites and indirect GHG emissions (Scope 2) from electricity at the office as well as Scope 3 GHG emissions which comprise emissions from paper waste disposed of at landfills, energy used for processing non-hazardous water and sewage.

In 2025, the Group's GHG emissions performance was as follows:

Indicators	Unit	FY2025	FY2024
GHG Emissions¹	Tonne CO ₂ e		
Scope 1: Direct emissions	Tonne CO ₂ e	3,010	3,061
– Petrol			
– Diesel			
– Coal			
GHG Removal (Scope 1)	Tonne CO ₂ e	(1.89)	(1.89)*
Scope 2: Energy indirect emissions	Tonne CO ₂ e	16,714	14,810
– Purchased electricity (Location-based ²)			
Total GHG Emissions (Scope 1&2)	Tonne CO ₂ e	19,722	17,869
Total GHG Emissions (Scope 1&2) Intensity³	Tonne CO ₂ e/employee	0.66	0.84
Scope 3: Other indirect emissions	Tonne CO ₂ e	988	1,074*
Category 5: Waste Generated in Operations⁴			
– Paper waste		342	402
– General waste		546	596
– Commercial waste		1	N/A
– Sewage		99	76
Total GHG emissions (Scope 1&2&3)	Tonne CO ₂ e	20,711	18,943*
Total GHG Emissions (Scope 1&2&3) Intensity³	Tonne CO ₂ e/employee	0.70	0.89*

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Note:

1. The Group's GHG emissions include CO₂, CH₄ and N₂O and are converted to reflect the tonnes of CO₂ equivalent. GHG emissions data is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" and "Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "CLP 2024 Sustainability Report" published by CLP Holdings Ltd and the latest released average carbon dioxide emission factor for national electricity in China, published by the Ministry of Ecology and Environment in December 2025. Scope 3 emissions data is calculated with reference, but not limited to, the International Civil Aviation Organisation ("ICAO") and the Department for Energy Security & Net Zero ("DESNZ") of the United Kingdom.
 2. Scope 2 emissions are calculated using a location-based approach, which considers the average emission intensity of the local electricity grid where the energy is consumed (i.e. EMA).
 3. During the Reporting Period, the Group has 29,733 (2024: 21,257) employees. The data is also used for calculating other intensity data.
 4. "GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)" Category 5 emissions: The Group uses waste-specific data multiplied by applicable emission factors such as those provided by DESNZ.
- * The data has been restated due to an updated calculation model.

Electricity consumption is the primary source of indirect energy and indirect GHG emissions (Scope 2). To address this, proactive measures have been implemented, including energy-saving initiatives and improvements in energy efficiency:

- The concept of green office is introduced and started with the use of LED light bulbs.
- Energy saving working culture is promoted to encourage employees to reduce electricity consumption such as turning-off light once they leave the room.
- Temperature control for air-conditioner is set at the range from 24–26°C to reduce electricity consumption.
- Employees are encouraged to use public transport to minimise unnecessary use of private vehicle.

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GHG generated from the treatment of general waste are the primary source of Scope 3 GHG emissions. To effectively mitigate such emissions and minimise the environmental impact, companies with manufacturing plants will adopt the following measures to reduce general waste:

- Optimise production processes to reduce material waste and leftover scraps at the source.
- Set up classified waste collection points in the factory to improve the recycling rate of general waste.
- Promote the reuse and recycling of production waste and cooperate with qualified suppliers for harmless treatment.
- Strengthen employee training to raise awareness of waste reduction and standardised waste disposal.

In pursuit of carbon neutrality, fossil fuels are expected to be phased out due to stricter government regulations. The Group is developing a transitional business plan to shift from fossil fuels to renewable energy sources, such as solar panels, to reduce GHG emissions.

During the Reporting Period, a large-scale planting scheme was launched in the Group's factories located at Kunming, Yunnan Province of the PRC. Around 167 trees were planted to enhance the value of the natural environment and improve air quality. Out of these, 82 trees were over 5 meters in height and qualified for Scope 1 GHG removal. We are one of the few local businesses that have taken this measure to reduce our carbon footprint.

The Group will keep working on different measures to reduce air and GHG emissions, with an emphasis on incorporating decarbonisation strategies.

Environmental, Social and Governance Report

A. ENVIRONMENTAL

The Group understands the importance of protecting the environment and has established business strategies that are environmentally conscious. In FY2025, the Group set clear and measurable environmental KPIs, designating 2030 as the short-term target year. These KPIs serve as reference points for monitoring our advancement. The latest update on our advancements is as follows:

The Hong Kong SAR Government announced the Climate Action Plan 2050 with decarbonisation strategies covering “Net-zero electricity generation”, “Energy Saving and Green Buildings”, “Green Transport” and “Waste Reduction” for reaching carbon neutrality before 2050. The Group has taken responsive measures to contribute to a zero-carbon economy in the focused areas recommended by the Hong Kong SAR Government.

A1. EMISSIONS

The Group is looking at how it uses energy in its operations to help meet the goals of the Paris Agreement, which aims to keep the average global temperature rise below 1.5°C compared to pre-industrial levels. Reducing emissions and using energy efficiently and responsibly are essential to achieving this global goal.

The Group strictly complies with the related environmental protection laws and regulations. During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations that might have a significant impact on the Group relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

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Air Emissions

Vehicle fuel consumption is a significant contributor to the Group's air pollution. The exhaust produced includes nitrogen oxides ("NOx"), sulphur oxides ("SOx"), and particulate matter ("PM"). To reduce air emissions, the Group has established effective practices to improve air quality:

- Reduce in-person meetings by advocating the utilisation of electronic online meetings.
- Take public transport during business trips under normal circumstances.
- Conduct regular vehicle inspections and maintenance to enhance vehicle efficiency.
- Phase-out substandard vehicles and consider electric vehicles in future purchase.
- Switch off the engine when idle.

During the Reporting Period, the Group's exhaust gas emissions performance was as below:

Indicators	Unit	FY2025	FY2024*
Type of Air Emissions			
– SOx	kg	7.88	6.80
– NOx	kg	4,674.78	4,448.49
– PM	kg	457.98	437.17

Note:

- * The data has been restated due to an updated calculation model.

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Waste Management

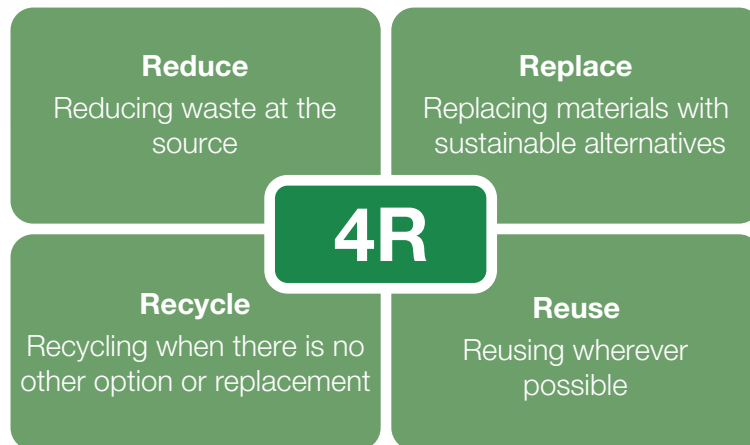
The Group's waste management system focuses on properly managing, controlling and disposing of waste materials. This system is based on key principles that stress the importance of reducing waste at its source, using more sustainable materials when possible, reusing items whenever we can, and recycling only as a last option when no other choices are available. Through adherence to these principles, the Group strives to enhance its sustainability efforts and mitigate the environmental impact of its operations.

The Group seeks to redesign its products, systems, and services to deploy resources in more durable, reusable, repairable and recyclable ways. The Group ensures that its employees embrace the challenge of circularity, focusing on transforming waste of today into productive inputs for tomorrow.

Non-hazardous Waste

The Group's non-hazardous waste includes waste packaging materials and fabrics, which are collected and stored at designated areas onsite and handled by local sanitary stations, or waste handling companies under the signed agreement. Waste management guidelines were devised to enable sound waste and effluent management. The Group also collaborates with external parties to improve its materials management, including the engagement of licensed contractors to manage the disposal of waste.

The Group strives to minimise the amount of non-hazardous waste with the integration of "4R Concept of Sustainability – Reduce, Replace, Reuse and Recycle".



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Hazardous Waste

The Group handles its hazardous waste very carefully. This mainly includes dangerous wastewater, sludge from the on-site wastewater treatment facility (“**WWTF**”), used chemical containers, and used oil. Hazardous waste is temporarily stored in a specified location and then collected by licensed contractors.

Indicators	Units	FY2025	FY2024
Hazardous waste	Tonnes	3.95	0.00
Intensity ³	Tonnes/per employee	<0.01	<0.01
Non-hazardous waste	Tonnes	364.09	397.32
Intensity ³	Tonnes/per employee	0.01	0.02

Wastewater Discharge

As said, hazardous wastewater generated from production process is collected and stored in a designated area, where it will be handled by licensed hazardous waste collectors. Non-hazardous wastewater arises from both the manufacturing process and domestic sanitary use. Industrial wastewater from manufacturing is treated onsite by the wastewater treatment facility (“**WWTF**”) owned by the production plants and then recycled. For domestic wastewater from daily sanitary activities, it is discharged directly into the municipal drainage system.

Indicators	Units	FY2025	FY2024
Non-hazardous wastewater discharge	m ³	451,047	345,166
Intensity ³	m ³ /per employee	14.92	16.23
Hazardous wastewater discharge	m ³	8.50	10.26
Intensity ³	m ³ /per employee	<0.01	<0.01
Wastewater discharge intensity ³	m ³ /per employee	15.17	16.23

The Group has implemented the following measures to manage wastewater discharge:

- Establishing a sewage treatment monitoring process to ensure compliance with national standards;
- Reusing shampoo and controlling the usage of fresh water to reduce the amount of wastewater generated; and
- Recycling treated wastewater for other purposes such as plants watering, floor cleaning, landscaping and toilet flushing.

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“4R” Water Recycling

The Group has formulated “Water Treatment Scheme” to reduce wastewater discharge through applying “4R concept of Sustainability” to Reduce, Reuse, Recycle and Repurpose wastewater.

REDUCE: To reduce all wastewater from dyeing process through the Group’s “Water Treatment Scheme”.

REUSE: To reuse the wastewater for other purposes after the purification process.

RECYCLE: To recycle all wastewater from the dyeing process by dosing chemicals and carbon ore to the untreated effluent for removing the impurities in water.

REPURPOSE: Recycled water can be used for landscaping, cleaning and sanitation to minimise freshwater consumption.

The Group aims to reduce waste disposal and freshwater consumption by recycling wastewater from all dyeing processes through these water treatment programs and reusing the recycled water for various purposes. Water consumption is expected to be reduced by 10% by 2031.

A2. USE OF RESOURCES

The Chinese government enacted the National Energy Conservation Law to reduce energy consumption across all sectors by promoting energy efficiency. This initiative emphasises both economic and social development, highlighting the positive economic value of energy efficiency. While Bangladesh Government has enacted the First National Energy Policy aiming at ensuring proper exploration, production, distribution and rational use of energy resources to the growing demands of different zones, sectors and groups. In response to the energy conservation regulations, the Group implemented “Energy Saving Measures” to reduce energy consumption. The Group believes this does not only reduce carbon footprint but also bring positive financial and culture impacts on the Group in the long-term.

Energy Management

Recognising energy consumption as the primary source of the Group’s GHG emissions, the Group actively seeks to manage and optimise energy use systematically. Electricity used in the office is the main type of energy consumption in its operations. The Group closely monitors its energy usage to ensure it minimises consumption. Additionally, the Group’s Hong Kong office participates in various energy-saving initiatives organised by NGOs, including “Earth Hour” by WWF and “No Air Con Night” by Green Senses.

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Electricity

The Group's electricity consumption mainly comes from its offices and plants. To improve efficiency and promote environmental conservation, the Group plans to implement the following energy-saving measures:

- Replacing traditional lightings with LED lightings.
- Replacing obsolete equipment with energy-saving or variable frequency equipment.
- Turning lights, computers, and air conditioning system off if they are not in use.
- Defaulting temperatures of air conditioners by season at optimum level.

Coal

Coal has been the primary source of energy for the boilers. To promote efficient energy use, the Group is implementing measures to reduce coal consumption and increase the use of cleaner energy in boiler operations. Actively exploring alternative solutions, the Group is committed to sourcing renewable energy to replace fossil fuels like coal in the long run.

Petrol and Diesel

The primary source of petrol consumption is vehicles, while diesel is used by both the Group's vehicles and manufacturing operations, such as backup generators. The Group aims to minimise energy consumption by promoting a green culture. Employees are encouraged to use public transport, hold virtual meetings, and source materials locally to reduce unnecessary energy usage from transportation.

The Group's energy consumption is as follows:

Indicators	Units	FY2025	FY2024
Total Direct Energy Consumption	MWh	13,429	13,492
– Diesel	MWh	7,131	6,353
– Petrol	MWh	71	84
– Coal	MWh	6,226	7,054
Total Indirect Energy Consumption	MWh	29,366	26,048
– Purchased electricity	MWh	29,366	26,048
Total Energy Consumption	MWh	42,795	39,540
Intensity³	MWh/employee	1.44	1.86

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Water Management

The Group's major water consumption during FY2025 is attributed to production processes and sanitary purposes.

Indicators	Units	FY2025	FY2024
Water Consumption	m ³	469,491	360,806
Intensity ³	m ³ /employee	16	17

To promote a mindset of water conservation, the Group has implemented several effective measures. Regular inspections and maintenance of water consumption facilities are carried out to prevent leaks. Additionally, water conservation slogans and posters are displayed to raise employee awareness. The Group has also installed water-saving and flow-controlling faucets to reduce water output. Moreover, wastewater is recycled for various purposes, including cleaning, landscaping, and sanitation.

During the Reporting Period, the Group encountered no issues in sourcing water for its operations, as the regions where it conducts business do not face water stress.

Packaging Materials and Raw Materials

The main packaging materials used by the Group include cardboard, carton boxes and self-manufactured polyethylene film bags. The raw materials for its products are mainly hair, fibers and plastic. Paper products are the predominant type of packaging used by the Group. In the future, the Group will strive to use environmental-friendly raw materials to reduce its impact on nature.

Indicators	Units	FY2025	FY2024
Production Main Materials			
– Paper products (for packaging)	Tonnes	4,519	4,369
– Plastic (for packaging)	Tonnes	639	548
– Fibre	Tonnes	6,896	6,479
– Hair	Tonnes	35	21
– Metal alloys (e.g. Aluminium, Steel)	Tonnes	6	4
Total	Tonnes	12,095	11,421*

Note:

* The data has been restated due to an updated calculation model.

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A3. THE ENVIRONMENT AND NATURAL RESOURCES

As a responsible corporate citizen, the Group is dedicated to protecting both the planet and the community. To comply with the Environmental Impact Assessment (EIA) Law of the PRC, the Group conducted environmental impact assessments and obtained the necessary environmental certificates for its manufacturing projects in Chinese Mainland. In addition to pursuing business growth, the Group prioritises environmental protection, aiming to prevent biodiversity degradation and minimise any harm to the surrounding environment resulting from its activities.

During the Reporting Period, our Group launched a large-scale planting initiative at our factories in Kunming, Yunnan Province, PRC, planting approximately 167 trees to enhance the natural environment and improve air quality. Among these, 82 trees reached heights exceeding 5 meters, contributing to greenhouse gas removal by assimilating carbon dioxide into biomass. This initiative aids in carbon dioxide absorption and promotes biodiversity conservation while maintaining a balanced ecosystem. Our sustainable business strategy emphasises growth alongside efforts to preserve the natural environment and its resources.

B. SOCIAL

B1. EMPLOYMENT PRACTICES

Human capital is the Group's most valuable asset and core competitive advantage. It serves as the basis for the sustainable development of the Group. Therefore, the Group is committed to refining its employment policies to attract, develop and retain talents. We prioritise a people-focused approach, respecting and protecting all employees' rights and interests, and we have policies in place to ensure their health and safety at work.

The HR department has created detailed policies and procedures for managing human resources and payroll, as well as for the hiring process and employment conditions. During FY2025, the Group was not aware of any non-compliance with relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

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As of 31 December 2025, the Group's breakdown of employee profile was as below:

	FY2025	FY2024
Total number of employees	29,733	21,257
By Gender		
– Male	6,692	5,918
– Female	23,041	15,339
By Age Group		
– 18–25	13,029	6,799
– 26–35	13,204	11,181
– 36–45	3,220	3,031
– 46–55	235	200
– 56 or above	45	46
By Employee Category		
– Management	138	107
– General and Administration	1,527	1,483
– Product Design and Research	71	143
– Sales and Marketing	148	137
– Manufacturing Development	91	40
– Quality Control	489	433
– China Production	6	51
– Bangladesh Production	27,263	18,863
By Geographic Area		
– Chinese Mainland	93	146
– Hong Kong	67	55
– Bangladesh	29,566	21,050
– the United States	7	6
By Employment Type		
– Full-time	29,732	21,257
– Part-time	1	0

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The table below shows the employee turnover rate categorised by gender, age group and geographical region:

Employee Turnover Rate ⁵ (%)	FY2025	FY2024
Total number of employees	68%	55%
By Gender		
– Male	45%	55%
– Female	75%	56%
By Age Group		
– 18–25	95%	104%
– 26–35	55%	36%
– 36–45	19%	24%
– 46–55	12%	14%
– 56 or above	16%	9%
By Geographic Area		
– Chinese Mainland	0%	3%
– Hong Kong	19%	9%
– Bangladesh	68%	56%
– the United States	0%	17%

Note:

5. Formula for calculating the percentage of employees leaving the company: the number of employees left during the Reporting Period/total number of employees at 31 December 2025*100%.

Recruitment and Promotion

The Group helps employees grow in their careers to keep talented people. We review promotions every year and have clear performance goals for evaluations done in July and December. This process includes self-assessments and feedback from supervisors. It aims to improve communication between employees and the Group and considers aspects such as job confirmations, promotions, rewards, transfers, job changes, training, and personal growth opportunities.

Employees are regularly assessed on their work and skills, which helps them improve and strengthens the team. This also sets the stage for future promotions and training. We encourage promoting from within to give employees more chances to reach their full potential.

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Working Hours and Rest Periods

The Group has set up a Staff Attendance System to guide working hours and rest periods, including lunch breaks, for employees. We promote work-life balance and a healthy lifestyle while protecting employees' rights through policies that ensure they receive basic paid leave and statutory holidays as required by local employment laws. Employees have various leave options, including annual leave, marriage leave, sick leave, maternity leave, and compassionate leave.

Anti-Discrimination, Equal Opportunity, and Diversity

The Group understands the value of diverse perspectives, experiences, and ideas. A diverse and inclusive work environment enhances employee engagement, which is crucial for the organisation's growth. The Group strives to create an inclusive team that reflects the diversity of its customer base.

The Group values individuals from diverse cultures and backgrounds. As outlined in the Employee Handbook, we have a zero-tolerance policy for discrimination based on race, color, national or social origin, religion, age, disability, sexual orientation, gender, or any other status. All talent management decisions, including recruitment, promotions, evaluations, and terminations, are made based on the same principle of equality. The Group is committed to fostering a harmonious workplace culture by enhancing communication and eliminating discrimination.

Labour Benefits and Welfare

Fair pay and fair benefits play a key role in employee satisfaction, team morale, and overall performance. The Group provides a comprehensive and competitive remuneration and benefits package, regularly reviewing it to align with market changes. We offer attractive benefits to our employees, designed according to local laws and regulations, including various leave entitlements mentioned earlier. Additionally, we provide employee dormitories to cut down on commuting time and improve rest periods.

Compensation and Dismissal

The Group maintains a valid insurance policy to cover liabilities under the Employees' Compensation Ordinance for work-related injuries. Our employees are protected by work compensation insurance and are required to notify their supervisors and the HR Department immediately in the event of an injury.

The Group safeguards employees' rights in accordance with relevant regulations. We strictly prohibit unfair or unreasonable dismissals, and employment contracts will only be terminated if employees do not meet established performance criteria. Feedback is collected through Employee Exit Surveys to ensure continuous improvement.

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B2. HEALTH AND SAFETY

The Group is committed to providing a safe and healthy working environment for our employees. To enhance working conditions, we have established a range of policies that comply with relevant occupational health and safety regulations in the respective jurisdictions. This includes adherence to the Prevention and Control of Occupational Diseases Law of the PRC, the Production Safety Law of the PRC, and the Bangladesh Labour Act (Amendment) 2023. Additionally, the Group has set up a Health and Safety Committee to oversee and promote these initiatives.

Occupational Health and Safety

The Health and Safety Committee meets regularly to address key issues and update procedures for a safe workplace. Employees receive occupational health and safety training, and new hires must complete firefighting training. Factory workers have refresher training twice a year, including evacuation drills and firefighting equipment operation. Safety equipment is placed in designated areas, and maintenance staff conduct regular inspections to ensure proper functioning. The Group assesses health and safety risks, identifying production lines and storage areas as high-risk zones. In response, we provide safety training to prevent electrocution and include our emergency plan in risk assessments, reviewing it annually for compliance.

To further enhance safety, we have implemented the Chemical Safety Precautions and Hygienic Plan. Employees are instructed to handle labeled chemicals carefully and wear protective gear such as goggles, aprons, boots, and gloves. Maintaining a clean workplace and preventing leaks are emphasised to reduce contamination risks. Employees are encouraged to practice self-discipline and stay attentive, especially when operating machinery, to prevent injuries. Additionally, circuit breakers should be removed when machines are not in use to prevent overheating accidents.

In FY2025, the Group was not aware of any non-compliance with all relevant laws and regulations that would have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards. During the Reporting Period, the Group had no work-related fatality and lost days due to work injury.

Indicators	Units	FY2025	FY2024	FY2023
Work-related fatality	Case(s)	0	1	0
Rate of work-related fatality	%	0	<0.1%	0
Lost days due to work injury	Days	169	82	246
Rate of lost days due to work injury ⁶	%	<0.1%	<0.1%	<0.1%

Note:

6. Rate of lost days due to work injury is calculated by number of lost days/total working days of all employees during the Year.

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B3. DEVELOPMENT AND TRAINING

We offer different training opportunities in a variety of knowledge and skills based on the needs of employees and the business. The management of each department may engage their employees in training activities when needed, to keep them abreast of industry trends and developments, and to refresh existing skills. The management also makes sure that the training activities attain their intended objectives of continuous learning. Trainings are classified into four categories, including induction training, professional and technical training, qualification training, and occupational health and safety training.



The Group provides professional and technical training tailored to specific job roles to improve efficiency. Management prioritises and approves this training to meet both service and individual goals. The Group also offers qualification training to help employees grow in their careers and improve their work performance, encouraging them to obtain professional qualifications recognised internationally. Our “Post Entry Training Scheme” connects training to external education standards when relevant. Additionally, we include occupational health and safety training in the induction programs for new employees and in refresher courses for current staff, covering topics like evacuation drills and the correct use of fire-fighting equipment.

During the Reporting Period, the Group provided training to 10,290 employees (35% overall training rate) (2024: 9,276 (44% overall training rate)) and a total training hour of 357,993 (2024: 320,895) hours. The table below shows the breakdown of the employee training by gender and employee category.

Environmental, Social and Governance Report

	FY2025 Percentage of employees trained ⁷ (%)	FY2025 Average training hours ⁸	FY2024 Percentage of employees trained ⁷ (%)	FY2024 Average training hours ⁸
Overall	35%	12.04	44%	15.10
By Gender				
– Male	31%	11.03	35%	12.64
– Female	36%	12.33	47%	16.04
By Employee Category				
– Management	17%	1.90	21%	7.40
– General and Administration	30%	0.33	33%	2.93
– Product Design and Research	51%	18.25	25%	9.06
– Sales and Marketing	28%	9.97	30%	10.77
– Manufacturing Development	21%	7.52	50%	18.00
– Quality Control	79%	28.27	77%	27.69
– China Production	0%	0	0%	0
– Bangladesh Production	34%	12.31	44%	15.92

Note:

7. Formula for calculating the percentage of employees trained = number of employees trained/total number of employees at 31 December 2025*100%.
8. Formula for calculating average training hours of employees = total training hours/total number of employees at 31 December 2025.

B4. LABOUR STANDARDS

The Group maintains a zero-tolerance policy and strictly prohibits the use of child labour and forced labour in our operations. To prevent these illegal employment practices, the Human Resources Department verifies applicants' identity documents to confirm they meet the minimum age for employment. The employment contract specifies working days and rest periods to eliminate forced labor, and employee attendance is closely monitored to ensure work is voluntary. Additionally, when overtime is necessary, employees are compensated in accordance with legal requirements.

Environmental, Social and Governance Report

In the event of any discovered illegal labor practices, the Group will immediately terminate their employment. An investigation will be carried out subsequently and report the case to the relevant authorities. During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, that would have a significant impact on the Group including but not limited to the Employment Ordinance of Hong Kong, Labour Law of the PRC and the Bangladesh Labour Act (Amendment) Ordinance, 2025.

B5. SUPPLY CHAIN MANAGEMENT

Building long-term relationships with various suppliers is essential to our success. By working closely with them, we monitor the quality of their goods and services, as well as their overall performance, to ensure supply chain reliability. In FY2025, the Group engaged with 10 major hair products suppliers, maintaining the same number as in 2024(10), with 50% from Chinese Mainland, 10% from Hong Kong, and the remaining 40% from Japan, India, and Korea.

Locations	No. of Major Hair Products Suppliers
Chinese Mainland	5
Hong Kong	1
Others	4

The policies and procedures for managing expenditures serve as guidelines for the Purchasing Department in selecting and evaluating suppliers to ensure they meet regulations. Each year, selected suppliers and subcontractors are reviewed based on criteria such as raw material quality, pricing, performance, and delivery times.

During the selection process, suppliers must pass an internal assessment to ensure they meet the Group's standards for procurement, legal compliance, social responsibility, and financial stability. The Group requires suppliers to provide raw material test reports from internationally recognised testing centers that adhere to international standards, such as the European standard EN71 and Regulation (EC) No. 1907/2006 regarding chemical safety.

A supplier evaluation system is in place to assess suppliers annually. Assigned staff are responsible for maintaining and updating the supplier records. If a supplier or subcontractor does not meet the required standards, they will be removed from the list, and specific explanations for their removal will be provided to ensure effective supply chain management.

Environmental, Social and Governance Report

Green Procurement

ESG performance is incorporated into supplier evaluation as part of the Group's ongoing review and improvement of supplier management practices. During the procurement process, suppliers with recognised ESG achievements would have a higher ranking and priority to be selected by the Group.

The Group prioritises local suppliers and environmentally friendly products and services, aiming to reduce the carbon footprint caused by local procurement, while supporting local economic development and creating employment opportunities for local communities. In addition to environmental factors, the Group also adopts measures to monitor whether its suppliers or contractors comply with relevant social laws and regulations or meet other standards in terms of health, safety, forced labour and child labour. Regular review and evaluation are conducted to ensure the efficiency of the green supply chain management system.

B6. PRODUCT RESPONSIBILITY

The Group prioritises high product quality to enhance customer satisfaction and strengthen brand management. To improve the shopping experience, it has implemented comprehensive measures, including the procurement of quality raw materials, production processes, inventory control, and post-sale services.

The internal policies concerning product responsibility focus on five key areas: product recall, quality assurance, advertising and labeling, intellectual property rights, and data protection and privacy. These policies take relevant regulations into account, including the Product Quality Law of the PRC, the Law on Protection of Consumer Rights and Interests of the PRC, the US Consumer Product Safety Act, the US Consumer Product Safety Improvement Act, the US Code of Federal Regulations, and the Consumers' Rights Protection Act 2009 of Bangladesh.

Product Health and Safety

The Group is committed to providing quality and reliable products to customers. In response to product safety regulations in corresponding jurisdictions, such as the US Consumer Product Safety Act, the Consumer Product Safety Improvement Act, the US Code of Federal Regulations and the Consumers' Rights Protection Act 2009 of Bangladesh, the Group has set stringent products' health and safety policies to protect customers' rights.

The procurement team applies the set policy as guidance in sourcing raw materials from suppliers, which have passed the Group's quality and reliability assessment. As mentioned, suppliers are required to provide the Group with raw material test reports prepared by international recognised testing centres such as European standard EN71 and Regulation (EC) No 1907/2006, to prove their compliance with international standards. Production management policy strengthens product quality control and mitigates risk of product defeats jeopardising customers' health and safety.

During the Reporting Period, the Group had zero recall rate, with no products being recalled due to safety and health reasons. The Group had achieved zero recall rate in 3 consecutive years, contributed by the efficient supply chain management system for procurement and strict monitoring of its production process.

Environmental, Social and Governance Report

During the Reporting Period, the Group recorded no non-compliance with relevant laws and regulations that have a significant impact on the Group relating to product health and safety.

Quality Assurance

Production management and quality control are two important steps taken by the Group to ensure product quality. Monitoring of production process is conducted by the production team to ascertain production process is up to the Group's requirements.

Quality Control Department is responsible for inspecting quality of raw materials, semi-finished products and finished products. Quality inspections are carried out by designated staff on a random basis, defects can be corrected immediately before the finished products are delivered to our customers. Only final products with passing grade in internal product assessment will be delivered to customers. Regular meetings are conducted to discuss reasons of production failure and seek mitigation and preventive solutions.

The Group sets out Product Quality Contingency Plan for investigation of product defeats and handling customer complaints caused by unsatisfactory products. Customers can reach the sales department for complaints regarding the Group's products. The Group offers free maintenance, exchange, or discount on next purchase.

In FY2025, the Group received zero customers complaints regarding products quality. There is no significant impact of unsatisfactory products on the Group's business due to strict quality control. Proper implementation of the stated policy and regular reviews are conducted to safeguard high product quality and expand the Group's potential market.

Advertising and Labelling

Production management policy includes high standard of labelling requirements and responsive procedures to ensure precise product descriptions for marketing materials.

The set policy complies with advertising and labelling regulations, including but not limited to Product Quality Law in China and the Consumer Goods Safety Ordinance in Hong Kong. Product labelling is produced during the manufacturing phase to ensure information accuracy. Employees are responsible for filling in accurate product information on a separate new product label at each production stage. Multiple checking also ensures corrective measures can be carried out in a timely manner and accurate product information is disclosed.

In FY2025, the Group recorded no material non-compliance in advertising and labelling with reference to relevant regulations.

Environmental, Social and Governance Report

Intellectual Properties Rights

The Group is determined to protect and enforce its intellectual property rights through registered designs, patents and copyrights to comply with all relevant laws and regulations, including but not limited to the Patent Law of the PRC (2020 Amendment), the Detail Rules for the Implementation of the Patent Law of the PRC (2023 Amendment) and Patent and Design Rights guided under the Patents and Designs Act of 1911 of Bangladesh and the Patent and Design Rules of 1933 of Bangladesh, aiming at protecting patents, designs and trademarks, and giving the creators of an invention the exclusive legal right to market, sell, manufacture, and profit from that invention. During the Reporting Period, the Group recorded no material non-compliance in intellectual property rights with reference to relevant regulations.

Data Protection and Privacy

The Group places customer privacy with high priority in its business management, and is committed to complying with data privacy laws, including but not limited to the Personal Data (Privacy) Ordinance of Hong Kong, the Protection of Consumer Rights and Interests Law of the PRC (2013 Amendment), the Federal Trade Commission Act of US, the Information and Communication Technology Act of Bangladesh 2006 and the Consumers' Rights Protection Act of Bangladesh 2009, which aim at protecting data privacy.

During the Reporting Period, the Group recorded no material non-compliance in data privacy with reference to the said laws and regulations.

B7. ANTI-CORRUPTION

The Group has zero-tolerance to bribery and corruption and is committed to complying with relevant antibribery and corruption regulations and anti-money laundering regulations, including but not limited to the Prevention of Bribery Ordinance of Hong Kong, the Criminal Law of the PRC, the Law on Anti-money Laundering of the PRC, the American Anti-Corruption Act and the Bangladesh Anti-Corruption Commission Act 2004.

In response to the anti-bribery and corruption regulations, the Group sets out Code of Conduct and related policy as a guideline to employees. The policy aims to maintain high standards of discipline, thereby avoiding conflict of interest and accepting reward for his performing any act in his official capacity. Reporting system is established, employees are encouraged to fill in the Report on Gifts/Advantages Received and Declaration of Conflict of Interest to avoid violating internal anti-bribery policy.

During the Reporting Period, the Group recorded no non-compliance with relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

During the Reporting Period, the Group recorded no concluded legal cases regarding corrupt practices brought against the Group or its employees.

Environmental, Social and Governance Report

Whistleblowing Policy

To ensure ethical behavior and accountability, the Group has set up a strong internal whistleblowing system that allows employees to report misconduct or suspected corruption directly to the chairman. All employees receive the Code of Conduct and Employee Handbook, which outlines our commitment to integrity, legal compliance, and personal responsibility.

Our Whistleblowing Policy encourages both employees and external stakeholders – like customers, suppliers, and business partners – to report any suspected violations. Employees are urged to inform their supervisors or senior management about any breaches of the Code.

We protect the confidentiality of whistle-blowers and safeguard those who raise legitimate concerns from unfair dismissal, retaliation, or inappropriate disciplinary actions, even if the issues reported turn out to be unfounded. Additionally, the Group's internal audit team carries out thorough investigations and, when necessary, refers findings to law enforcement, demonstrating our commitment to transparency and ethical practices.

Anti-Corruption Training

We not only follow the laws and regulations in the areas where we operate but also take a proactive approach to prevent bribery and corruption. This includes providing anti-corruption training to our staff, ensuring they understand the importance of ethical behavior and how to recognise and report any suspicious activities. Moving towards a low-carbon future requires strong governance and responsible practices that consider the interests of all stakeholders. We strive to uphold our values and encourage our supply chain partners to meet the same standards in their business activities.

During the Reporting Period, a total of 120 hours of anti-corruption training had been provided to our employees including directors, senior management and general staff. This training covered a wide range of topics, including recent updates on anti-bribery and corruption issues and best practices. Following this training, all employees are expected to uphold integrity and professionalism, understanding the importance of acting fairly and avoiding involvement in bribery or any activities that could compromise the Group's interests.

B8. COMMUNITY INVESTMENT

We believe that working together can significantly impact the pressing environmental and social challenges we encounter daily. Our mission drives us to support those in need, and we encourage our employees to engage in community programs.

Over the years, the Group has strengthened its connections with the community and embraced its social responsibilities through donations and volunteer work with charities. In alignment with our sustainability policy, we have established a community investment strategy that focuses on public welfare.

Environmental, Social and Governance Report

During FY2025, the Group donated and invested HK\$1,402,895 in community development. Below are some of the activities in which we participated and engaged this year.

- Donating money to Tai Po Wang Fuk Court Assistance Fund.
- Donating money to Project Orbis in Hong Kong.
- Donating money to support education in Chinese Mainland.
- Donating rice on a monthly basis to an orphanage located at Rangpur in Bangladesh.
- Making a yearly donation to BEPZIA in Dhaka, Bangladesh.
- Donating money to BEPZA School located at Uttara EPZ, Nilphamari in Bangladesh.
- Donating money to Chirirbandar UNO office in Rangpur for the 26th March (Independence Day) program.
- Donating money to the Department of Environment (DOE) in Nilphamari for the World Environment Day program.
- Donating money to the Labour office in Rangpur for their Annual Program.
- Donating money to the Khalyaa Union Porishod in Rangpur for a football match.
- Donating money to the Chinese Association in Dhaka.
- Donating money to Chirirbandar PS and UNO offices in Dinajpur, as well as the DC office NP in Nilphamari, for the Victory Day (16th December) programs.
- Providing financial support to accident and deceased workers in Nilphamari.

Looking to the future, the Group visions a strong commitment to giving back to the community. We aspire to create meaningful partnerships with local organisations, support educational programs, and promote sustainability initiatives. Our goal is to inspire positive change and foster a sense of belonging, ensuring that our contributions have a lasting impact on the lives of those we serve. By working together with community members, we hope to build a brighter, more prosperous future for everyone.

Environmental, Social and Governance Report

THE ESG REPORTING CODE CONTENT INDEX OF THE STOCK EXCHANGE

Mandatory Disclosure Requirements	Chapter/Statement
Governance Structure	BOARD STATEMENT AND ESG GOVERNANCE STRUCTURE
Reporting Principles	REPORTING PRINCIPLES
Reporting Boundary	REPORTING BOUNDARY

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
KPI A1.2	Replaced by Climate-Related Disclosure	GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5	Description of emission target(s) set, and steps taken to achieve them.	Climate and Nature-related Targets
KPI A1.6	Description of how hazardous and non-hazardous waste are handled, and a description of waste reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management Climate and Nature-related Targets

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water, and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity	Use of Resources – Water Resources
KPI A2.3	Description of energy use efficiency target(s) set, and steps taken to achieve them.	Use of Resources – Energy Management Climate and Nature-related Targets
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set, and steps taken to achieve them.	Use of Resources – Water Resources Climate and Nature-related Targets
KPI A2.5	Total packaging materials used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Packaging Materials and Raw Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A4: Climate Change		
KPI A4.1	Replaced by Climate-Related Disclosures	RESPONDING TO CLIMATE CHANGE – Climate Governance; Strategy; Climate Risk Management; Climate and Nature-related Targets
Aspect B1: Employment		
General	Information on:	Employment
Disclosure	(a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	
KPI B1.1	Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Period.	Health and Safety
KPI B2.2	Lost days due to work injury	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid the child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers and how they are implemented and monitored.	Supply Chain Management

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recall for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility – Customer Service Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Product Quality and Safety
KPI B6.5	Description of customer data collection and privacy policies and how they are implemented and monitored.	Product Responsibility – Protection of Data and Privacy

Environmental, Social and Governance Report

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-Corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud, and money laundering.	Anti-Corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-Corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures and how they are implemented and monitored.	Anti-Corruption – Whistleblowing Policy
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-Corruption – Anti-Corruption Training
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Independent Auditor's Report

**FORVIS MAZARS CPA LIMITED**

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To the members of

Evergreen Products Group Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Evergreen Products Group Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 112 to 205, which comprise the consolidated statement of financial position at 31 December 2025, and the consolidated statement of profit or loss and other 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 financial position of the Group at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), as applicable to audits of financial statements of public interest entities, 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.

Independent Auditor's Report

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
<i>Valuation of industrial buildings, offices and car parks (the "Revalued Properties") included in property, plant and equipment</i>	

Refer to Notes 2 and 13 to the consolidated financial statements.

At 31 December 2025, the Group have Revalued Properties with carrying amounts of approximately HK\$77,986,000, representing approximately 13.4% of the total non-current assets of the Group.

The carrying amounts of Revalued Properties of the Group are stated in the consolidated statement of financial position at the date of the revaluation at fair value, less subsequent accumulated depreciation and accumulated impairment losses, if any. The revalued amounts of Revalued Properties were determined by the management of the Group with reference to the valuations performed by the independent qualified valuer (the "Valuer") engaged by the Group. The valuations are dependent on certain key assumptions that require significant management's judgements including the determination of valuation techniques and the selection of different inputs in the valuation models.

We have identified the valuations of the Revalued Properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole and involvement of the significant judgement and estimation in determining their fair values.

Our key audit procedures, among others, included:

- understanding management's key controls over the fair value assessment process;
- engaging auditor's expert to assist us on the assessment of valuations prepared by the Valuer;
- assessing the competence, objectivity, capabilities and results of the work of the auditor's expert;
- evaluating the competence, objectivity, capabilities of the Valuer;
- communicating with the management of the Group about the valuation techniques, the underlying assumption and estimates, and major data inputs related to the valuation models;
- assessing the methodologies used and the appropriateness of the key assumptions used by the Valuer; and
- considering the appropriateness of the market unit rate used by the Valuer based on the available market data, on sample basis.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the 2025 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.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

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, 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 HKSA's 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 HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- 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.

Independent Auditor's Report

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Forvis Mazars CPA Limited

Certified Public Accountants

Hong Kong, 31 March 2026

The engagement director on the audit resulting in this independent auditor's report is:

Lam Kwok Sun

Practising Certificate number: P08281

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	3	1,044,286	1,016,362
Cost of sales		(800,988)	(772,826)
Gross profit		243,298	243,536
Other income	4	6,568	7,924
Other (losses) gains, net	5	(354)	4,683
Impairment losses recognised on trade receivables under expected credit loss model, net of reversal	32(b)	(679)	(1,354)
Administrative expenses		(137,908)	(132,458)
Distribution and selling expenses		(28,883)	(27,017)
Other expenses	6	(1,403)	(162)
Finance costs	7	(34,139)	(42,440)
Profit before tax	8	46,500	52,712
Income tax expenses	10	(15,746)	(12,986)
Profit for the year		30,754	39,726
Other comprehensive (loss) income for the year:			
<i>Items that will not be reclassified to profit or loss:</i>			
Deficit on revaluation of properties		(15,291)	(14,138)
Deferred tax arising from revaluation of properties		1,262	1,166
		(14,029)	(12,972)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		(673)	(34,760)
Total other comprehensive loss for the year		(14,702)	(47,732)
Total comprehensive income (loss) for the year		16,052	(8,006)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	<i>NOTES</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Profit (Loss) for the year attributable to:			
Owners of the Company		30,682	39,916
Non-controlling interests		72	(190)
		30,754	39,726
Total comprehensive income (loss) attributable to:			
Owners of the Company		16,545	(7,345)
Non-controlling interests		(493)	(661)
		16,052	(8,006)
Earnings per share attributable to owners of the Company			
– Basic and diluted (HK\$)	12	0.05	0.06

Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	13	504,926	532,459
Investment properties	14	15,211	14,564
Goodwill		–	575
Customer relationship		–	310
Financial assets at fair value through profit or loss ("FVTPL")	15	46,162	44,766
Non-current deposits	17	13,983	10,238
		580,282	602,912
Current assets			
Inventories	16	510,805	488,501
Trade and other receivables	17	321,254	264,769
Tax recoverable		9,471	4,360
Pledged bank deposits	18	59,298	58,685
Cash and cash equivalents	19	98,385	115,712
		999,213	932,027
Current liabilities			
Trade and other payables	20	155,514	135,328
Contract liabilities	21	6,122	2,958
Amount due to a related company	22	16,043	8,184
Amount due to a non-controlling shareholder of a subsidiary	22	2,473	2,471
Tax payables		14,460	11,502
Secured bank and other borrowings	23	551,036	507,156
Lease liabilities	24	2,356	1,318
		748,004	668,917
Net current assets		251,209	263,110
Total assets less current liabilities		831,491	866,022

Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Capital and reserves			
Share capital	25	49,495	50,311
Reserves		729,821	749,828
Equity attributable to owners of the Company		779,316	800,139
Non-controlling interests		(5,402)	(4,909)
Total equity		773,914	795,230
Non-current liabilities			
Deferred tax liabilities	26	8,686	6,905
Secured bank and other borrowings	23	38,961	55,176
Lease liabilities	24	9,930	8,711
		57,577	70,792
		831,491	866,022

These consolidated financial statements on pages 112 to 205 were approved and authorised for issue by the board of directors on 31 March 2026 and signed on its behalf by

Chang Yoe Chong Felix
DIRECTOR

Chan Kwok Keung
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Property revaluation reserve	Other reserve	Translation reserve	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
	(Note 25(a))	(Note 25(c)(i))	(Note 25(c)(ii))	(Note 25(c)(iii))	(Note 25(c)(iv))	(Note 25(c)(v))				
At 1 January 2024	51,010	449,373	(53,992)	124,378	(5,364)	(128,013)	414,234	851,626	(6,526)	845,100
Profit (Loss) for the year	-	-	-	-	-	-	39,916	39,916	(190)	39,726
Other comprehensive (loss) income:										
Items that will not be reclassified to profit or loss:										
Deficit on revaluation of properties	-	-	-	(14,138)	-	-	-	(14,138)	-	(14,138)
Deferred tax arising from revaluation of properties	-	-	-	1,166	-	-	-	1,166	-	1,166
Item that may be reclassified subsequently to profit or loss:										
Exchange differences arising from translation of foreign operations	-	-	-	-	-	(34,289)	-	(34,289)	(471)	(34,760)
Total comprehensive (loss) income for the year	-	-	-	(12,972)	-	(34,289)	39,916	(7,345)	(661)	(8,006)
Transactions with owners:										
Contributions and distributions										
Dividends (Note 11)	-	-	-	-	-	-	(38,412)	(38,412)	-	(38,412)
Share repurchases and cancellation (Note 25)	(699)	(5,031)	-	-	-	-	-	(5,730)	-	(5,730)
	(699)	(5,031)	-	-	-	-	(38,412)	(44,142)	-	(44,142)
Changes in ownership interests										
Non-controlling interests arising from business combination	-	-	-	-	-	-	-	-	2,278	2,278
	-	-	-	-	-	-	-	-	2,278	2,278
At 31 December 2024	50,311	444,342	(53,992)	111,406	(5,364)	(162,302)	415,738	800,139	(4,909)	795,230

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Property revaluation reserve	Other reserve	Translation reserve	Retained profits	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 25(a))	(Note 25(c)(i))	(Note 25(c)(ii))	(Note 25(c)(iii))	(Note 25(c)(iv))	(Note 25(c)(v))				
Profit for the year	-	-	-	-	-	-	30,682	30,682	72	30,754
Other comprehensive (loss) income:										
<i>Items that will not be reclassified to profit or loss:</i>										
Deficit on revaluation of properties	-	-	-	(15,291)	-	-	-	(15,291)	-	(15,291)
Deferred tax arising from revaluation of properties	-	-	-	1,262	-	-	-	1,262	-	1,262
<i>Item that may be reclassified subsequently to profit or loss:</i>										
Exchange differences arising from translation of foreign operations	-	-	-	-	-	(108)	-	(108)	(565)	(673)
Total comprehensive (loss) income for the year	-	-	-	(14,029)	-	(108)	30,682	16,545	(493)	16,052
Transactions with owners:										
<i>Contributions and distributions</i>										
Dividends (Note 11)	-	-	-	-	-	-	(30,831)	(30,831)	-	(30,831)
Share repurchases and cancellation (Note 25)	(816)	(5,721)	-	-	-	-	-	(6,537)	-	(6,537)
	(816)	(5,721)	-	-	-	-	(30,831)	(37,368)	-	(37,368)
At 31 December 2025	49,495	438,621	(53,992)	97,377	(5,364)	(162,410)	415,589	779,316	(5,402)	773,914

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
Profit before tax	46,500	52,712
Adjustments for:		
Depreciation of property, plant and equipment	34,154	38,071
Bank interest income	(1,666)	(2,677)
Loss on disposal of property, plant and equipment	634	30
Gain on early termination of a lease	(43)	–
Loss on change in fair value of investment properties	158	100
Impairment losses on financial assets recognised on trade receivables under expected credit loss model, net of reversal	679	1,354
Finance costs	34,139	42,440
Gain on financial assets at FVTPL	(1,397)	(2,266)
Impairment losses on goodwill and customer relationship	885	–
Operating cash flows before movements in working capital	114,043	129,764
Changes in working capital:		
Inventories	(16,204)	39,179
Trade and other receivables	(67,221)	23,866
Trade and other payables	302,598	227,822
Contract liabilities	3,164	(7,874)
Cash generated from operations	336,380	412,757
Income tax paid	(14,049)	(12,325)
NET CASH GENERATED FROM OPERATING ACTIVITIES	322,331	400,432
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(24,165)	(32,864)
Placement of deposits for acquisition of property, plant and equipment	(3,586)	(2,887)
Placement of pledged bank deposits	(5,583)	(7,984)
Withdrawal of pledged bank deposits	4,970	42,883
Payments for life insurance contracts	(567)	(567)
Acquisition of subsidiaries	–	(185)
Receipt of consideration receivables from disposal of subsidiaries in prior years	8,497	3,500
Interest received	1,666	2,677
Refund of investment funds	568	1,867
(Payment) Refund of rental deposits	(159)	201
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(18,359)	6,641

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	NOTE	2025 HK\$'000	2024 HK\$'000
FINANCING ACTIVITIES			
Dividends paid	11, 33	(30,831)	(38,412)
New secured bank and other borrowings raised	33	914,331	1,085,288
Repayment of secured bank and other borrowings	33	(898,865)	(1,076,316)
Repayment of bank borrowings under supplier financing arrangement	33	(273,590)	(302,041)
Drawdown of bank overdrafts	33	2,163	–
Repayment of bank overdrafts	33	(199)	–
Advance from a related company	33	25,459	9,234
Repayment to a related company	33	(17,919)	(7,458)
Repurchase of shares	25	(6,537)	(5,730)
Repayment of lease liabilities	33	(3,418)	(2,881)
Interest paid	33	(31,533)	(40,020)
NET CASH USED IN FINANCING ACTIVITIES		(320,939)	(378,336)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(16,967)	28,737
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		115,712	90,583
Effect of foreign exchange rate changes		(360)	(3,608)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	19	98,385	115,712

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

Evergreen Products Group Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). In the opinion of the directors of the Company, its immediate holding company is Evergreen Enterprise Holdings Limited, a company which was incorporated in the British Virgin Islands (the “**BVI**”) with limited liabilities, and its ultimate holding company is Golden Evergreen Limited (“**GEL**”), a company incorporated in the BVI with limited liabilities. GEL is wholly owned by HSBC International Trustee Limited, the trustee of the Felix Family Trust and CLC Family Trust (collectively, the “**Trust**”). The beneficiaries and settlor of the Trust, Mr. Chang Yoe Chong Felix and their family members, are considered as the controlling shareholders of the Company.

The registered office of the Company is P.O. Box 472, Harbour Place, 2nd Floor North Wing, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands and the principal place of business of the Company is 11th Floor, Chiap Luen Industrial Building, 30–32 Kung Yip Street, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are principally engaged in the manufacturing and trading of hair products. The details of the principal subsidiaries are set out in Note 36 to the consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), rounded to the nearest thousand except when otherwise indicated. Although the Company’s functional currency is the United States dollar (“**US\$**”), HK\$ has been adopted as the presentation currency as the Company’s shares are listed on the Hong Kong Stock Exchange.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

BASIS OF PREPARATION (CONTINUED)

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in 2024 consolidated financial statements except for the adoption of the following revised HKFRS Accounting Standards that are relevant to the Group and effective from the current year as set out below.

ADOPTION OF REVISED HKFRS ACCOUNTING STANDARD

The Group has applied, for the first time, the following revised HKFRS Accounting Standard that is relevant to the Group:

Amendments to HKAS 21	Lack of Exchangeability
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Amendments to HKAS 21: Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

BASIS OF MEASUREMENT

The measurement basis used in the preparation of the consolidated financial statements is historical cost, except for investment properties, financial assets at FVTPL, industrial buildings, offices and car parks included in property, plant and equipment (the "**Revalued Properties**"), which are measured at fair value/revalued amount as explained in the accounting policies set out below.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

BASIS OF CONSOLIDATION (CONTINUED)

Non-controlling interests, if any, are presented, separately from owners of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRS Accounting Standards.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in ownership interest

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

SUBSIDIARIES

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, which is presented within these notes, an investment in a subsidiary is stated at cost less impairment loss, if any. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash generating unit (or group of cash-generating units) ("**CGU**") to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). On disposal of the relevant cash generating unit or any of the cash-generating unit within the group of cash generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained, unless the Group can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than freehold lands, owned properties which are industrial buildings, offices and car parks and construction in progress as described below, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Factory buildings in the course of construction for production, supply or administrative purposes which is referred to as construction in progress included in property, plant and equipment are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Owned properties that are industrial buildings, offices and car parks (as defined as Revaluated Properties) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at fair value at the date of the revaluation less subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period and at the date of transfer to investment property.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, plant and equipment other than freehold lands and construction in progress are depreciated on a straight-line basis, after taking into account the estimated residual value, at the following rates per annum:

Factory buildings, leasehold lands and buildings	4% to 6% or over the term of the lease, which is shorter
Residential properties	4% to 6% or over the term of the lease, which is shorter
Revalued properties	2% to 4%
Leased properties and leasehold improvements	Over the respective lease term
Machinery and equipment, furniture and fixtures	20%
Motor vehicles	25% or lower

When the Group makes payments for ownership interests of properties which includes both leasehold lands and building elements, the entire consideration is allocated between the leasehold lands and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold lands that is accounted for as an operating lease is presented as right-of-use assets in property, plant and equipment in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold lands, the related leasehold lands are not presented separately as right-of-use assets.

Any revaluation increase arising on revaluation of Revaluated Properties is recognised in other comprehensive income and accumulated in property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of a property is recognised in profit or loss to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that property. On the subsequent sale or retirement, the attributable revaluation surplus is transferred to retained profits. At the end of each reporting period, the amount of the revaluation surplus (calculated as the difference between depreciation based on the revalued carrying amount of the Revalued Properties and depreciation based on their original cost) is transferred from property revaluation reserve to retained profits. On the subsequent sale or retirement of Revalued Properties, the attributable revaluation surplus is transferred to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

INTANGIBLE ASSETS

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Research and development costs

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. When the asset is available for use, the capitalised development costs are amortised on a straight-line basis over their estimated useful lives.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

INTANGIBLE ASSETS (CONTINUED)

Customer relationship

Customer relationship acquired in a business combination is recognised at fair value at the acquisition date. Customer relationship that has finite useful lives is carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful lives of customer relationship with finite useful lives is 5 years.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 “Revenue from Contracts with Customers” (“**HKFRS 15**”). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than FVTPL) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the gross carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "Other gains and losses" line item.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (Continued)

Impairment of financial assets and other items under HKFRS 9

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade and other receivables, pledged bank deposits and bank balances) which are subject to impairment assessment under HKFRS 9 “Financial Instruments” (“**HKFRS 9**”). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (Continued)

Impairment of financial assets and other items under HKFRS 9 (Continued)

(i) *Significant increase in credit risk (Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Low credit risk

A financial instrument is determined to have low credit risk if:

- (a) it has a low risk of default;
- (b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

The Group's pledged bank deposits and bank balances are determined to have low credit risk.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (Continued)

Impairment of financial assets and other items under HKFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (Continued)

Impairment of financial assets and other items under HKFRS 9 (Continued)

(v) *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Financial liabilities

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, secured bank and other borrowings, bank overdrafts, amount due to a related company and amount due to a non-controlling shareholder of a subsidiary are subsequently measured at amortised cost, using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value. For classification in the statement of financial position, cash equivalents represent assets similar in nature to cash, and which are not restricted as to use.

REVENUE FROM CONTRACTS WITH CUSTOMERS WITHIN HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is as follows:

- (i) sales of wigs, hair accessories and others;
- (ii) sales of high-end human hair extensions; and
- (iii) sales of Halloween products.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

REVENUE FROM CONTRACTS WITH CUSTOMERS WITHIN HKFRS 15 (CONTINUED)

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work-in-progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

REVENUE FROM CONTRACTS WITH CUSTOMERS WITHIN HKFRS 15 (CONTINUED)

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

CONTRACT ASSETS AND CONTRACT LIABILITIES

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For the Group's businesses, it is common for the Group to receive from the customer the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCIES

In preparing the financial statements of each individual entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Exchange differences relating to the retranslation of the Group's net assets in US\$ to the Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs to completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

INVENTORIES (CONTINUED)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

IMPAIRMENT OF OTHER ASSETS, OTHER THAN GOODWILL

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment (including the right-of-use assets), intangible assets and the Company's investments in subsidiaries may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

PROVISIONS (CONTINUED)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance costs.

BORROWING COSTS

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

LEASES

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

The Group as a lessee

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned. Right-of-use assets that meet the definition of investment property are presented within “investment properties”.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

EMPLOYEE BENEFITS

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

EMPLOYEE BENEFITS (CONTINUED)

Long service payments

The Group's net obligation in respect of long service payments under the Hong Kong Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

A liability is recognised for benefits accruing to employees, such as wages and salaries, after deducting any amount already paid.

TAXATION

Income tax represents the sum of current tax and movements in deferred tax assets and liabilities. The tax currently payable is based on taxable profit for the reporting period. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

TAXATION (CONTINUED)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties and Revalued Properties that are measured using the fair value model and revaluation model, respectively, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property and Revalued Properties is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property and Revalued Properties over time, rather than through sale, except for freehold lands, which is always presumed to be recovered entirely through sale.

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 taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly to equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

RELATED PARTIES

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the holding company of the Group.

- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

RELATED PARTIES (CONTINUED)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate, and a joint venture includes subsidiaries of the joint venture.

SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the executive directors of the Company for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management of the Group in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Key sources of estimation uncertainty

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

Valuations of Revalued Properties

The Revalued Properties in which the Group is the registered owner are stated in the consolidated statement of financial position at the date of the valuation at fair value less subsequent accumulated depreciation and accumulated impairment losses, if any. The revalued amount of the Revalued Properties was based on valuations on the properties conducted by an independent professional valuer using market approach. The key input used in the valuations are market unit rate of comparable properties. Favourable or unfavourable changes to these assumptions would result in changes in fair value of the Revalued Properties and corresponding adjustments to the amount reported in other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(i) Key sources of estimation uncertainty (Continued)

Allowance for inventories

The management of the Group reviews the inventory ageing analysis periodically and makes allowances for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances at the end of each reporting period by reference to management's estimation of the net realisable value based on the latest market prices and current market conditions.

Loss allowance for ECL

The management of the Group estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty, which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables.

Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes and deferred taxation. There are transactions and calculations for which the ultimate tax determination is uncertain where the final tax outcome of these matters may be different from the amounts that were initially recorded and such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(ii) Critical judgement made in applying accounting policies

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model, are recovered entirely through sale is rebutted and the Group has recognised deferred tax on changes in fair value of investment properties on the basis that the deferred tax reflects the tax consequences that will follow from the manner in which the Group expects to recover the carrying amount of the investment properties through consumption by economic benefits over time.

FUTURE CHANGES IN HKFRS ACCOUNTING STANDARDS

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRS Accounting Standards that are not yet effective for the current financial reporting period, which the Group has not early adopted.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ^[1]
Annual Improvements to HKFRS Accounting Standards	Volume 11 ^[1]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ^[1]
HKFRS 18	Presentation and Disclosure in Financial Statements ^[2]
HKFRS 19	Subsidiaries without Public Accountability; Disclosures ^[2]
Amendments to HKAS 21	Translation to Hyperinflationary Presentation Currency ^[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] The effective date to be determined

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

FUTURE CHANGES IN HKFRS ACCOUNTING STANDARDS (CONTINUED)

HKFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements”. HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of HKFRS 18 may affect the presentation of the consolidated statement of profit or loss and other comprehensive income and disclosures in the future consolidated financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Company’s consolidated financial statements.

Except for above, the management of the Group does not anticipate that the adoption of the new/ revised HKFRS Accounting Standards in future reporting periods will have any material impact on the financial performance and financial position of the Group.

3. SEGMENT INFORMATION AND REVENUE

The executive directors of the Company, being the CODM, regularly reviews revenue analysis by types of products, including wigs, hair accessories and others, high-end human hair extensions and Halloween products when making decisions about allocating resources and assessing performance of the Group. No other discrete financial information is provided other than the Group’s results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

GEOGRAPHICAL INFORMATION

Revenue from the external customers, based on the location of delivery to customers are as follows:

	Revenue from external customers	
	2025 HK\$'000	2024 HK\$'000
The United States of America (the “USA”)	917,643	929,647
The People’s Republic of China (the “PRC”)	35,332	10,574
The United Kingdom (the “UK”)	45,414	29,679
Germany	20,710	30,344
Japan	4,204	6,482
Others	20,983	9,636
	1,044,286	1,016,362

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. SEGMENT INFORMATION AND REVENUE (CONTINUED)

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS WITHIN HKFRS 15

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Disaggregation by major lines		
Wigs, hair accessories and others	979,004	882,063
High-end human hair extensions	38,194	109,678
Halloween products	27,088	24,621
	1,044,286	1,016,362

All revenue is recognised at a point in time and at fixed price. Revenue recognised during the year ended 31 December 2025 and 2024 that was included in the contract liabilities balance at the beginning of the year amounted to approximately HK\$2,958,000 (2024: HK\$10,832,000).

An analysis of the Group's non-current assets, including property, plant and equipment and investment properties by their physical geographical location is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bangladesh	401,692	407,112
Hong Kong	53,251	72,137
The PRC	33,263	37,342
The USA	20,276	20,217
Japan	1,903	1,917
Thailand	7,563	7,048
The UK	2,189	1,250
	520,137	547,023

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. SEGMENT INFORMATION AND REVENUE (CONTINUED)

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from external customers of the corresponding years contributing over 3% of the total revenue of the Group are as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A ¹	334,097	384,370
Customer B ¹	245,146	206,358
Customer C	103,385	89,877
Customer D	33,625	74,907
Customer E	27,674	31,648

¹ The owner of Customer A is a relative of the owner of Customer B.

4. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Bank interest income	1,666	2,677
Rental income	1,422	1,715
Sundry income	3,480	3,532
	6,568	7,924

5. OTHER (LOSSES) GAINS, NET

	2025 HK\$'000	2024 HK\$'000
Fair value gain on financial assets at FVTPL, net	1,397	2,266
Loss on disposal of property, plant and equipment	(634)	(30)
Gain on early termination of a lease	43	–
Exchange (loss) gain, net	(117)	2,547
Fair value loss on investment properties	(158)	(100)
Impairment loss on goodwill and customer relationship	(885)	–
	(354)	4,683

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. OTHER EXPENSES

	2025 HK\$'000	2024 HK\$'000
Donation expenses	1,403	162

7. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank and other borrowings	31,533	40,020
Interest on amount due to a related company	319	258
Interest on lease liabilities	812	694
Others	1,475	1,468
	34,139	42,440

8. PROFIT BEFORE TAX

	2025 HK\$'000	2024 HK\$'000
This is stated after charging:		
Staff cost, including directors' remuneration in note 9(a)		
Salaries, wages, allowance and other employee benefits	400,808	349,902
Retirement benefits scheme contributions	4,697	4,787
Total staff costs (charged to "Cost of sales", "Administrative expenses", "Distribution and selling expenses" and "Inventories", as appropriate)	405,505	354,689
Other items		
Cost of inventories sold	800,988	772,826
Auditors' remuneration		
– audit services	1,700	2,700
– other services	400	800
Depreciation (charged to "Cost of sales", "Administrative expenses", "Distribution and selling expenses" and "Inventories", as appropriate)	34,154	38,071

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. INFORMATION ABOUT THE BENEFITS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(A) DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by the directors of the Company are as follows:

	2025				2024			
	Fees HK\$'000	Salaries, allowance and other employee benefits HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000	Fees HK\$'000	Salaries, allowance and other employee benefits HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Executive directors (Note 1)								
Mr. Chang Yoe Chong Felix	3,600	-	-	3,600	3,600	-	-	3,600
Mr. Chan Kwok Keung	-	1,155	18	1,173	-	1,232	18	1,250
Ms. Jia Ziyang	-	1,064	42	1,106	-	805	33	838
Mr. Li Yan Bo	-	316	23	339	-	250	23	273
Non-executive director (Note 2)								
Mr. Chan Lau Yui Kevin	240	-	-	240	240	-	-	240
Independent non-executive directors (Note 3)								
Mr. Sin Hendrick M.H.	240	-	-	240	240	-	-	240
Mr. Szeto Yuk Ting	240	-	-	240	240	-	-	240
Ir. Cheung Siu Wa	240	-	-	240	240	-	-	240
	4,560	2,535	83	7,178	4,560	2,287	74	6,921

Note:

- (1) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.
- (2) The non-executive directors' emoluments shown above was for their service as directors of the Company.
- (3) The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Mr. Chang Yoe Chong Felix is also the chairman and the chief executive officer of the Company and the Group and his emoluments disclosed above included those for services rendered by him as the chief executive officer.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. INFORMATION ABOUT THE BENEFITS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(B) FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals included 3 directors (2024: 3 directors) of the Company for the year ended 31 December 2025, details of whose emoluments are set out above. The emoluments of the remaining 2 (2024: 2) highest paid individuals were as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Salaries, allowance and other employee benefits	2,353	2,365
Retirement benefits scheme contributions	36	36
	2,389	2,401

Their emoluments were within the following bands:

	2025 <i>No. of employees</i>	2024 <i>No. of employees</i>
HK\$1,000,001 to HK\$1,500,000	2	2

No emoluments were paid or payable by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office for the years ended 31 December 2025 and 2024. There was no arrangement under which a director or the five highest paid individuals waived or agreed to waive any remuneration for the years ended 31 December 2025 and 2024.

(C) LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOUR OF DIRECTORS

There are no loans, quasi-loans or other dealings in favour of the directors of the Company or their connected entities that were entered into or subsisted during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. INFORMATION ABOUT THE BENEFITS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(D) DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed elsewhere in the consolidated financial statements, the directors of the Company are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company, or a connected entity of the directors of the Company, had a material interest, whether directly or indirectly, subsisted at the end of the years ended 31 December 2025 and 2024 or at any time during the years ended 31 December 2025 and 2024.

10. INCOME TAX EXPENSES

	2025 HK\$'000	2024 HK\$'000
The income tax expenses comprise:		
Current tax:		
Hong Kong	180	40
The PRC	1,189	433
Bangladesh	10,567	9,369
Other jurisdictions	268	82
	12,204	9,924
(Over) Under-provision in prior years:		
Hong Kong	(369)	1
The PRC	–	56
Bangladesh	61	1,649
	(308)	1,706
	11,896	11,630
Deferred tax (<i>Note 26</i>)		
Origination and reversal of temporary differences	3,850	1,356
	15,746	12,986

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. INCOME TAX EXPENSES (CONTINUED)

Pursuant to the enactment of two-tiered profits tax rates regime by the Inland Revenue Department of Hong Kong from the year of assessment 2018/19 onwards, the assessable profits of a Hong Kong incorporated subsidiary of the Group (as elected by the management of the Group) is subject to the two-tiered profits tax rates regime that the first HK\$2 million of assessable profits will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%.

The Group is engaged in the manufacturing of certain hair products through several processing factories in the PRC under contract and import processing arrangement which is effective for the years ended 31 December 2025 and 2024. Accordingly, under such 50:50 onshore/offshore arrangement between the Group and the contract processing factories, certain profits of the Group are not taxable under Hong Kong Profits Tax for the years ended 31 December 2025 and 2024. Meanwhile, the profit derived under the import processing arrangement are treated as 100% taxable under Hong Kong Profits Tax for the years ended 31 December 2025 and 2024. In addition, the processing factories of the Group are subject to the PRC enterprise income tax at a statutory rate of 25%.

Bangladesh tax authority has published a regulation on 26 June 2023 with reference number “SRO No. 210-Law/Income Tax 05/2023” allowing 12% tax rate on export income. The definition of “export” includes supply of goods to outside Bangladesh and supply of goods to export oriented industry under internal back-to-back letter of credit. Minimum tax standard rate has also proportionately reduced as per applicable reduced income tax rate. For the year ended 31 December 2025 and 2024, the subsidiaries operating in Bangladesh, except for Master Purple (BD) Limited, are subject to income tax rate of the higher of 0.26% of revenue or tax deducted at source of the export proceeds or 12% on the assessable profit. Master Purple (BD) Limited, a subsidiary of the Group operating in Bangladesh, was 100% exempted from income tax for 3 succeeding financial years from the date of commencement of commercial operation (i.e. 9 March 2020) up to 8 March 2023. Afterwards there will be 3 succeeding financial years with 50% exemption and subsequently 1 succeeding financial year with 25% exemption. Currently, it is enjoying a 50% income exemption.

Taxation arising from other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The management of the Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and it establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. INCOME TAX EXPENSES (CONTINUED)

The income tax expenses for the year can be reconciled to the profit before tax as follows:

	2025 HK\$'000	2024 HK\$'000
Profit before tax	46,500	52,712
Tax calculated at the rates applicable to the tax jurisdictions concerned	17,547	14,711
Tax effect of expenses not deductible for tax purpose	2,374	908
Tax effect of income not taxable for tax purpose	(2,210)	(1,594)
Tax effect of tax exemptions granted to a subsidiary operated in Bangladesh	(1,262)	(1,977)
Tax effect of tax losses not recognised	2,162	2,999
Tax effect of other temporary differences not recognised	76	288
Utilisation of previously unrecognised tax losses	(6,350)	(6,255)
(Over) Under-provision in prior years	(308)	1,706
Others	3,717	2,200
Income tax expenses for the year	15,746	12,986

The weighted average applicable tax rate is 37.7% (2024: 27.9%).

11. DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2025 interim dividend of HK2.0 cents (2024: HK3.0 cents) per share	12,724	19,412
2024 final dividend of HK2.8 cents (2024: 2023 final dividend of HK2.9 cents) per share	18,107	19,000
	30,831	38,412

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. DIVIDENDS (CONTINUED)

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of HK2.7 cents per ordinary share, in an aggregate amount of HK\$17,177,000 (2024: HK2.8 cents per ordinary share, in an aggregate amount of HK\$18,107,000), has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting of the Company.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2025	2024
Profits attributable to owners of the Company:		
Profits for the purpose of calculating basic and diluted earnings per share (HK\$'000)	30,682	39,916
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	640,379,000	652,727,000

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been determined based on the effect of shares repurchased as mentioned in Note 25 to the consolidated financial statements.

No diluted earnings per share is presented as there were no dilutive potential ordinary shares in issue for the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold lands and factory buildings	Residential properties	Revalued properties	Leased properties	Construction in progress	Machinery and equipment	Furniture and fixtures	Motor vehicles	Revalued Properties	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Notes (i) and (ii)	Note (ii)							Note (ii)	
COST / VALUATION										
At 1 January 2024	534,168	14,576	19,585	8,962	125,923	6,101	17,913	21,154	116,872	865,254
Additions	12,677	-	1,030	5,432	11,713	381	692	1,064	905	33,894
Disposals	-	-	-	-	(5,806)	(613)	-	(2,188)	-	(8,607)
Deficit on revaluation	-	-	-	-	-	-	-	-	(19,791)	(19,791)
Exchange adjustments	(40,885)	(453)	(68)	(560)	(7,056)	(408)	(1,103)	(1,020)	(599)	(52,152)
Acquisition of subsidiaries	3,209	-	-	-	704	-	-	-	-	3,913
At 31 December 2024	509,169	14,123	20,547	13,834	125,478	5,461	17,502	19,010	97,387	822,511
Additions	4,085	-	6,011	4,063	11,301	25	3,666	1,025	-	30,176
Disposals	(1,949)	-	(1,239)	-	(2,621)	(27)	(852)	-	-	(6,688)
Deficit on revaluation	-	-	-	-	-	-	-	-	(19,849)	(19,849)
Transfer to freehold lands and factory buildings	9,028	-	-	(9,028)	-	-	-	-	-	-
Exchange adjustments	(7,586)	710	-	(138)	(1,609)	(66)	(31)	(45)	448	(8,317)
At 31 December 2025	512,747	14,833	25,319	8,731	132,549	5,393	20,285	19,990	77,986	817,833
Comprising										
Cost	512,747	14,833	25,319	8,731	132,549	5,393	20,285	19,990	-	739,847
Valuation	-	-	-	-	-	-	-	-	77,986	77,986
At 31 December 2025	512,747	14,833	25,319	8,731	132,549	5,393	20,285	19,990	77,986	817,833
DEPRECIATION										
At 1 January 2024	131,924	642	8,982	-	111,296	5,352	9,656	16,802	-	284,654
Provided for the year	21,889	86	2,407	-	5,557	151	603	1,238	6,140	38,071
Disposals	-	-	-	-	(5,777)	(613)	-	(2,187)	-	(8,577)
Eliminated on revaluation	-	-	-	-	-	-	-	-	(5,653)	(5,653)
Exchange adjustments	(10,724)	(23)	-	-	(5,274)	(608)	(486)	(841)	(487)	(18,443)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold lands and factory buildings	Residential properties	Revalued properties	Leased properties	Construction in progress	Machinery and equipment	Furniture and fixtures	Motor vehicles	Revalued Properties	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Notes (i) and (ii)	Note (ii)							Note (ii)	
At 31 December 2024	143,089	705	11,389	-	105,802	4,282	9,773	15,012	-	290,052
Provided for the year	20,419	334	2,879	-	4,382	202	629	1,125	4,184	34,154
Disposals	(1,341)	-	-	-	(2,621)	(27)	(827)	-	-	(4,816)
Eliminated on revaluation	-	-	-	-	-	-	-	-	(4,558)	(4,558)
Exchange adjustments	(1,311)	20	-	-	(1,066)	(51)	120	(11)	374	(1,925)
At 31 December 2025	160,856	1,059	14,268	-	106,497	4,406	9,695	16,126	-	312,907
Carrying values representing										
Cost	351,891	13,774	11,051	8,731	26,052	987	10,590	3,864	-	426,940
Valuation	-	-	-	-	-	-	-	-	77,986	77,986
At 31 December 2025	351,891	13,774	11,051	8,731	26,052	987	10,590	3,864	77,986	504,926
Carrying values representing										
Cost	366,080	13,418	9,158	13,834	19,676	1,179	7,729	3,998	-	435,072
Valuation	-	-	-	-	-	-	-	-	97,387	97,387
At 31 December 2024	366,080	13,418	9,158	13,834	19,676	1,179	7,729	3,998	97,387	532,459

Notes:

- (i) Approximately HK\$28,608,000 (2024: HK\$29,161,000) of freehold lands is included in the freehold lands and factory buildings.
- (ii) The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land component of these owned properties is presented as right-of-use assets only if the payments made can be allocated reliably.

Notes to the Consolidated Financial Statements

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13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

THE GROUP AS LESSEE

Right-of-use assets (included in the property, plant and equipment)

	Leasehold lands <i>HK\$'000</i>	Leased properties <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Factory buildings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reconciliation of carrying amount					
At 1 January 2024	21,096	2,418	70	646	24,230
Additions	905	–	–	125	1,030
Depreciation	(1,271)	(890)	(70)	(454)	(2,685)
Exchange adjustments	(475)	(31)	–	(6)	(512)
At 31 December 2024	20,255	1,497	–	311	22,063
Additions	2,189	3,822	–	–	6,011
Disposals	–	(1,239)	–	–	(1,239)
Depreciation	(1,864)	(1,040)	–	(254)	(3,158)
Exchange adjustments	668	(6)	–	(8)	654
At 31 December 2025	21,248	3,034	–	49	24,331

The right-of-use assets are depreciated on a straight-line basis over the respective lease term.

For the years ended 31 December 2025 and 2024, the Group leases leasehold lands, leased properties, motor vehicles and factory buildings for its operations. Lease contracts are entered into for fixed term of 2 to 30 years (2024: 2 to 30 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

THE GROUP AS LESSEE (CONTINUED)

Right-of-use assets (included in the property, plant and equipment) (Continued)

Restrictions or covenants on leases

In addition, lease liabilities of approximately HK\$12,286,000 (2024: HK\$10,029,000) are recognised with related right-of-use assets of approximately HK\$11,051,000 (2024: HK\$9,158,000) at 31 December 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

FAIR VALUE MEASUREMENT OF THE REVALUED PROPERTIES

In estimating the fair value of the Group's Revalued Properties by applying the appropriate valuation techniques and inputs for fair value measurements, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages an independent professional valuer to perform the valuations. The directors of the Company work closely with the independent professional valuer to establish the appropriate valuation techniques and inputs to the model.

At 31 December 2025 and 2024, Revalued Properties were revalued by Roma Appraisals Limited ("**ROMA**"), an independent professional valuer, which is a member of Hong Kong Institute of Surveyors. There has been no change from the valuation techniques used in the prior years. The valuations have been adopted by the directors of the Company in the consolidated financial statements, and the property revaluation deficit of approximately HK\$15,291,000 (2024: HK\$14,138,000) has been charged to the property revaluation reserve for the year ended 31 December 2025.

The fair value measurements of the Group's Revalued Properties at 31 December 2025 and 2024 using significant unobservable input (Level 3) are set out below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

FAIR VALUE MEASUREMENT OF THE REVALUED PROPERTIES (CONTINUED)

The fair value measurements of the Group's Revalued Properties at 31 December 2025 and 2024 using significant unobservable input (Level 3) are disclosed as below.

Description	Fair value at		Valuation techniques	Significant unobservable inputs	Sensitivity
	31.12.2025 HK\$'000	31.12.2024 HK\$'000			
Leasehold lands and industrial buildings in Hong Kong	49,300	69,513	Market approach	Market unit rate, mainly taking into account the time, location, quality, floor level and size, between the comparables, which is ranging from approximately HK\$1,732 to HK\$2,117 (2024: HK\$1,992 to HK\$3,477) per square foot	An increase in the market unit rate used would result in an increase in the fair value of the properties, and vice versa.
Offices in the PRC	2,608	2,340	Market approach	Market unit rate, mainly taking into account the time, location, quality, floor level and size, between the comparables, which is ranging from approximately Renminbi ("RMB")15,900 to RMB38,900 (2024: RMB15,000 to RMB48,000) per square meter	An increase in the market unit rate used would result in an increase in the fair value of the properties, and vice versa.
Car parks in the PRC	90	85	Market approach	Market unit rate, mainly taking into account the time, location and floor level, between the comparables, which is ranging from approximately RMB120,000 to RMB150,000 (2024: RMB160,000 to RMB180,000) per slot	An increase in the market unit rate used would result in an increase in the fair value of the properties, and vice versa.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Description	Fair value at		Valuation techniques	Significant unobservable inputs	Sensitivity
	31.12.2025 HK\$'000	31.12.2024 HK\$'000			
Offices in the Japan	1,942	1,514	Market approach	Market unit rate, including time, location, quality, floor level and size, between the comparables, which is ranging from approximately Japanese Yen ("YEN") 120,424 to YEN356,564 (2024: YEN86,319 to YEN252,154) per square meter	An increase in the market unit rate used would result in an increase in the fair value of the properties, and vice versa.
Offices in the USA	20,468	20,020	Market approach	Market unit rate, including time, location, quality, floor level and size, between the comparables, which is ranging from approximately US\$236 to US\$520 (2024: US\$226 to US\$593) per square meter	An increase in the market unit rate used would result in an increase in the fair value of the properties, and vice versa.
Offices in Thailand	3,578	3,915	Market approach	Market unit rate, including time, location, quality, floor level and size, between the comparables, which is ranging from approximately Baht39,615 to Baht48,104 (2024: Baht34,000 to Baht56,818) per square meter	An increase in the market unit rate used would result in an increase in the fair value of the properties, and vice versa.
	77,986	97,387			

There were no transfers into or out of Level 3 during the years ended 31 December 2025 and 2024.

If the Revalued Properties of the Group had not been revalued, they would have been included in the consolidated financial statements at historical cost less accumulated depreciation and accumulated impairment losses and their carrying amount would have been approximately HK\$28,697,000 (2024: HK\$30,525,000) at 31 December 2025.

At 31 December 2025 and 2024, the Group's land and buildings of approximately HK\$76,501,000 and HK\$95,512,000, respectively, were pledged to secure the banking facilities of the Group as set out in Note 23 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
FAIR VALUE	
At 1 January 2024	15,043
Changes in fair value recognised in profit or loss	(100)
Exchange realignment	(379)
At 31 December 2024	14,564
Changes in fair value recognised in profit or loss	(158)
Exchange realignment	805
At 31 December 2025	15,211

The Group leased out certain properties with lease terms of 1 to 6 years to earn rental.

At 31 December 2025 and 2024, the Group's investment properties of approximately HK\$5,881,000 and HK\$5,664,000, respectively, were pledged to secure the banking facilities of the Group as set out in Note 23 to the consolidated financial statements.

The fair value of the Group's investment properties at 31 December 2025 and 2024 have been arrived at on the basis of a valuation carried out on the respective dates by ROMA, an independent professional valuer not connected to the Group.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. INVESTMENT PROPERTIES (CONTINUED)

The following table shows the valuation techniques and significant unobservable inputs used in determination of the fair values of the investment properties:

Descriptions	Fair value at		Valuation techniques	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31.12.2025 HK\$'000	31.12.2024 HK\$'000			
Car park in Hong Kong	1,000	1,000	Market approach	Market unit rate, mainly taking into account the time, location and floor level, between the comparables, which is ranging from approximately HK\$800,000 to HK\$1,240,000 (2024: HK\$910,000 to HK\$1,350,000) per slot	An increase in the market unit rate used would result in an increase in the fair value of the car park, and vice versa.
Offices and factories in the PRC	10,855	10,654	Market approach	Offices Market unit rate, mainly taking into account the time, location, quality, floor level and size, between the comparables, which is ranging from approximately RMB15,900 to RMB22,800 (2024: RMB15,000 to RMB27,600) per square meter	Offices An increase in the market unit rate used would result in a increase in the fair value of the properties, and vice versa.
				Factories Market unit rate, mainly taking into account the time, location, quality, and size, between the comparables, which is approximately RMB360 to RMB375 (2024: RMB360 to RMB360) per square meter	Factories An increase in the market unit rate used would result in an increase in the fair value of the properties, and vice versa.
Offices in the Thailand	3,356	2,910	Market approach	Market unit rate, including time, location, quality, floor level and size, between the comparables, which is ranging from approximately Baht39,615 to Baht48,104 (2024: Baht34,000 to Baht56,818) per square meter	An increase in the market unit rate used would result in an increase in the fair value of the properties, and vice versa.
	15,211	14,564			

None of the Group's investment properties measured at fair value categorised as level 1 and level 2. The fair value measurement is categorised into Level 3 fair value hierarchy. There were no transfers into or out of Level 3 during the years ended 31 December 2025 and 2024. There has been no change in the valuation technique used at 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Unlisted investments		
– Life insurance contracts (Note (a))	45,601	43,789
– Investment fund (Note (b))	561	977
	46,162	44,766

These investments are not held for trading but for long-term strategic purposes.

Notes:

- (a) The Group entered into certain life insurance contracts for Mr. Chang Yoe Chong Felix, a director of the Company. Under the policies, Evergreen Factory, being the beneficiary and policy holder, is required to pay certain upfront and instalment payment for the contracts. Evergreen Factory may request a partial surrender or full surrender of the contracts at any time and receive cash back based on the value of the contracts at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged (the “Cash Value”). If such withdrawal is made at any time during the first to the twentieth policy year, as appropriate, a predetermined specified surrender charge would be imposed.

The deposits placed for the life insurance contracts carry guaranteed interests at interest rates ranging from approximately 1.05% to 4.20% (2024: 1.05% to 4.20%) per annum plus a premium determined by counterparty during the tenures of the contracts.

At 31 December 2025 and 2024, certain life insurance contracts amounting to approximately HK\$37,988,000 and HK\$36,426,000 were pledged to secure the banking facilities of the Group as set out in Note 23 to the consolidated financial statements.

- (b) The Group has subscribed for an investment fund, which mainly invest in listed shares in areas including Hong Kong. The fair value of this investment fund was determined by adopting the net asset value approach. The investment manager determines the net asset values of the investment fund by using methodology based on relevant comparable data to quantify the adjustment from cost or latest transaction price where appropriate, or to justify that cost or latest transaction price is a proper approximation to fair value of the underlying investments held by the investment fund.

Included in financial assets at fair value through profit or loss are the following amounts denominated in currency other than functional currencies of the relevant group entities:

	2025 HK\$'000	2024 HK\$'000
HK\$	24,416	23,906

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For the year ended 31 December 2025

16. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	279,389	300,717
Work in progress	117,457	111,626
Finished goods	113,959	76,158
	510,805	488,501

17. TRADE AND OTHER RECEIVABLES

	Note	2025 HK\$'000	2024 HK\$'000
Trade receivables from third parties		249,240	211,491
Less: Loss allowance		(2,033)	(1,354)
		247,207	210,137
Other receivables	17(a)	15,737	19,330
Consideration receivables from disposal of subsidiaries		–	8,497
Other tax receivables		1,359	5,409
Prepayments		24,730	8,555
Deposits paid to suppliers		32,221	12,841
Deposits for acquisition of property, plant and equipment		13,015	9,429
Property rental deposits		968	809
		335,237	275,007
Analysis for reporting purpose as:			
Non-current assets		13,983	10,238
Current assets		321,254	264,769
		335,237	275,007

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) The Group normally allows a credit period within 30 to 90 days (2024: within 30 to 90 days) to its customers. A longer credit period may be granted to large or long-established customers with good payment history.

Before accepting any new customers, the Group has an internal credit control system to assess the potential customers' credit quality, and the board of directors has delegated the management of the Group to be responsible for determination of credit limits and credit approvals for customers. Limits attributed to customers are reviewed periodically.

The following is an analysis of trade receivables, net of loss allowance, presented based on the invoice date, which approximates the respective revenue recognition dates.

	2025 HK\$'000	2024 HK\$'000
0–60 days	172,372	147,064
61–90 days	38,865	37,026
91–120 days	11,757	11,632
Over 120 days	24,213	14,415
	247,207	210,137

At 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$46,177,000 (2024: HK\$38,407,000) which were past due at the reporting date. Out of the past due balance, HK\$6,415,000 (2024: HK\$8,070,000) has been past due 90 days or more and is not considered as in default due to long and on-going business relationship and good repayment record from these customers.

The Group does not hold any collateral over the balances.

Most of the Group's trade receivables are denominated in functional currency of the relevant group entities.

Information about the Group's exposure to credit risk and loss allowance for trade and other receivables is included in Note 32(b) to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. PLEDGED BANK DEPOSITS

The amounts represent deposits pledged for banking facilities granted to the Group as set out in Note 23 to the consolidated financial statements and are therefore classified as current assets.

Included in pledged bank deposits are the following amounts denominated in currency other than functional currencies of the relevant group entities:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
HK\$	41,546	32,863

The deposits carry fixed interest rate ranging from approximately 0.1% to 3.91% (2024: 0.1% to 5.27%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank and other borrowings.

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include short-term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from approximately 0% to 2.5% (2024: 0% to 5.32%).

Included in cash and cash equivalents are the following amounts denominated in currency other than functional currency of the relevant group entities:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
HK\$	57,761	54,908

Funds of the Group amounting to approximately HK\$3,097,000 (2024: HK\$2,418,000) and HK\$11,912,000 (2024: HK\$12,061,000) are kept in the bank accounts opened with banks in the PRC and Bangladesh, respectively, where the remittance of funds is subject to foreign exchange control.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables	73,552	61,418
Accrued staff costs	41,781	36,162
Accruals and other payables	26,559	21,869
Other employee liabilities	13,622	15,879
	155,514	135,328

Credit period on purchases of goods is granted from 0 to 120 days but the Group will normally settle within 60 days. The following is an ageing analysis of trade payables presented based on invoice date at the end of each reporting period:

	2025 HK\$'000	2024 HK\$'000
0–60 days	30,291	27,304
61–120 days	830	2
Over 120 days (<i>Note</i>)	42,431	34,112
	73,552	61,418

Note: During the year ended 31 December 2023, certain suppliers had initiated lawsuits against Evergreen Products Factory (YZ) Co. Ltd (“**Evergreen (YZ)**”), a wholly-owned subsidiary of the Company in the PRC to demand immediate settlement of trade payables with a carrying amount of approximately RMB30,826,000 (equivalent to approximately HK\$33,495,000) plus interest for late payment. The People’s Court in the PRC, at second-trial instance, ruled that Evergreen (YZ) was required to pay all outstanding trade payables and related interest for late payment, and certain right-of-use assets and property, plant and equipment were frozen.

At 31 December 2025, the carrying amount of trade payables and related interest for late payment amounted to approximately RMB26,395,000 (equivalent to approximately HK\$28,681,000) and RMB3,611,000 (equivalent to approximately HK\$3,923,000), respectively. (2024: trade payables and related interest for late payment amounted to approximately RMB26,395,000 (equivalent to approximately HK\$27,981,000) and RMB2,244,000 (equivalent to approximately HK\$2,448,000), respectively.)

At 31 December 2025, the carrying amounts of the right-of-use assets and other property, plant and equipment being frozen amounted to approximately RMB4,132,000 (equivalent to approximately HK\$4,381,000) and approximately RMB1,952,000 (equivalent to approximately HK\$2,070,000). (2024: right-of-use assets and other property, plant and equipment being frozen are approximately RMB4,134,000 (equivalent to approximately HK\$4,383,000) and approximately RMB2,050,000 (equivalent to approximately HK\$2,173,000), respectively.)

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For the year ended 31 December 2025

20. TRADE AND OTHER PAYABLES (CONTINUED)

Included in the Group's trade payables are the following amounts denominated in currency other than the functional currency of the relevant group entities:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
HK\$	23,140	19,143

21. CONTRACT LIABILITIES

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the years ended 31 December 2025 and 2024 are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At the beginning of the reporting period	2,958	10,832
Receipt in advanced payments	6,122	2,958
Revenue recognised	(2,958)	(10,832)
At the end of the reporting period	6,122	2,958

The increase in contract liabilities at 31 December 2025 was mainly due to the increase in the contract activities regarding the sales of hair products.

The Group applies the practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

21. CONTRACT LIABILITIES (CONTINUED)

PERFORMANCE OBLIGATION FOR CONTRACTS WITH CUSTOMERS

Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the designated location (delivery). The normal credit period is 30 to 90 days upon delivery. Transportation and handling activities that occur before the customer obtains control are considered as fulfilment activities.

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of production, until the revenue recognised on the relevant contract exceeds the amount of the deposit. The Group typically receives 30% to 50% deposit on acceptance of new customers' order. A contract liability is recognised for receipt in advance for sales in which revenue has yet been recognised.

22. AMOUNTS DUE TO A RELATED COMPANY/A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amount due to a related company represented the amount due to Hopcom Software Company Limited, which is controlled by Mr. Chang Yoe Chong Felix, who is a director and controlling shareholder of the Company. The amount is non-trade nature, unsecured, interest bearing at Hong Kong Interbank Offered Rate ("**HIBOR**") plus 3.5% per annum and repayable on demand.

The amount due to a non-controlling shareholder of a subsidiary is non-trade nature, unsecured, interest-free and repayable on demand.

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23. SECURED BANK AND OTHER BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Secured:		
Bank borrowings	488,277	472,194
Bank borrowings under supplier finance arrangement (Note)	82,196	72,850
Other borrowings	17,560	17,288
Bank overdrafts	1,964	–
	589,997	562,332

Note: The Group has entered into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers the amounts owed by the Group in advance of the original due dates at a discount offered by the suppliers. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks between 60 to 120 days (2024: 60 to 120 days) after settlement by the banks. The interest rates are consistent with the Group's short-term borrowing rates.

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. In the consolidated statement of cash flows, repayments to the banks are included within financing cash flows based on the nature of the arrangements, and payments to the suppliers by the banks are disclosed as non-cash transactions which is set out in Note 34 to the consolidated financial statements.

	31 December 2025 HK\$'000	31 December 2024 HK\$'000	1 January 2024 HK\$'000
Carrying amount of the financial liabilities that are subject to supplier finance arrangements			
Presented as part of "Trade and other payables"	15,074	10,328	7,498
Range of payment due dates			
Liabilities subject to supplier finance arrangements (days after invoice date)	60 to 120 days	60 to 120 days	60 to 120 days
Comparable trade payables that are not part of supplier finance arrangements (days after invoice date)	0 to 120 days	0 to 120 days	0 to 120 days

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23. SECURED BANK AND OTHER BORROWINGS (CONTINUED)

The carrying amounts of the bank and other borrowings are analysed as follows:

Bank and other borrowings with repayment on demand clause are classified as current liabilities on the consolidated statement of financial position. The Group's bank and other borrowings are payable as follows:

	2025 HK\$'000	2024 HK\$'000
Bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	441,170	384,120
Within a period of more than one year but not exceeding two years	9,652	18,055
Within a period of more than two years but not exceeding five years	14,039	48,071
Exceeding five years	3,719	3,736
	468,580	453,982
Bank borrowings and bank overdrafts that are repayable (Note)		
Within one year	64,896	35,886
Within a period of more than one year but not exceeding two years	30,832	46,153
Within a period of more than two years but not exceeding five years	4,759	2,509
Exceeding five years	3,370	6,514
	103,857	91,062
Other borrowings that contain a repayable on demand clause (shown under current liabilities) but repayable:		
Within one year	13,200	12,848
Within a period of more than one year but not exceeding two years	4,360	4,440
	17,560	17,288
Total	589,997	562,332

Note: The amounts due are based on the scheduled repayment dates set out in the bank borrowings agreements.

Notes to the Consolidated Financial Statements

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23. SECURED BANK AND OTHER BORROWINGS (CONTINUED)

	2025 HK\$'000	2024 HK\$'000
Amounts due within one year shown under current liabilities		
Comprising:		
Bank and other borrowings	551,036	507,156
Amounts shown under non-current liabilities		
Comprising:		
Bank and other borrowings	38,961	55,176
Total	589,997	562,332

The exposures of the Group's borrowings are as follows:

	2025 HK\$'000	2024 HK\$'000
Fixed-rate borrowings	12,110	13,075
Variable-rate borrowings	577,887	549,257
	589,997	562,332

The Group's variable-rate bank and other borrowings carry interest with reference to HIBOR, Secured Overnight financing rate, PRC Loan Prime Rate, US\$ Best Lending Rate, US\$ Reference Rate and HK\$ Loan Prime Rate plus/minus a specific margin of the relevant banks. (2024: HIBOR, Secured Overnight financing rate, PRC Loan Prime Rate, US\$ Best Lending Rate and HK\$ Loan Prime Rate plus/minus a specific margin of the relevant banks). The range of effective interest rates per annum (which are also equalled to contractual interest rates) on the Group's bank and other borrowings are as follows:

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

23. SECURED BANK AND OTHER BORROWINGS (CONTINUED)

	2025	2024
Effective interest rate:		
Variable-rate borrowings	3.25% to 8.20%	2.90% to 7.59%
Fixed-rate borrowings	0.90% to 4.25%	0.90% to 4.25%

The other borrowings carry interest rate at HIBOR plus 1.5% (2024: HIBOR plus 1.5%) per annum.

At 31 December 2025 and 2024, the Group's bank and other borrowings were secured by:

- (a) pledge of the Group's bank deposits of approximately HK\$59,298,000 (2024: HK\$58,685,000) (Note 18);
- (b) the Group's land and buildings included in property, plant and equipment and carpark in Hong Kong included in investment properties of approximately HK\$49,300,000 and HK\$1,000,000 (2024: HK\$69,513,000 and HK\$1,000,000), respectively (Note 13 and Note 14);
- (c) the Group's land and buildings in the United States and the PRC of approximately HK\$27,201,000 (2024: HK\$25,999,000) (Note 13);
- (d) investment properties in the PRC of approximately HK\$4,881,000 (2024: HK\$4,664,000) (Note 14);
- (e) negative pledge on the assets of certain subsidiaries in the PRC and Bangladesh; and
- (f) certain life insurance contracts classified as financial assets at FVTPL of the Group of approximately HK\$37,988,000 (2024: HK\$36,426,000) (Note 15).

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23. SECURED BANK AND OTHER BORROWINGS (CONTINUED)

Included in bank and other borrowings are the following amounts denominated in currency other than functional currencies of the relevant group entities:

	2025 HK\$'000	2024 HK\$'000
HK\$	503,258	514,277

LOAN COVENANTS

In respect of the bank and other borrowings with carrying amount of approximately HK\$160,100,800 at 31 December 2025 (2024: HK\$146,300,000), in addition to certain financial and non-financial covenants commonly found in bank lending arrangements, the Group is required to comply with the following key financial covenants throughout the continuance of the relevant loan and/or as long as the bank and other borrowings are outstanding:

- (i) the consolidated tangible net worth at any time shall not be less than HK\$700,000,000;
- (ii) the consolidated bank borrowings less pledged bank deposits and bank balances and cash shall not be more than HK\$650,000,000; and
- (iii) the ratio of the consolidated net profits before interest, taxation, depreciation and amortisation and bank balances and cash in respect of any relevant period to the interests and principal repayment of bank borrowings of that relevant period shall not be less than 1:1.

The management of the Group regularly monitors its compliance with these covenants. As long as the Group remains in compliance with the covenants, the related bank borrowings are not considered as repayable on demand.

At 31 December 2025, the management of the Group identified that certain financial ratios under certain bank facilities were unable to meet and such potential breaches of financial covenants may cause the relevant bank borrowings of approximately HK\$65,000,000, which have already been classified as current liabilities pursuant to the demand clause, to become immediately due and payable. Following the identification of the potential breach of covenants, the management of the Group entered into communication with the related banks and has applied for a waiver in respect of the potential breaches of certain financial ratios. Subsequent to the reporting date and up to the date of authorisation of the consolidated financial statements, the relevant banks have not made any demand for immediate repayment. In addition, one of the banks has granted a waiver in respect of the potential breach.

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24. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	2,356	1,318
Within a period of more than one year but not exceeding two years	1,330	563
Within a period of more than two years but not exceeding five years	2,312	1,570
Exceeding five years	6,288	6,578
	12,286	10,029
Less: Amount due for settlement with 12 months shown under current liabilities	(2,356)	(1,318)
Amount due for settlement after 12 months shown under non-current liabilities	9,930	8,711

The weighted average incremental borrowing rates applied to lease liabilities were ranging from approximately 2.75% to 6.50% (2024: from 2.75% to 6.50%) per annum.

	2025 HK\$'000	2024 HK\$'000
Total cash outflow for leases	3,481	2,881

At 31 December 2025 and 2024, the Group has no commitment to lease contracts in relation to leased properties that have not yet commenced.

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25. SHARE CAPITAL AND RESERVES

(A) SHARE CAPITAL

	Number of ordinary shares of US\$ 0.01 each	Share capital	
		US\$'000	HK\$'000
Authorised:			
At 1 January 2024, 31 December 2024 and 2025	1,000,000,000	10,000	77,800
Issued and fully paid:			
At 1 January 2024	655,652,000	6,557	51,010
Shares repurchased and cancelled (Note 25(b)(i))	(8,978,000)	(90)	(699)
At 31 December 2024	646,674,000	6,467	50,311
Shares repurchased and cancelled (Note 25(b)(ii))	(10,492,000)	(105)	(816)
At 31 December 2025	636,182,000	6,362	49,495

(B) PURCHASE OF OWN SHARES

- (i) During the year ended 31 December 2024, the Company repurchased and cancelled 8,978,000 of its own ordinary shares through the Stock Exchange, and the total amount paid of approximately HK\$5,730,000 to acquire the cancelled shares of approximately HK\$699,000 was deducted from share capital.

Month of repurchase	Number of ordinary shares repurchased '000	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
September 2024	8,978	0.64	0.62	5,730

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For the year ended 31 December 2025

25. SHARE CAPITAL AND RESERVES (CONTINUED)

(B) PURCHASE OF OWN SHARES (CONTINUED)

- (ii) During the year ended 31 December 2025, the Company repurchased and cancelled 10,492,000 of its own ordinary shares through the Stock Exchange, and the total amount paid of approximately HK\$6,537,000 to acquire the cancelled shares of approximately HK\$816,000 was deducted from share capital.

Month of repurchase	Number of ordinary shares repurchased '000	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
May 2025	10,492	0.62	0.60	6,537

(C) NATURE AND PURPOSE OF RESERVES

(i) Share premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the laws of the Cayman Islands, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

Capital reserve represents (i) the contribution from an intermediate holding company to Evergreen Products Factory Limited ("**Evergreen Factory**"), a wholly owned subsidiary of the Company; and (ii) the difference between the nominal value of the share capital of Evergreen Factory at the date on which it was acquired by the Group, and the deemed consideration pursuant to the group reorganisation in prior years.

(iii) Property revaluation reserve

The reserve has been set up and is dealt with in accordance with the accounting policies adopted for revaluation of Revalued Properties, net of deferred tax.

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25. SHARE CAPITAL AND RESERVES (CONTINUED)

(C) NATURE AND PURPOSE OF RESERVES (CONTINUED)

(iv) Other reserve

Other reserve represents the effect of changes in ownership in existing subsidiaries without change of control.

(v) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of foreign operations for consolidation to the presentation currency.

26. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior reporting periods:

	Revaluation of land and buildings <i>HK\$'000</i>	Accelerated accounting depreciation <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2024	8,547	(730)	7,817
Charged to profit or loss (<i>Note 10</i>)	–	1,356	1,356
Credited to equity	(1,166)	–	(1,166)
Exchange realignment	–	(1,102)	(1,102)
At 31 December 2024	7,381	(476)	6,905
Charged to profit or loss (<i>Note 10</i>)	–	3,850	3,850
Credited to equity	(1,262)	–	(1,262)
Exchange realignment	–	(807)	(807)
At 31 December 2025	6,119	2,567	8,686

Under the tax law of Bangladesh, withholding tax is imposed on dividends declared in respect of profits earned by Bangladesh subsidiaries. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the Bangladesh subsidiaries as 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.

Notes to the Consolidated Financial Statements

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26. DEFERRED TAXATION (CONTINUED)

At the end of the reporting period, the Group has unused tax losses of approximately HK\$223,755,000 (2024: HK\$260,589,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses arising at the end of the reporting period which can be offset against future taxable profits of the respective subsidiaries will expire as follows:

	2025 HK\$'000	2024 HK\$'000
Year of expiry		
2025	–	1,495
2026	2,352	2,333
2027	2,066	2,049
2028	2,099	2,082
2029	4,673	4,635
2030	2,849	–
	14,039	12,594
No expiry	209,716	247,995
	223,755	260,589

Included in the unrecognised tax losses of approximately HK\$223,755,000 (2024: HK\$260,589,000), approximately HK\$209,716,000 (2024: HK\$247,995,000) was derived from Hong Kong which have no expiry date under current tax legislation while the remaining unrecognised tax losses arising in the PRC will expire in one to five years.

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27. SHARE OPTION SCHEMES

The Group adopted a share option scheme on 19 June 2017 ("**Share Option Scheme**"). The purpose of Share Option Scheme is to provide any directors and full-time employees of the Group who have contributed or will contribute to the Group ("**Participants**") with the opportunity to acquire proprietary interests of the Company and to encourage Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

Pursuant to the Share Option Scheme, the directors of the Company may invite Participants to take up options at a exercise price determined by the board of directors provided that it shall be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made by the Company to the grantee (which date must be a business day, "**Offer Date**"); (b) a price being the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Offer Date; and (c) the nominal value of a share of the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of shares in issue at 12 July 2017 unless the Company obtains a fresh approval from the shareholders to refresh the limit.

The maximum entitlement for any one Participant is that the total number of the shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue unless otherwise approved by the shareholders at a general meeting of the Company.

The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which would be determined and notified by the board of directors to the grantee at the time of making an offer and shall not exceed ten years from the date on which the option was offered.

The number of shares in respect of share options of the Company available for grant under the Share Option Scheme as at 1 January 2025 and 31 December 2025 were 61,500,000.

No share options have been granted by the Group up to the date of approval of the consolidated financial statements.

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For the year ended 31 December 2025

28. RETIREMENT BENEFITS SCHEME

DEFINED CONTRIBUTION SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “**MPF Scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK\$1,500 and they can choose to make additional contributions. The employer’s monthly contributions are calculated at 5% of the employee’s monthly salaries or up to a maximum of HK\$1,500 (the “**Mandatory Contributions**”). The employees are entitled to 100% of the employer’s Mandatory Contributions upon their retirement at the age of 65, death or total incapacity.

The employees of the Group’s factories in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The Group are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

Provident fund in Bangladesh is not mandatory, but the subsidiaries are required to create such a fund once three-fourth of the eligible employees demand so. If they demand so, the employees of the Group’s factories in Bangladesh will be covered by a company self-managed provident fund operated by respective subsidiaries of the Group in Bangladesh. Relevant subsidiaries will be required to contribute a minimum specified percentage of payroll costs to the provident fund to fund the benefits. The minimum contribution for the eligible employees is 8.33% of their basic salaries. Those subsidiaries are obliged to set up the trustee board for managing the contribution to the provident fund with participation from both of the company management team and the employees.

Provident fund in other jurisdictions is based on the local government policy. During the year ended 31 December 2025, the total retirement benefits scheme contribution arising from the MPF Scheme and state-managed retirement benefit scheme charged to profit or loss were approximately HK\$4,697,000 (2024: HK\$4,787,000).

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For the year ended 31 December 2025

28. RETIREMENT BENEFITS SCHEME (CONTINUED)

DEFINED CONTRIBUTION SCHEMES (CONTINUED)

Long service payment (“LSP”)

Pursuant to the Hong Kong Employment Ordinance, the subsidiaries operating in Hong Kong of the Group have the obligation to pay LSP to qualifying employees in Hong Kong upon certain circumstances (e.g. dismissed by employers or upon retirement), subject to a minimum of 5 years employment period, based on the certain formula. Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group’s mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee.

The Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset the LSP (the “**Abolition**”). The Abolition has officially come into effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR has launched a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

The Group’s LSP obligation, taking into consideration the Abolition, is considered to be insignificant at 31 December 2025 and 2024.

29. CAPITAL COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Contracted but not provided in the consolidated financial statements in respect of the acquisition of land for construction	2,567	6,566

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For the year ended 31 December 2025

30. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, during the years ended 31 December 2025 and 2024, further information of the related party transactions is set out below.

(A) TRANSACTION WITH A RELATED PARTY

The Group entered transactions with Hopcom Software Company Limited which is controlled by Mr. Chang Yoe Chong, Felix, who is also the director and controlling shareholder of the Company.

	2025 HK\$'000	2024 HK\$'000
Nature of transactions		
Computer products and service expenses	1,080	1,080

(B) REMUNERATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

The directors of the Company and other senior executives were identified as key management personnel of the Group, and their compensation during the years ended 31 December 2025 and 2024 was set out in Note 9 to the consolidated financial statements. The remuneration of key management personnel is determined with regard to the performance of individuals and market trends.

(C) APPLICABILITY OF THE LISTING RULES RELATING TO CONNECTED TRANSACTIONS

The related party transaction in respect of Note 30(a) above constitutes connected transactions as defined in Chapter 14A of the Listing Rules. However, the transaction is exempt from the disclosure requirement in Chapter 14A of the Listing Rules as it is below the de minimis threshold under Rule 14A.76(1).

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31. CAPITAL RISK MANAGEMENT (CONTINUED)

The capital structure of the Group consists of debts which includes secured bank and other borrowings, lease liabilities, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, other reserves and retained profits.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues, and repurchase of shares as well as the issue of new debt or the redemption of existing debt.

32. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2025 HK\$'000	2024 HK\$'000
Financial assets measured at amortised cost		
Cash and cash equivalents	98,385	115,712
Pledged bank deposits	59,298	58,685
Trade receivables	247,207	210,137
Deposit and other receivables	16,705	20,139
	421,595	404,673
Financial assets at FVTPL	46,162	44,766
	467,757	449,439
Financial liabilities at amortised cost		
Trade and other payables	73,795	68,756
Amount due to a related company	16,043	8,184
Amount due to a non-controlling shareholder of a subsidiary	2,473	2,471
Secured bank and other borrowings	589,997	562,332
	682,308	641,743

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

32. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and other receivables, financial assets at FVTPL, pledged bank deposits, bank balances and cash, trade and other payables, secured bank and other borrowings, amounts due to a related company and a non-controlling shareholder of a subsidiary. Details of the financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments include market risk (foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

The Group undertakes certain operating transactions in foreign currency, which exposes the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the directors of the Company monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should such need arise.

At the end of the reporting period, the carrying amounts of monetary assets (including intragroup balances) and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Liabilities		Assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Australian dollars	–	–	640	612
Canadian dollars	–	–	1,131	1,096
Euro dollars	–	–	1,424	1,279
Great British Pound	72	84	1,454	1,016
RMB	72,344	38,637	3,446	269
HK\$	287,198	249,871	133,018	123,151

The management of the Group consider that the Group is exposed to minimal currency risk as HK\$ is pegged to US\$ which is the functional currency of certain group entities, and the exposure to other foreign currencies is not significant. Sensitivity on foreign currency risk is therefore not presented.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

32. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The following table indicates the approximate changes in the Group's pre-tax results if exchange rates of the foreign currencies had changed against the functional currencies of the respective group entities by 5% and all other variables were held constant at the end of the reporting period:

	At 31 December			
	2025		2024	
	Increase (Decrease) in foreign exchange rates	Effects on pre-tax results <i>HK\$'000</i>	Increase (Decrease) in foreign exchange rates	Effects on pre-tax results <i>HK\$'000</i>
Australian dollars	5%	32	5%	31
	(5%)	(32)	(5%)	(31)
Canadian dollars	5%	57	5%	55
	(5%)	(57)	(5%)	(55)
Euro dollars	5%	71	5%	64
	(5%)	(71)	(5%)	(64)
Great British Pound	5%	69	5%	47
	(5%)	(69)	(5%)	(47)
RMB	5%	(3,445)	5%	(1,918)
	(5%)	3,445	(5%)	1,918
HK\$	5%	(7,709)	5%	(6,336)
	(5%)	7,709	(5%)	6,336

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For the year ended 31 December 2025

32. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Price risk

The Group is exposed to fair value price risk arising from investment fund and life insurance contracts which were classified as financial assets at FVTPL.

No sensitivity analysis of investment funds and life insurance contracts are presented as a reasonably possible change in the net asset value and account values would not have significant impact on the profit of the Group.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank loans and cash and cash equivalents carrying variable interest rates.

The Group's bank and other borrowings mainly concentrated on the fluctuation of HK\$ Loan Prime Rate, HIBOR, US\$ Reference Rate, PRC Loan Prime Rate, and Secured Overnight financing rate and US\$ Best Lending Rate.

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For the year ended 31 December 2025

32. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (Continued)

The following table details the interest rate profile of the Group's net borrowings at the end of the reporting period:

	At 31 December			
	2025		2024	
	Effective interest rate	HK\$'000	Effective interest rate	HK\$'000
Net fixed rate borrowings (deposits):				
Secured bank and other borrowings	0.90%–4.25%	12,110	0.90%–4.25%	13,075
Lease liabilities	2.75%–6.50%	12,286	2.75%–6.50%	10,029
Pledged bank deposits	0.10%–3.91%	(59,298)	0.10%–5.27%	(58,685)
		(34,902)		(35,581)
Variable rate borrowings (deposits):				
Secured bank and other borrowings	3.25%–8.20%	577,887	2.90%–7.59%	549,257
Cash and cash equivalents	0.00%–2.50%	(98,385)	0.00%–5.32%	(115,712)
		479,502		433,545
Total net borrowings		444,600		397,964

If interest rates had been 1% (2024: 1%) higher or lower while all other variables were held constant, the Group's pre-tax results would increase or decrease by approximately HK\$4,795,000 (2024: HK\$4,335,000), for the year ended 31 December 2025.

The sensitivity analysis above has been determined, assuming that the change in interest rates had occurred at the beginning of the reporting period and had been applied to the exposure to interest rate risk for all financial instruments in existence at the end of the reporting period. The general increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period.

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. From time to time, if interest rate fluctuates significantly, interest rate swaps may be used to convert some of the floating interest rates borrowings to fixed rates, to manage interest rate exposure.

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32. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents, pledged bank deposits and other financial assets is limited because the counterparties are the major banks in the different jurisdictions as well with established credit ratings, for which the Group considers to have low credit risk. Given the high credit ratings of the banks, the management of the Group does not expect any counterparties to fail to meet their obligations.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collaterals from customers.

At 31 December 2025, the Group has concentration of credit risk of approximately 25% (2024: 30%) and approximately 70% (2024: 78%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively.

At 31 December 2025, the Group's concentration of credit risk by geographical location is mainly in the USA, which account for approximately 93% (2024: 96%) of the total trade receivables. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customers, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year.

The ECL on trade receivables are assessed individually.

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32. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables (Continued)

The tables below detail the credit risk exposures of the Group's trade receivables by due date which are subject to ECL assessment:

	Weighted average ECL rate (approximately) %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000	Credit- impaired
At 31 December 2025					
Not yet due	0.14	201,308	(278)	201,030	No
Within 3 months	0.75	40,060	(298)	39,762	No
3 months to 1 year	1.51	5,640	(85)	5,555	No
1 to 2 years	57.05	2,002	(1,142)	860	No
Over 2 years	100.00	230	(230)	-	Yes
		249,240	(2,033)	247,207	

	Weighted average ECL rate (approximately) %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net carrying amount HK\$'000	Credit- impaired
At 31 December 2024					
Not yet due	0.23	172,126	(396)	171,730	No
Within 3 months	0.63	30,529	(192)	30,337	No
3 months to 1 year	3.42	8,139	(278)	7,861	No
1 to 2 years	70.01	697	(488)	209	No
		211,491	(1,354)	210,137	

These amounts are assessed collectively by applying lifetime ECL approach based on historical default and loss data and adjusted for forward-looking factors.

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32. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Trade receivables (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (credit- impaired) <i>HK\$'000</i>	Lifetime ECL (not credit- impaired) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2024	205	–	205
New financial assets originated:			
– impairment losses recognised	–	1,354	1,354
– write-off	(205)	–	(205)
At 31 December 2024	–	1,354	1,354
New financial assets originated:			
– impairment losses recognised	–	679	679
– transferred to credit-impaired	230	(230)	–
At 31 December 2025	230	1,803	2,033

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

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32. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. In the opinion of the directors of the Company, the internal credit rating of the related debtors is at low risk. The management of the Group believes that there is no significant increase in credit risk of the remaining other receivables and deposits since initial recognition and the Group provided impairment based on 12m ECL. The Group assessed that the 12m ECL on other receivables and deposits with a total gross carrying amount of approximately HK\$16,705,000 at 31 December 2025 (2024: HK\$28,636,000) are insignificant and thus no loss allowance was recognised.

Liquidity risk

Liquidity risk reflects the risk that the Group will have insufficient resources to settle its financial liabilities as they fall due. In managing liquidity risk, the Group monitors and maintains sufficient funds to meet all its potential liabilities as they fall due. It is applicable to normal market conditions as well as negative projections against expected outcomes, so as to avoid any risk of incurring contractual penalties or damaging the Group's reputation.

Liquidity forecasts are produced on a monthly basis, to ensure that utilisation of current facilities is optimised; on a quarterly basis to ensure that covenant compliance targets and medium-term liquidity is maintained; and on a long-term projection basis, for the purpose of identifying long-term strategic funding requirements. The board of directors also continuously assesses the balance of capital and debt funding of the Group.

The management of the Group continuously manages liquidity risk on a regular basis and will increase the frequencies of such assessment should need arise. Ultimate responsibility for liquidity risk management rests with the management of the Group, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves of cash and banking facilities and by continuously monitoring the utilisation of bank and other borrowings and ensuring compliance with loan covenants.

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32. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank and other borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	On demand	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2025							
Financial liabilities							
Trade and other payables	73,795	-	-	-	-	73,795	73,795
Amount due to a non-controlling shareholder of a subsidiary	2,473	-	-	-	-	2,473	2,473
Amount due to a related company	16,043	-	-	-	-	16,043	16,043
Secured bank and other borrowings	489,400	65,474	31,041	5,313	3,946	595,174	589,997
Lease liabilities	-	3,026	1,910	3,726	9,706	18,368	12,286
	581,711	68,500	32,951	9,039	13,652	705,853	694,594

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32. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

	On demand <i>HK\$'000</i>	Within 1 year <i>HK\$'000</i>	1 to 2 years <i>HK\$'000</i>	2 to 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total undiscounted cash flows <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
At 31 December 2024							
Financial liabilities							
Trade and other payables	68,756	-	-	-	-	68,756	68,756
Amount due to a non-controlling shareholder of a subsidiary	2,471	-	-	-	-	2,471	2,471
Amount due to a related company	8,184	-	-	-	-	8,184	8,184
Secured bank and other borrowings	477,411	36,973	43,094	6,834	7,219	571,531	562,332
Lease liabilities	-	1,877	1,515	2,484	10,051	15,927	10,029
	556,822	38,850	44,609	9,318	17,270	666,869	651,772

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32. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Secured bank and other borrowings with a repayment on demand clause are included in the “on demand” time band in the above maturity analysis. At 31 December 2025, the aggregate carrying amounts of these secured bank and other borrowings amounted to approximately HK\$486,140,000 (2024: HK\$471,270,000). Taking into account the Group’s financial position, the management of the Group does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The management of the Group believes that such bank and other borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

Maturity analysis – Secured bank and other borrowings with a repayment on demand clause based on scheduled repayments

	Less than 1 year <i>HK\$'000</i>	1 to 2 years <i>HK\$'000</i>	2 to 5 years <i>HK\$'000</i>	Over 5 years <i>HK\$'000</i>	Total undiscounted cash flows <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
At 31 December 2025	455,942	14,826	14,734	3,898	489,400	486,140
At 31 December 2024	399,682	56,260	17,549	3,920	477,411	471,270

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32. FINANCIAL INSTRUMENTS (CONTINUED)

(C) FAIR VALUE MEASUREMENT

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the consolidated financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13 "Fair Value Measurement" with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

(i) Assets measured at fair value

	2025 HK\$'000	2024 HK\$'000
Unlisted investments		
– Life insurance contracts (Note 15)	45,601	43,789
– Investment fund (Note 15)	561	977
	46,162	44,766

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

	2025 HK\$'000	2024 HK\$'000
Total unrealised gain recognised in profit or loss	1,397	2,266

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32. FINANCIAL INSTRUMENTS (CONTINUED)

(C) FAIR VALUE MEASUREMENT (CONTINUED)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

(ii) *Assets and liabilities with fair value disclosure, but not measured at fair value*

All other financial assets and liabilities are carried at amounts not materially different from their fair values at 31 December 2025 and 2024.

There were no transfers between Level 1, Level 2 and Level 3 of fair value measures during the years ended 31 December 2025 and 2024.

Reconciliation of Level 3 fair value measurements

	Investments fund HK\$'000	Life insurance contracts HK\$'000	Total HK\$'000
At 1 January 2024	2,010	41,790	43,800
Purchased	–	567	567
Change in fair value charged to profit or loss	834	1,432	2,266
Withdrawal	(1,867)	–	(1,867)
At 31 December 2024	977	43,789	44,766
Purchased	–	567	567
Change in fair value charged to profit or loss	152	1,245	1,397
Withdrawal	(568)	–	(568)
At 31 December 2025	561	45,601	46,162

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33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amount due to a non- controlling shareholder of a subsidiary HK\$'000	Secured bank and other borrowings HK\$'000	Dividend payable HK\$'000	Lease liabilities HK\$'000	Total HK\$'000	
At 1 January 2024	6,150	2,376	603,735	-	11,267	623,528
Finance costs	258	-	40,020	-	694	40,972
New lease entered	-	-	-	-	1,030	1,030
Acquisition of subsidiaries	-	-	11,581	-	-	11,581
Supply chain financing (Note 34)	-	-	241,933	-	-	241,933
Dividends recognised	-	-	-	38,412	-	38,412
Financial cash flows	1,776	-	(333,089)	(38,412)	(2,881)	(372,606)
Exchange realignment	-	95	(1,848)	-	(81)	(1,834)
At 31 December 2024	8,184	2,471	562,332	-	10,029	583,016
Finance costs	319	-	31,533	-	812	32,664
New lease entered	-	-	-	-	6,011	6,011
Early termination of a lease	-	-	-	-	(1,282)	(1,282)
Supply chain financing (Note 34)	-	-	282,936	-	-	282,936
Dividends recognised	-	-	-	30,831	-	30,831
Financial cash flows	7,540	-	(287,693)	(30,831)	(3,418)	(314,402)
Exchange realignment	-	2	889	-	134	1,025
At 31 December 2025	16,043	2,473	589,997	-	12,286	620,799

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34. MAJOR NON-CASH TRANSACTIONS

- (a) During the year ended 31 December 2025, the Group entered into new lease agreements for the use of leasehold lands, leased properties and factory buildings for 2 to 6 years (2024: leasehold lands and factory buildings for 2 to 6 years). On the lease commencement, the Group recognised approximately HK\$6,011,000 of right-of-use assets under property, plant and equipment and of approximately HK\$6,011,000 lease liabilities (2024: HK\$1,030,000 of right-of-use assets under property, plant and equipment and of HK\$1,030,000 lease liabilities).
- (b) During the year ended 31 December 2025, bank borrowings under supply chain financing arrangements of approximately HK\$282,936,000 (2024: HK\$241,933,000) represent the payments to the suppliers by the relevant banks directly.

35. OPERATING LEASING ARRANGEMENTS

THE GROUP AS LESSOR

The Group leases out its properties under operating leases with average lease terms of three years (2024: 3 years). The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	689	807
In the second to third years inclusive	377	960
	1,066	1,767

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36. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 December 2025 and 2024 are as follows:

Name	Issued and fully paid-up capital/ contributed capital	Attributable equity interest indirectly held by the Company		Place of registration/ operation and incorporation	Principal activities
		2025	2024		
Evergreen Products Factory Limited	HK\$3,000,000	100%	100%	Hong Kong	Investment holding and trading of hair products
昆明訓修髮製品有限公司 Kunming Evergreen Hair Products Co., Ltd.*	HK\$45,526,000	100%	100%	The PRC	Manufacturing and trading of hair products
訓修實業(禹州)有限公司 Evergreen Products Factory (YZ) Co., Ltd.*	US\$2,000,000	100%	100%	The PRC	Manufacturing and trading of hair products
訓修實業(深圳)有限公司 Evergreen Products Factory (SZ) Co., Ltd.*	US\$2,400,000	100%	100%	The PRC	Technological development of hair products and property investment
東莞訓修髮製品有限公司 Evergreen Products Factory (DG) Co., Ltd.*	US\$1,500,000	100%	100%	The PRC	Property holding
深圳訓修髮製品有限公司 Shenzhen Evergreen Hair Products Co., Ltd.#	HK\$3,000,000	100%	100%	The PRC	Manufacturing and trading of hair products
Evergreen Products Factory (BD) Limited	Bangladeshi Taka ("Taka") 1,000,050,000	100%	100%	Bangladesh	Manufacturing and trading of hair products
EPF Global Enterprises Limited	HK\$10,000	100%	100%	Hong Kong	Trading of hair products
EPF International Limited	HK\$10,000	100%	100%	Hong Kong	Trading of hair products
Gold Timing Manufacture (BD) Limited	Taka100,000	100%	100%	Hong Kong	Manufacturing and trading of hair products
Wisdom Ocean Limited	HK\$10,000	100%	100%	Hong Kong	Trading of hair products through internet
Gold Rocket Limited	Taka100,000	100%	100%	Bangladesh	Provision of logistic services to group companies
Trillion Gold Limited	Taka100,000	100%	100%	Bangladesh	Provision of water treatment service to the group companies, manufacturing and trading of hair products

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36. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Issued and fully paid-up capital/ contributed capital	Attributable equity interest indirectly held by the Company		Place of registration/ operation and incorporation	Principal activities
		2025	2024		
Dong Jin Industrial (BD) Company Limited	Taka100,000	100%	100%	Bangladesh	Manufacturing, export and import of hair products
I-Corporation	YEN3,000,000	100%	100%	Japan	Trading of hair products
Golden Chance Limited	YEN3,000,000	100%	100%	Japan	Trading of hair products through internet
E5 Co., Ltd.	YEN9,000,000	51%	51%	Japan	Trading of hair products
Purple Stone Inc.	US\$1,000	100%	100%	The USA	Property holding
Purple Star Inc.	US\$1,000	100%	100%	The USA	Trading of hair products through internet
Red Stone Inc.	US\$50,000	100%	100%	Hong Kong	Manufacturing and trading of hair products and investment holdings
Master Purple (BD) Limited	Taka10,000,000	100%	100%	Bangladesh	Manufacturing, export and import of hair products
Million Gold Limited	Taka100,000	100%	100%	Bangladesh	Manufacturing and trading of hair products
Kord Holdings Inc	US\$10,000	80%	80%	The BVI	Manufacturing, export and import of festival products
Asia Bliss Limited	US\$1,000	80%	80%	The BVI	Manufacturing, export and import of festival products

* Limited liability company (solely invested by Taiwan, Hong Kong or Macao legal person) established in the PRC.

Limited liability company (solely invested by Hong Kong legal person) established in the PRC.

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

None of the subsidiaries had any debt securities outstanding as at the end of the reporting period or at any time during the reporting period.

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37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	NOTE	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Investment in a subsidiary		545,081	545,081
Amount due from a subsidiary	37(b)	110,606	146,281
		655,687	691,362
Current assets			
Prepayments and other receivables		177	177
Bank balances and cash		1,023	1,073
		1,200	1,250
Current liability			
Accruals and other payables		3,934	2,126
Net current liabilities		(2,734)	(876)
		652,953	690,486
Capital and reserves			
Share capital		49,495	50,311
Reserves	37(a)	603,458	640,175
Equity attributable to owners of the Company		652,953	690,486

The statement of financial position was approved and authorised for issue by the Board of Directors on 31 March 2026 and signed on its behalf by

Chang Yoe Chong Felix
Director

Chan Kwok Keung
Director

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For the year ended 31 December 2025

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

37(a). MOVEMENT OF RESERVES

	NOTE	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2024		449,373	234,380	683,753
Loss and total comprehensive expense for the year		–	(135)	(135)
Transactions with owners: <i>Contributions and distributions</i>				
Dividends	11	–	(38,412)	(38,412)
Share repurchases and cancellation	25	(5,031)	–	(5,031)
		(5,031)	(38,412)	(43,443)
At 31 December 2024		444,342	195,833	640,175
Loss and total comprehensive expense for the year		–	(165)	(165)
Transactions with owners: <i>Contributions and distributions</i>				
Dividends	11	–	(30,831)	(30,831)
Share repurchases and cancellation	25	(5,721)	–	(5,721)
		(5,721)	(30,831)	(36,552)
At 31 December 2025		438,621	164,837	603,458

37(b). AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary is unsecured, interest-free and repayable on demand.

Five-Year Financial Summary

Results	2021	2022	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,207,420	1,100,375	979,240	1,016,362	1,044,286
Gross profit	248,808	257,095	233,233	243,536	243,298
Profit before tax	62,303	62,247	54,787	52,712	46,500
Profit for the year	57,075	58,308	48,224	39,726	30,754
Attributable to:					
Owners of the Company	54,067	66,289	51,011	39,916	30,682
Non-controlling interests	3,008	(7,981)	(2,787)	(190)	72
Basic earnings per share (<i>HK cents</i>)	0.08	0.10	0.08	0.06	0.05
Dividends	16,466	37,048	47,829	37,519	29,901
Assets and liabilities					
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	773,879	678,665	646,996	602,912	580,282
Current assets	942,097	891,908	984,570	932,027	999,213
Current liabilities	720,411	652,750	734,054	668,917	748,004
Net current assets	221,686	239,158	250,516	263,110	251,209
Non-current liabilities	73,874	29,735	52,412	70,792	57,577
Net assets	921,691	888,088	845,100	795,230	773,914