



SUNWAY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00058



ANNUAL REPORT 2025

Contents

2	Corporate Information
4	Statement from the Board of Directors
5	Management Discussion and Analysis
9	Biographical Details of Directors and Senior Management
12	Report of the Directors
21	Corporate Governance Report
31	Independent Auditor's Report
37	Consolidated Statement of Profit or Loss
38	Consolidated Statement of Profit or Loss and Other Comprehensive Income
39	Consolidated Statement of Financial Position
41	Consolidated Statement of Changes in Equity
42	Consolidated Statement of Cash Flows
44	Notes to the Consolidated Financial Statements



Corporate Information

DIRECTORS

Executive Director:

Law Chun Choi

Non-executive Director:

Yu Shui Sang Bernard (redesignated on 15 January 2025)

Lum Pak Sum (resigned on 15 January 2025)

Independent non-executive Directors:

Choi Pun Lap

Wong Yue Kwan Alan

Tsang Ngo Yin

Yu Shui Sang Bernard (redesignated to Non-executive Director on 15 January 2025)

COMPANY SECRETARY

Law Chun Choi

AUTHORISED REPRESENTATIVES

Law Chun Choi

Yu Shui Sang Bernard (appointed on 15 January 2025)

Lum Pak Sum (resigned on 15 January 2025)

AUDIT COMMITTEE

Choi Pun Lap (*Chairman*)

Wong Yue Kwan Alan

Tsang Ngo Yin

Yu Shui Sang Bernard (ceased on 15 January 2025)

NOMINATION COMMITTEE

Wong Yue Kwan Alan (*Chairman*)

(redesignated on 15 January 2025)

Choi Pun Lap

Tsang Ngo Yin

Yu Shui Sang Bernard (redesignated on 15 January 2025)

Lum Pak Sum (resigned on 15 January 2025)

REMUNERATION COMMITTEE

Tsang Ngo Yin (*Chairman*)

(redesignated on 15 January 2025)

Choi Pun Lap

Law Chun Choi

Wong Yue Kwan Alan (redesignated on 15 January 2025)

Yu Shui Sang Bernard

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

3/F., Mandarin Commercial House

38 Morrison Hill Road

Wanchai, Hong Kong

Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
(appointed on 20 February 2025)
Tricor Tengis Limited (terminated on 20 February 2025)
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR

Jon Gepsom CPA Limited
Room 1003–05, 10/F
Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong

LEGAL ADVISERS

As to Bermuda law:
Conyers Dill & Pearman
2901, One Exchange Square
8 Connaught Place
Central
Hong Kong

As to Hong Kong law:
Lam & Co.
19/F, Harbour Commercial Building
Nos. 122–124 Connaught Road Central
Hong Kong

PRINCIPAL BANKERS

In Hong Kong:
Dah Sing Bank Limited

In the People's Republic of China:
Guangdong Yangdong Rural Commercial Bank
China Construction Bank Corporation
Industrial and Commercial Bank of China Limited

WEBSITE

<http://www.hk0058.com>

STOCK CODE

The Stock Exchange of Hong Kong Limited: 58

Statement from the Board of Directors

The Group's consolidated loss for the year had decreased by approximately 29% as compared to the corresponding period in 2024. Such a decrease in consolidated loss, which was partially due to the slumping property market and related business sectors in the People's Republic of China (the "PRC") appeared to stabilize since the end of 2025, was attributable to the resultant effect of the following factors:

- (i) the decrease in impairment losses recognised under expected credit loss model on trade and other receivables by approximately HK\$27 million as a result of better internal control;
- (ii) the decrease in revenue, relating to the Group's manufacturing and trading business in the PRC, by approximately 20%; and
- (iii) the overall gross profit percentage has decreased in 2025 because the operating result of aerated concrete products has deteriorated since 2024.

During 2025, China's gross domestic product increased by approximately 5% over the previous year. Hence, it is anticipated that the recovery will continue in the near future.

With the population shrinking in 2022 for the first time in the last six decades and this negative growth in population continued in 2023, 2024 and 2025, this would have effects on the demand for housing. Nevertheless, policymakers had signaled that they were prioritizing economic growth, with a key focus on boosting consumption, investment and etc. in the PRC. In addition, the government recently took steps to reverse some of the restrictions on the real estate market in certain major cities.

It is expected that infrastructure investment will still be the backbone of China's economic recovery. In the coming few years, China's infrastructure investment will be expected to increase to support the economic recovery and stabilize the job market. As a result, the operations of the Group will be benefited by the improvement in economic development and the government's plans, as described in the section of "Prospect", to further enhance the infrastructure and etc. in the PRC.

Law Chun Choi

Executive Director

Hong Kong 27 March 2026

Management Discussion and Analysis

REVIEW OF RESULTS AND OPERATIONS

Construction Materials Business

Construction materials business consisted of the PHC Pile and Others Business.

PHC Pile and Others Business

PHC Pile and Others Business is operated by a subsidiary of the Company, 廣東恒佳建材股份有限公司 Guangdong Hengjia Construction Materials Co., Ltd* (“Guangdong Hengjia”) and its production factory is situated in Yangjiang City, Guangdong Province, the PRC. Guangdong Hengjia sells its products to customers located in Yangjiang City and its surrounding cities in Guangdong Province.

Revenue from external customers for FY2025 was HK\$205,194,000 compared with HK\$256,385,000 reported last year, which decreased by approximately 20%. The decrease in revenue for the year was mainly attributable to the slumping property market and related business sectors in the PRC in recent years.

Other gains and losses, net

Other gains and losses, net for FY2025 amounted to loss of HK\$973,000 (FY2024: HK\$7,037,000), represented a decrease of HK\$6,064,000. This was mainly due to the compliance with the environmental requirements, part of the production facilities have to be relocated or re-arranged during FY2024 and this gives rise to a loss on disposal of property, plant and equipment amounting to approximately HK\$9,003,000 in last year.

Administrative expenses

Administrative expenses for FY2025 amounted to HK\$22,930,000 (FY2024: HK\$22,105,000), representing an increase of approximately 4% arising from compensation for employee layoffs.

LIQUIDITY AND FINANCIAL RESOURCES

The Group finances its operations with equity fund raising activities, internally generated cash flow, advances from controlling shareholder and banking facilities provided by its principal bankers in the PRC. As at 31 December 2025, equity attributable to owners of the Company was HK\$27,436,000, representing a decrease of approximately 56% over last year. As at 31 December 2025, the Group's cash and cash equivalents stood at HK\$5,468,000 whereas interest-bearing borrowings were HK\$10,358,000. The annual interest rates of the borrowings for FY2025 ranged from 1.10% to 7.50% per annum. The above borrowings were denominated in Hong Kong Dollar and Renminbi. During the year, the Group did not use any financial instruments for any hedging purposes. The gearing ratio, which was computed by dividing the current liabilities and non-current liabilities by total equity, was approximately 622% as at 31 December 2025.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSAL

The Group has no significant investment, acquisition and disposal during the year.

CAPITAL STRUCTURE

Convertible notes

As at 31 December 2025, as described in note 33, the Company had 2014 CN with principal amount of HK\$15,000,000. Based on the opinion obtained from the legal advisers of the Company, in view of the on-going legal proceedings mentioned under the paragraphs headed “Contingent Liabilities” and “Legal Proceedings” in this report, the Company maintains the position that all remaining 2014 CN of the Company are void and are not capable of converting into shares of the Company.

* For identification purposes only

Management Discussion and Analysis

Share subscription and issue of convertible notes

On 6 September 2024, the Company entered into the following agreements with Wealthy Port Holdings Limited (“**Wealthy Port**”), the then controlling shareholder of the Company, which is beneficially owned by Mr. Chim Pui Chung:

- (1) share subscription agreement pursuant to which the Company has conditionally agreed to allot and issue 35,920,000 ordinary shares of HK\$0.1 each to Wealthy Port at a price of HK\$0.1 per share (“**Share Subscription**”), represents a premium of approximately 96.08% to the closing price of HK\$0.051 per Share as quoted on the Stock Exchange on 5 September 2024 on which the terms of the issue were fixed. The net issue price per Share from the Share Subscription was approximately HK\$0.07; and
- (2) the 2024 CN subscription agreement pursuant to which the Company has conditionally agreed to issue the 2024 CN in the principal amount of HK\$30,000,000 to Wealthy Port. The 2024 CN subscription price was partially set-off against the amount due by the Company to Wealthy Port as a Shareholder in the amount of HK\$22,677,000 and the balance of HK\$7,323,000 was paid by Wealthy Port in cash upon completion. Based on the initial conversion price of HK\$0.1 per conversion share, a

maximum number of 300,000,000 conversion shares will be allotted and issued upon exercise of the conversion rights attaching to the 2024 CN in full. The initial conversion price of HK\$0.1 per conversion share represents a premium of approximately 96.08% to the closing price of HK\$0.051 per Share as quoted on the Stock Exchange on 5 September 2024 on which the terms of the issue were fixed. The net conversion price, after deduction of relevant expenses, was approximately HK\$0.097 per conversion share.

Both of the Share Subscription and the issuance of the 2024 CN were completed on 29 November 2024. Upon maturity date on 28 November 2025, 275,000,000 conversion shares and 25,000,000 conversion shares, totalling 300,000,000 conversion shares, had been allotted and issued to Wealthy Port and an independent third party respectively upon exercise of the conversion rights attaching to the 2024 CN in full.

It was expected that the net proceeds arising from Share Subscription and the issuance of the 2024 CN, in the total amount of approximately HK\$10.3 million (before general offer expenses of approximately HK\$1.4 million), would be used for general working capital purposes. During the year ended 31 December 2025, the net proceeds was utilised as follows:

Intended usage of the net proceeds	Estimated amount (HK\$ million)	Actual usage	Actual usage	Actual usage
		as at 1 January 2025 (HK\$ million)	during the year ended 31 December 2025 (HK\$ million)	as at 31 December 2025 (HK\$ million)
Directors' remuneration and staff costs	3.90	0.34	1.84	2.18
Audit fee and other legal and professional expenses	4.40	1.37	1.84	3.21
Rental and others	2.00	0.20	1.20	1.40
Total	10.30	1.91	4.88	6.79

Management Discussion and Analysis

The unutilised net proceeds as at 31 December 2025 is expected to be utilised in accordance with the intended usage during the year ending 31 December 2026.

Share options

No share options were granted, exercised, lapsed or cancelled during the years ended 31 December 2025 and 2024.

Unsecured bond

According to clause 5(A) of the terms and conditions of the bond instrument dated 3 April 2018, "Payment of principal will only be made upon maturity against surrender of the relevant certificate". However, the bondholder has been trying to locate the original bond certificate. Up to the date of this annual report, the Company is still waiting for the bondholder's updated information before the final settlement.

PLEDGE OF ASSETS

Details of pledge of assets of the Group are set out in note 30 to the Consolidated Financial Statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had approximately 207 full-time management, administrative, technical and production staff in the PRC and Hong Kong. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practice. The Group's Directors and employees in Hong Kong joined the Mandatory Provident Fund Scheme.

FOREIGN EXCHANGE AND CURRENCY RISKS

The Group's monetary assets, liabilities and transactions are principally denominated in Renminbi ("RMB") and Hong Kong Dollar ("HK\$"). The Group, with HK\$ as its presentation currency, is exposed to foreign currency risk arising from the exposure of HK\$ against RMB. The Group has a net exchange exposure to RMB as the Group's assets are principally located in the PRC. The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner.

COMMITMENT

The Group did not have material commitments as at 31 December 2025 and 31 December 2024.

CONTINGENT LIABILITIES

Save as disclosed in note 42 to the Consolidated Financial Statements, the Group did not have material contingent liabilities as at 31 December 2025 and 31 December 2024.

LEGAL PROCEEDINGS

Save as disclosed in note 41 to the Consolidated Financial Statements, the Group did not have material legal proceedings as at 31 December 2025.

PROSPECT

The Political Bureau of the CPC Central Committee convened a meeting on 27 February 2026, to discuss the draft outline of the 15th Five-Year Plan for national economic and social development of the People's Republic of China, which the State Council intended to submit to the Fourth Session of the 14th National People's Congress for review, and the draft Government Work Report for deliberation.

Management Discussion and Analysis

The meeting emphasized that efforts should be made to continue implementing a more proactive fiscal policy and an appropriately accommodative monetary policy, building a robust domestic market, fostering and strengthening new growth drivers, and accelerate progress toward high-level self-reliance and strength in science and technology. It urged efforts to advance the comprehensive revitalisation of rural areas, promote new-type urbanisation and coordinated regional development. Greater efforts should be made to safeguard and improve people's livelihoods, while accelerating the comprehensive green transition.

The Directors consider that these policies will have positive effects to the construction material industry in the Guangdong Province and thus can benefit the Group. In addition, the Group has been committed to expand the business scale by exploring new business, bringing new growth and momentum to the Group.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Law Chun Choi, aged 65, is an executive Director. He is a practising and fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Chartered Governance Institute and the Chartered Governance Institute. He was also awarded the Chartered Governance Professional by the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in 2018. Mr. Law graduated from The Hong Kong Polytechnic University with a Postgraduate Diploma in Corporate Administration and Professional Diploma in Accountancy in 2000 and 1984 respectively. In addition, he has more than 30 years of working experience in financial and corporate management.

Mr. Law was the chief financial officer and company secretary of CHK Oil Limited (stock code: 0632) from January 2019 to June 2019. He was the chief financial officer of Aoxin Tianli Group, Inc. (stock symbol: ABAC), a company listed in the NASDAQ, from June 2016 to June 2017. Mr. Law was the chief financial officer, financial controller and company secretary of China Infrastructure Investment Limited (stock code: 0600) from April 2005 to November 2012. He was an independent non-executive director of Smart Digital Technology Group Limited (stock code: 1159) from April 2010 to September 2012.

Mr. Law is also the company secretary of the Company.

Non-executive Director

Mr. Yu Shui Sang Bernard, aged 51, joined the Company on 4 January 2021 as an independent non-executive director and was redesignated as a non-executive director on 15 January 2025. He has more than 20 years of experience in asset management, corporate finance, foreign exchange, bullion trading, insurance, securities and futures trading industries. Mr. Yu was the managing director of SDHG International Securities Limited (a wholly-owned subsidiary of Shandong Hi-Speed Holdings Group Limited, the shares of which are listed on Main Board of the Stock Exchange (Stock Code: 0412)) from February 2018 to January 2021. Mr. Yu was also a director and a responsible officer of SDHG International Asset Management Limited (a wholly-owned subsidiary of Shandong Hi-Speed Holdings Group Limited) from June 2018 to January 2021. Mr. Yu also held senior management positions at various financial institutions including Ong Asia Securities (HK) Limited, Enlighten Securities Limited and Eagle Legend Futures Limited (a then wholly-owned subsidiary of GOME Retail Holdings Limited).

Mr. Yu was awarded with a Doctoral Degree in Enterprises Management from the Shanghai University of Finance & Economics in June 2014, a Master Degree in Laws from Renmin University of China in June 2013, a Master Degree in Business Administration from University of South Australia in March 2009, a Master of Arts in Practical Philosophy from Lingnan University in October 2009, a Bachelor Degree in Laws from China University of Political Science and Law in July 2017, a Bachelor Degree in Business Administration (Hons) from Birmingham City University in November 2020, a Diploma in Casino Management from University of Macau in May 2009, a Professional Diploma in Corporate Governance and Directorship from The Hong Kong Institute of Directors and Hong Kong Productivity Council in April 2010 and a Diploma in Company Direction from The Hong Kong Institute of Directors in November 2006. Mr. Yu is a Fellow Member of The Hong Kong Institute of Directors and a Fellow Member of The Hong Kong Securities and Investment Institute. He is a responsible officer under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) activities.

Biographical Details of Directors and Senior Management

Independent non-executive Directors

Mr. Choi Pun Lap, aged 48, is a valuation practitioner of International Association of Certified Valuation Specialists in Hong Kong since 2019. He is a fellow member of Hong Kong Institute of Certified Public Accountants, a member of Chartered Global Management Accountant and a member of Certified Practising Accountants Australia and holding public practising status in Australia. Mr. Choi graduated from Hong Kong Metropolitan University with a Master of Law (Chinese Business Law) in 2017. He obtained a Bachelor of Business (Accounting) from Central Queensland University in Australia in 2003 and further studied Postgraduate Diploma of Accounting in Monash University in Australia in 2005.

Mr. Choi has been an executive director of Wuxi Life International Holdings Group Limited (stock code: 8148), Zhejiang United Investment Holdings Group Limited (stock code: 8366) and Simplicity Holding Limited (stock code: 8367) since June 2021, September 2021 and April 2022 respectively. He has been an independent non-executive director of Canopy SkyFire Group Limited (stock code: 8245) and China Smarter Energy Group Holdings Limited (stock code: 1004) since April 2022 and August 2024 respectively.

Mr. Wong Yue Kwan Alan, aged 58, joined the Company on 1 January 2022. Mr. Wong has more than 20 years of experience in management of business trade and project investments. Mr. Wong has been working as Vice President with Squadron Asia Pacific Limited since August 2016. He was an executive director of Sing Pao Media Enterprises Limited, the shares of which were formerly listed on the GEM Board, for the period from May 2008 to June 2010. Mr. Wong graduated from Meiji Japan International School studying in Arts.

Ms. Tsang Ngo Yin, aged 52, joined the Company on 24 December 2024 and has more than 20 years of extensive experiences in regulatory compliance, corporate finance projects, internal control, auditing and financial management, including experience as the company secretary in Hong Kong listed companies. Ms. Tsang graduated from Simon Fraser University in Canada with a Bachelor of Business Administration Degree, and further obtained a Bachelor of Laws Degree from Tsinghua University in the People's Republic of China and a Master of Laws Degree in International Corporate and Financial Law from University of Wolverhampton in the United Kingdom. Ms. Tsang is a member of the Hong Kong Institute of Certified Public Accountants and also a member of the American Institute of Certified Public Accountants.

Ms. Tsang is currently an independent non-executive director of Fuxing China Group Limited, a company listed on the Main board of the Singapore Exchange Limited (SGX: AWK), an independent non-executive director of Fu Shek Financial Holdings Limited (stock code: 2263), and the company secretary of HG Semiconductor Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6908).

Ms. Tsang was an independent non-executive director of International Genius Company (stock code: 0033) for the period from October 2025 to March 2026. She was also an independent director of China Liberal Education Holdings Limited (NASDAQ: CLEU) for the period from May 2020 to June 2025.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Lin Zhenjun, aged 52, has been the Chairman of Guangdong Hengjia since 2007. Mr. Lin has over 17 years of supervisory experience.

Mr. Tan Jin, aged 57, joined Guangdong Hengjia since 2009 and acted as legal representative and director of Zhuhai Hoston since May 2015. Mr. Tan has substantial management experience and is responsible for Zhuhai Hoston's daily management.

Mr. Xu Dun, aged 61, was graduated from the Open University of China. Mr. Xu held the position of the director Guangdong Hengjia since 2011.

Report of the Directors

The Directors present their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are manufacturing and trading of pre-stressed high strength concrete piles, ready-mixed concrete, autoclaved sand-lime bricks, aerated concrete products and eco-permeable concrete products.

SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 31 December 2025 are set out in note 40 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group as at 31 December 2025 are set out under the section headed “Management Discussion and Analysis” of this report on pages 5 to 8.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group include the risks pertaining to the building materials industry and foreign currency risk.

In recent years, the building materials industry has been affected by unfavorable factors such as market situation changes and intensified competition among peers. The future competition of the industry is largely reflected in the all-round business competition.

The Group’s monetary assets, liabilities and transactions are principally denominated in Renminbi (“**RMB**”) and Hong Kong Dollar (“**HK\$**”). The Group, with HK\$ as its presentation currency, is exposed to foreign currency risk arising from the exposure of HK\$ against RMB. The Group has a net exchange exposure to RMB as the Group’s assets are principally located in the PRC. The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

During the Reporting Period, the Group has maintained a good relationship with its stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

RESULTS AND DIVIDENDS

The Group’s results for the year ended 31 December 2025 and the state of affairs of the Company and of the Group at that date are set out in the consolidated financial statements on pages 37 to 108 of this report.

The Directors do not recommend the payment of final dividend in respect of current financial year to the shareholders.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

Report of the Directors

SHARE CAPITAL, SHARE OPTION SCHEME AND CONVERTIBLE NOTES

The movement in the Company's share capital during the year and the details are set out in note 32 to the consolidated financial statements.

Details of the convertible notes and share option scheme are set out in note 33 and note 35 to the consolidated financial statements, respectively.

DIVIDEND POLICY

The objective of the Company's dividend policy (the "**Dividend Policy**") is to allow shareholders of the Company (the "**Shareholders**") to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth.

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Articles and all applicable laws and regulations and the factors set out below.

Factors to be considered

- (i) The Board shall consider the following factors of the Group before declaring or recommending dividends:
- the Group's results of operations and cash flows;
 - the Group's future prospects;
 - general business conditions;
 - the Group's capital requirements and surplus;
 - contractual restrictions on the payment of dividends by the Company to its Shareholders or by subsidiaries to the Company;
 - taxation considerations;
 - possible effects on the Company's creditworthiness;
 - statutory and regulatory restrictions; and
 - any other factors the Board may deem relevant.
- (ii) Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:
- interim dividend;
 - final dividend;
 - special dividend; and
 - any distribution of net profits that the Board may deem appropriate.

Report of the Directors

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 43 to the consolidated financial statements respectively.

The Company did not have reserves available for distribution as at 31 December 2025 and 2024.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any significant events after the reporting period.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below. This summary does not form part of the audited financial statements.

RESULTS	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
LOSS BEFORE TAX	(57,202)	(84,306)	(63,887)	(52,580)	(19,766)
Income tax credit/(expense)	580	4,211	(375)	7,196	(8,358)
LOSS FOR THE YEAR	(56,622)	(80,095)	(64,262)	(45,384)	(28,124)
Attributable to:					
Owners of the Company	(40,208)	(56,122)	(45,146)	(37,385)	(24,744)
Non-controlling interests	(16,414)	(23,973)	(19,116)	(7,999)	(3,380)
	(56,622)	(80,095)	(64,262)	(45,384)	(28,124)

Report of the Directors

ASSETS AND LIABILITIES	2025 HK\$'000	As at 31 December			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Non-current assets	105,571	123,389	134,710	174,746	183,846
Current assets	112,095	157,728	196,228	234,791	345,753
TOTAL ASSETS	217,666	281,117	330,938	409,537	529,599
Current liabilities	182,806	191,591	190,637	194,666	245,837
Non-current liabilities	4,693	10,784	4,627	11,436	31,626
TOTAL LIABILITIES	187,499	202,375	195,264	206,102	277,463
NET ASSETS	30,167	78,742	135,674	203,435	252,136
NON-CONTROLLING INTERESTS	2,731	16,735	43,713	63,650	71,678

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 37% of the Group's total sales for the year and sales to the Group's largest customer accounted for approximately 20% of the Group's total sales for the year. Purchases from the Group's five largest suppliers accounted for approximately 83% of the Group's total purchases for the year and purchases from the Group's largest supplier accounted for approximately 40% of the Group's total purchases for the year.

None of the Directors or any of their associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")), or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

EMOLUMENT POLICY

As at 31 December 2025, the Group had approximately 207 full time management, administrative, technical and production staff (including the directors of the Group) in the PRC and Hong Kong. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practice. The Group's Directors and employees in Hong Kong joined the Mandatory Provident Fund Scheme.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC and Hong Kong while the Shares are listed on the Stock Exchange. Hence, our establishment and operations shall comply with relevant laws and regulations in the PRC, Hong Kong and the respective place of incorporation of the Company and its subsidiaries. In addition, the Company is required to comply with the Listing Rules.

During the year ended 31 December 2025 and up to the date of this annual report, the Group has been involved in certain legal proceedings as set in the note 41 to the consolidated financial statements. Save as disclosed in other part of this report, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

Report of the Directors

ENVIRONMENTAL POLICIES AND PERFORMANCE

The fundamental task of senior management of the Group is always leading the management to concern environmental protection, perform social responsibility as an enterprise citizen, strengthen corporate governance, promote healthy and orderly development of the Group, and create more economic value and social utility for stakeholders such as consumers, upstream suppliers, downstream distributors, Shareholders, potential investors, management, employees, communities and even the environment.

DIRECTORS

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

Executive Director:

Mr. Law Chun Choi

Non-executive Director:

Mr. Yu Shui Sang Bernard (redesignated on 15 January 2025)

Mr. Lum Pak Sum (resigned on 15 January 2025)

Independent non-executive Directors:

Mr. Choi Pun Lap

Mr. Wong Yue Kwan Alan

Ms. Tsang Ngo Yin

Mr. Yu Shui Sang Bernard (redesignated to Non-executive Director on 15 January 2025)

Pursuant to Bye-law 108(A) and code provision B.2.2 of Appendix C1 to the Listing Rules, at each annual general meeting (the “AGM”) of the Company, 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. The retiring Director(s) shall be eligible for re-election. Accordingly, Mr. Law Chun Choi and Mr. Wong Yue Kwan Alan shall retire from office by rotation at the forthcoming AGM. Mr. Law Chun Choi and Mr. Wong Yue Kwan Alan, being eligible, will offer themselves for re-election at the forthcoming AGM.

The Company has received written confirmation of independence from each of the existing independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent in accordance with the Listing Rules.

DIRECTORS’ AND SENIOR MANAGEMENT’S BIOGRAPHIES

Biographical details of the Directors and senior management of the Group are set out on pages 9 to 11 of this report.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

Mr. Law Chun Choi had entered into service contract with the Company for an initial term of three years, which had continued after the expiration until terminated by not less than three months' notice in writing served by either party on the other.

Mr. Yu Shui Sang Bernard, Mr. Choi Pun Lap, Mr. Wong Yue Kwan Alan and Ms. Tsang Ngo Yin had entered into letter of appointments with the Company for an initial term of three years, which is renewable for a successive term of three years upon expiry of every term of his appointment, unless terminated in accordance with the terms of the appointment letter.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

None of the Directors or their respective associates has any business or interest that competes or may compete with the business of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as the related party transactions set out in note 37 to the consolidated financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

UPDATES ON DIRECTOR'S INFORMATION

Upon specific enquiry by the Company and following confirmations from the Directors, save as set out below, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules for the year ended 31 December 2025 and up to the date of this report:

Ms. Tsang Ngo Yin was appointed as an independent director of China Liberal Education Holdings Limited, a company listed on the NASDAQ Capital Market (NASDAQ: CLEU) on 8 May 2020. China Liberal Education Holdings Limited was delisted from NASDAQ on 3 June 2025, and its shares have been trading on the OTC Pink Current Market (OTC Markets) since 3 June 2025 under the symbol "CLEUF". In addition, Ms. Tsang was appointed as an independent non-executive director by International Genius Company (stock code: 0033) on 20 October 2025 and subsequently she resigned with effect from 23 March 2026.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, none of the Directors or the chief executive of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code").

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' and chief executive's interests and short positions in shares and underlying shares" above and in the share option scheme disclosures in note 35 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors, chief executive or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and chief executive to acquire such rights in any other body corporate.

Report of the Directors

CONTRACTS OF SIGNIFICANCE

No contracts of significance in relation to the Group's business in which the Company, any of its subsidiaries or fellow subsidiaries, or its parent company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

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

At 31 December 2025, so far as is known to the Directors, the interests or short positions of the persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register maintained by the Company required to be kept under Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company:

Name	Capacity	Number of Shares or underlying Shares held	Approximate percentage of interest held (Note 2)
Wealthy Port Holdings Limited ("Wealthy Port") (Note 1)	Beneficial owner	384,796,566	74.64%
Mr. Chim Pui Chung (Note 1)	Interest in controlled corporation	384,796,566	74.64%

Notes:

- These 384,796,566 Shares are beneficially held by Wealthy Port. The issued capital of Wealthy Port is held by Mr. Chim Pui Chung. Under the SFO, Mr. Chim Pui Chung is deemed to be interested in all the Shares and underlying Shares held by Wealthy Port.
 - The Company has issued the 2024 CN in the principal amount of HK\$30,000,000 to Wealthy Port on 29 November 2024. The 2024 CN subscription price was partially set-off against the amount due by the Company to Wealthy Port as a Shareholder in the amount of HK\$22,676,844 and the balance of HK\$7,323,156 was paid by Wealthy Port in cash upon completion. Based on the initial conversion price of HK\$0.1 per conversion share, a maximum number of 300,000,000 conversion shares will be allotted and issued upon exercise of the conversion rights attaching to the 2024 CN in full. Upon maturity date on 28 November 2025, 275,000,000 conversion shares had been allotted and issued to Wealthy Port upon exercise of the conversion rights attaching to the 2024 CN in full.
- Based on the total number of issued Shares (i.e. 515,520,000 Shares) of the Company as at 31 December 2025.

Report of the Directors

Save as disclosed above, as at 31 December 2025, the Company had not been notified of any persons (other than the Directors and chief executive of the Company) having any interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONNECTED TRANSACTIONS

Save as disclosed in this report and notes 32, 33 and 37 to the consolidated financial statements, the Group has not entered into any other connected transaction or continuing connected transaction for the year which should be disclosed pursuant to the requirements of Chapter 14A of the Listing Rules.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 21 to 30 of this report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Further discussion on the Group's environmental policy and our relationship with various stakeholders are covered by a separate Environmental, Social and Governance Report which will be available at the Group's website and the website of the Stock Exchange at the same time as the publication of the annual report with no later than four months after the end of the financial year.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float during the year and up to the date of this report as required under the Listing Rules.

PERMITTED INDEMNITY PROVISION

The Company had arranged for appropriate liability insurance for the Directors and officers of the Group for indemnifying their liabilities arising from corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) when this report prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the financial reporting, risk management and internal controls of the Group. Members of the Audit Committee at the date of this report comprised all three Independent Non-executive Directors, namely, Mr. Choi Pun Lap, Mr. Wong Yue Kwan Alan and Ms. Tsang Ngo Yin.

The Group's financial statements for the year ended 31 December 2025 have been reviewed by the Audit Committee, who are of the opinion that such statements comply with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

Report of the Directors

AUDITORS

Zhonghui Anda CPA Limited (“**Zhonghui**”) has resigned as the auditor of the Company with effect from 5 January 2021 and Elite Partners CPA Limited (“**Elite Partners**”) was appointed as the new auditor of the Company with effect from 6 January 2021 to fill the casual vacancy following the resignation of Zhonghui, until the conclusion of the 2021 annual general meeting of the Company. Elite Partners has resigned as the auditor of the Company with effect from 5 November 2024 and Jon Gepsom CPA Limited (“**JGCPA**”) was appointed as the new auditor of the Company to fill casual vacancy following the resignation of Elite Partners, until the conclusion of the 2025 annual general meeting of the Company. Save as disclosed above, there was no other change in the Company’s auditor in the past three years.

JGCPA retires and a resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Law Chun Choi

Executive Director

Hong Kong

27 March 2026

Corporate Governance Report

CORPORATE STRATEGY

The principal objective of the Company is to enhance long-term growth for its shareholders. To achieve this objective, the Group focuses on achieving recurring and sustainable earnings.

COMPANY'S CULTURE

The Board believes that you have to be honest so as to win the trust of the others and also you have to work hard so as to be successful. The Group's business development will be based on these beliefs which form the foundation and, sooner or later, the Company will become a very successful corporate in the future. Hence, we have anti-bribery and corruption policy and whistleblowing policy to provide guidance to our employees in compliance with anti-corruption laws and regulations especially when dealing with gifts and hospitality.

In addition, our whistleblowing policy empower our employees and stakeholders to play an active role in protecting our business. They can seek guidance and report misconduct anonymously to the Company. All reports are handled with care and fairness so as to ensure that whistleblowers are protected against unfair dismissal and unwarranted disciplinary actions.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance practices and procedures. The Company endeavors to ensure that its businesses are conducted in accordance with the rules and regulations and applicable codes and standards.

The Board reviews and improves the corporate governance practices from time to time to ensure that the interests of its shareholders are properly protected and promoted.

During the year under review, the Company has complied with all the applicable code provisions ("**Code Provision(s)**") of the Corporate Governance Code (the "**Code**") contained in Appendix C1 to the Listing Rules, except for the deviations as disclosed in this report.

BOARD OF DIRECTORS

(1) Responsibilities

The Board is responsible for the management and strategic directions of the Company. The Board is also accountable to shareholders for the performance and activities of the Company. The day-to-day management, operation and administration of the Company are delegated to the management, while certain key matters such as making recommendation of final dividend or other distributions are reserved for the approval by the Board. Other major corporate matters that are delegated by the Board to management include execution of business strategies, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

The Directors are responsible for the preparation of consolidated financial statements which give a true and fair view of the Company for each financial period. In preparing the financial statements, the generally accepted accounting standards in Hong Kong have been adopted and accounting standards issued by the Hong Kong Institute of Certified Public Accountants have been complied with. Appropriate accounting policies have been selected and applied consistently. The accounts are prepared on a going concern basis with supporting assumptions or qualifications as necessary. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Group.

Corporate Governance Report

BOARD OF DIRECTORS (Continued)

(1) Responsibilities (Continued)

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.

The Company had arranged for appropriate liability insurance for the Directors and officers of the Group for indemnifying their liabilities arising from corporate activities.

Details of Directors' attendance at the Board meetings, Audit Committee meetings, Remuneration Committee meeting, Nomination Committee meeting and general meetings held for the year ended 31 December 2025 are set out in the table below:

Directors	No. of meetings attended/entitled to attend				General Meetings
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
<i>Executive Director</i>					
Mr. Law Chun Choi	7/7	N/A	1/1	N/A	1/1
<i>Non-executive Director</i>					
Mr. Yu Shui Sang Bernard (redesignated on 15 January 2025)	7/7	N/A	1/1	1/1	1/1
Mr. Lum Pak Sum (resigned on 15 January 2025)	0/0	N/A	N/A	0/0	0/0
<i>Independent non-executive Directors</i>					
Mr. Choi Pun Lap	7/7	3/3	1/1	1/1	1/1
Mr. Wong Yue Kwan Alan	6/7	3/3	1/1	1/1	1/1
Ms. Tsang Ngo Yin	7/7	3/3	N/A	1/1	1/1

Code Provision C.1.6

Code Provision C.1.6 of the Code provides that independent non-executive Directors and non-executive Directors should generally attend general meetings of the Company.

Corporate Governance Report

BOARD OF DIRECTORS *(Continued)*

(2) Board Composition

The Board currently comprises one executive Director, one non-executive Director and three independent non-executive Directors. The Board members during the year ended 31 December 2025 and up to the date of this report were:

Executive Director:

Mr. Law Chun Choi

Non-executive Director:

Mr. Yu Shui Sang Bernard (redesignated on 15 January 2025)

Mr. Lum Pak Sum (resigned on 15 January 2025)

Independent non-executive Directors:

Mr. Choi Pun Lap

Mr. Wong Yue Kwan Alan

Ms. Tsang Ngo Yin

Mr. Yu Shui Sang Bernard (redesignated to Non-executive Director on 15 January 2025)

Each of the Directors' appointment is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the memorandum of association and the bye-laws of the Company.

The biographies of the Directors are set out on pages 9 to 10 of this annual report.

There is no relationship (including financial, business, family or other material or relevant relationship) among the members of the Board.

During the year ended 31 December 2025, the Company has received a written confirmation of independence from the existing independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board is of the view that all the independent non-executive Directors are independent in accordance with the Listing Rules. All the independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise.

Corporate Governance Report

BOARD OF DIRECTORS *(Continued)*

(3) Directors' Training

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company also provides relevant reading materials to Directors to help ensure they are apprised of the roles, functions and duties of being a director of a listed company and the development of their knowledge on the regulatory updates whenever necessary or appropriate.

During the year under review, the Company provided training materials to all Directors to keep them abreast of the latest development of legal, regulatory and corporate governance. The Company has received the records of training from all Directors.

COMPANY SECRETARY

The Company Secretary of the Company is Mr. Law Chun Choi, a practising and fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Chartered Governance Institute and the Chartered Governance Institute. During the year, Mr. Law has taken not less than 15 hours of relevant professional training.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Further discussion on the Group's environmental policy and our relationship with various stakeholders are covered by a separate Environmental, Social and Governance Report which will be available at the Group's website at www.hk0058.com and the website of the Stock Exchange at the same time as the publication of the annual report. The Board places its emphasis on the Group's performance in sustainable development by formulating policies and measures to manage the operations in relation to the environmental and social performance and results. The Group reviews its sustainability-related policies in a timely manner to ensure timely compliance with the policies and measures.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Choi Pun Lap (chairman of the Audit Committee), Mr. Wong Yue Kwan Alan and Ms. Tsang Ngo Yin. They together have substantial experience in the fields of accounting, business, corporate governance and regulatory affairs. The Committee is responsible for reviewing the Company's financial information, financial and accounting policies and practices adopted by the Group, compliance of Listing Rules and statutory requirements, risk management, internal control and financial reporting matters of the Group. The Committee also monitors the appointment, remuneration and function of the Group's external auditor.

The Audit Committee had reviewed the annual report for the year ended 31 December 2025 and the interim report for the six months ended 30 June 2025 which was of the opinion that such reports were prepared in accordance with the applicable accounting standards and requirements. The Audit Committee also monitored the Company's progress in implementing the Code as required under the Listing Rules.

Corporate Governance Report

AUDITOR'S REMUNERATION

The statement of the Group's external auditor, Jon Gepsom CPA Limited (2024: Jon Gepsom CPA Limited), about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 31 to 36.

During the year under review, the total fees paid/payable in respect of audit services and non-audit services provided by the external auditor are set out below:

	2025 HK\$'000	2024 HK\$'000
Audit services	648	649
Non-audit services	82	103
	730	752

REMUNERATION COMMITTEE

The Remuneration Committee, currently comprises one executive Director, namely Mr. Law Chun Choi, one non-executive Director, namely Mr. Yu Shui Sang Bernard and three independent non-executive Directors, namely, Ms. Tsang Ngo Yin (chairman of the Remuneration Committee), Mr. Choi Pun Lap and Mr. Wong Yue Kwan Alan, is responsible for determining, reviewing and evaluating the remuneration packages of the executive Directors and making recommendations to the Board from time to time.

During the year under review, the Remuneration Committee reviewed the existing remuneration policies and the remuneration package of the Directors. Pursuant to the updated Listing Rules to take effect on 1 January 2023, the Remuneration Committee has been empowered to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

Details of remuneration paid to each of the Directors during the year are set out in note 13 to the consolidated financial statements. Under the Code Provision E.1.5, the remuneration paid/payable to the 3 individuals of the senior management during the year were within the remuneration band from nil to HK\$1,000,000.

NOMINATION COMMITTEE

The Nomination Committee currently comprises three independent non-executive Directors namely, Mr. Wong Yue Kwan Alan (chairman of the Nomination Committee), Mr. Choi Pun Lap and Ms. Tsang Ngo Yin and one non-executive Director, namely, Mr. Yu Shui Sang Bernard. It is responsible for the appointment of new Directors. To maintain the quality of the Board with a balance of skills and experience, the Committee will identify individuals suitably qualified to become Directors when necessary. In evaluating whether an appointee is suitable to act as a Director, the Committee will consider the experience, qualification and other relevant factors.

During the year under review, the Nomination Committee reviewed the structure, size and composition of the Board and made recommendations to the Board on appointment, retirement and re-appointment arrangement of the Directors. In addition, the Nomination Committee has made endeavors to identify suitable candidates, through referrals and interviews, so as to have achieved that the Board has at least one Director with different gender since the last quarter of 2024. Hence, the Board is committed to have a Board consisting of more than one gender.

As regards the nomination procedures and the process, please refer to the Terms of Reference of the Nomination Committee which are available on the Company's website at www.hk0058.com.

Corporate Governance Report

DIVERSITY OF THE BOARD

The Board adopted a board diversity policy. The Company recognises and embraces the benefits of having a diverse Board and perceives increasing diversity at Board level as an essential element in contributing to the attainment of the Company's strategic objectives and sustainable development. The Company seeks to promote Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

The Nomination Committee is responsible for the review of the Board's diversity policy and review the measurable objectives annually that the Board has set for implementing the Board's diversity policy, and monitor the progress on achieving the measurable objectives. The Company confirms that, Ms. Tsang Ngo Yin, who has been appointed as an independent non-executive director of the Company on 24 December 2024, has obtained the legal advice as referred in Rule 3.09D of the Listing Rules on 24 December 2024. In addition, Ms. Tsang has confirmed that she understood her obligations as a director of a listed issuer. At present, the Nomination Committee considered that the diversity of the Board is sufficient and the Board considered that the requirement under Rule 13.92 of the Listing Rules had been complied with.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining sound and effective risk management and internal control systems for the Group, as well as reviewing the effectiveness of these systems. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. These systems also safeguard the Group's assets, ensure proper maintenance of accounting records and reliability of financial reporting and compliance with operating procedures as well as relevant legislation and regulations.

During the year under review, the Group does not have an internal audit function and has engaged external professional consultant (the "**internal control auditors**") to conduct review of the internal control system of the Group. The internal control auditors were responsible for the analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems of the Group. At the same time, they also assessed the risks inherent to the business and operation, and conducted reviews or audits to provide reasonable, and not absolute, assurance that adequate governance and controls are in place to address such risks.

The Board has conducted annual review of the effectiveness of the risk management and internal control systems of the Group including financial control, operational control, compliance control, information systems security, effectiveness of financial reporting and considered such systems are effective and adequate.

Main Features of the Risk Management and Internal Control Systems

The Directors have the overall responsibility for internal control, including risk management, and set appropriate policies having regard to the objectives of the Group. The Group's policies and procedures, including parameters for delegated authorization, provide a framework for identification and management of risks. The Board takes responsibility to oversee all major matters of the Group, including the formulation and approval of all policies, overall strategies, risk management and internal control systems after taking into consideration of the recommendations made by the relevant committees, as well as monitoring the performance of the senior management and approving the detailed operational and financial report, budget and business plan submitted by the management. Meanwhile, the Executive Directors conduct regular reviews with the management team of each core business on their authorised functions and work.

Corporate Governance Report

INTERNAL CONTROL AND RISK MANAGEMENT *(Continued)*

Main Features of the Risk Management and Internal Control Systems *(Continued)*

The management designs, implements and monitors the risk management and internal control systems, and ensures the effective performance of these systems; monitors risks and takes measures to mitigate risks in daily operations; provides timely responses and follow-up actions to findings on internal control matters raised by internal control auditors or by external auditors; and provides confirmation to the Board on the effectiveness of these systems.

The Audit Committee is responsible for the ongoing review of the Group's risk management and internal control functions. On behalf of the Board, the Audit Committee regularly reviews the Group's risk management and internal control systems; ensures that the management has performed its duty for effective systems; considers major investigation findings on risk management and internal control matters and management's responses to these findings.

Internal Audit

The internal control auditors perform internal audit annually on financial and operational systems and to assess the internal control system for any weakness and identify risk and problem areas. They also review the effectiveness of risk management and internal control systems. The audit results are communicated to the audited business unit. The internal control auditors report on the internal control weaknesses, make recommendations for improvement and suggest remedial actions. The internal audit reports comprise the findings of material internal control defects, which are graded by high level, middle level and low level risks, the recommendations and management's responses. The specific measures for remedial actions, the responsible persons and the expected completion period for those actions are also set out in the report.

The Directors have meetings with the internal control auditors regularly. During the meetings, the internal control auditors report their findings and follow up actions on their audits to the Directors. The internal control auditors also meet with the Board and Audit Committee, annually or biannually, with presentation of their audit reports. They communicate with the Board about major findings on risk management and internal control matters, the recommendations for improvement and the suggested remedial actions. The internal control auditors also make follow up reviews on the implementation of corrective measures for the correction of the internal control defects.

For the year under review, the Audit Committee considered that the Group's risk management and internal control systems were adequate and effective.

Inside Information

In respect of the compliance with the requirements of the SFO and the Listing Rules to identify, handle and disseminate inside information (having the meaning under the SFO), the Group has adopted appropriate policy to ensure that inside information of the Group is to be disseminated in the public in equal and timely manner and in accordance with the applicable legislation and regulations. It is the obligation of the Board to ensure the Company's compliance with its disclosure responsibilities. The Company must disclose inside information to the public as soon as reasonably practicable, unless the "safe harbours" provisions under the SFO apply. The Board shall take reasonable precautions for preserving the confidentiality of inside information and the relevant announcement (if applicable) before publication. The Board is also responsible to guard against mishandling of inside information. The Directors and relevant employees are notified of the regular blackout period and securities dealing restrictions. No persons other than those authorised by the Board shall disclose or clarify any inside information, or attempt to do so, in particular to the media, analysts or investors. Any disclosure of inside information must be made through the electronic publication system operated by the Stock Exchange and the Company's Website at www.hk0058.com.

Corporate Governance Report

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in the Code. The corporate governance duties performed by the Board for the year ended 31 December 2025 are summarised below:

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct applicable to employees and directors; and
- (e) to review the issuer's compliance with the code and disclosure in the Corporate Governance Report.

The Company has complied with the Code Provisions as set out in the Code contained in Appendix C1 to the Listing Rules during the year ended 31 December 2025 and as at the date of this report, except for the following deviations:

Identity of the chairman and chief executive and whether their roles are separate

Following the resignation of Mr. Li Chongyang, former Managing Director, and Mr. Fok Po Tin, former Chairman, on 27 August 2021 and 1 January 2022 respectively, the Company had no designated Director to act as a chairman or a chief executive. The responsibility of a chairman or a chief executive rests with the board of directors of the Company and the Company fails to comply with Code Provision C.2.1 of the Code contained in Appendix C1 to the Listing Rules.

The Company has made endeavors however more time is required to identify suitable candidates to be the chairman and chief executive in order to comply with the Code. The Company will continue with such endeavors and will comply with the Code as soon as possible.

ANTI-BRIBERY AND CORRUPTION POLICY

The Company has adopted the policy on anti-bribery and corruption. This policy is to ensure that all of the Company's businesses are conducted in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and it is committed to acting professionally, fairly and with integrity in all the business dealings and relationships wherever it operates and to implement and enforce effective systems to counter bribery and corruption.

This policy sets out the management's and employees' responsibilities to observe and prevent bribery and corruption issues.

This policy also provides information and guidance to all employees on how to recognise and deal with bribery and corruption issues. Training forms part of the induction process for all employees who work for the Company and regular training will be provided, as necessary.

WHISTLEBLOWING POLICY

The Board strongly believes that the key to the Company's success is the firm commitment to a set of business principles and ethics. These principles and ethics cover all aspects of our operations.

The purpose of this policy is to provide the employees of the Group and other third parties (e.g. customers, suppliers, contractors and etc.) ("**Third Party(ies)**") to raise concerns about misconducts, malpractices or irregularities in any matters related to the Group confidentially.

Corporate Governance Report

WHISTLEBLOWING POLICY *(Continued)*

Whistleblowing refers to a situation where an employee or a Third Party decides to report serious concerns about any suspected misconduct, malpractice or irregularity. This policy is intended to encourage and assist Whistleblowers to disclose information relevant to suspected misconduct, malpractice or irregularity through a confidential reporting channel. The Company will handle the report with care and will treat the Whistleblower's concerns fairly and properly.

The Audit Committee has overall responsibility for implementation, monitoring and periodic review of this policy.

BOARD INDEPENDENCE

The Company has adopted the policy on Board access to independent professional advice. The Board, Board committees or individual Directors may seek such independent professional advice, views and input as considered necessary to fulfil their responsibilities and in exercising independent judgment when making decisions in furtherance of their Directors' duties at the Company's expense (the "**Mechanism**"). The Mechanism is established to ensure that independent views and input are available to the Board.

Independent professional advice shall include legal advice and advice of accountants and other professional financial advisers on matters of law, accounting, tax and other regulatory matters.

Any advice obtained through the Mechanism shall be duly documented and made available to other members of the Board.

The Board shall review the implementation and effectiveness of the Mechanism on an annual basis.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirms that all Directors have complied with the required standard set out in the Model Code throughout the year.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to ensure that the Group complies with disclosure obligations under the Listing Rules and other applicable laws and regulations, and that all shareholders and potential investors have an equal opportunity to receive and obtain externally available information issued by the Company, to enable the shareholders and the potential investors to make an informed decision on their investments in the shares and other securities of the Company, and to actively participate in the activities organised by the Company for them. The Company communicates with the shareholders and the potential investors through various channels, including annual and interim reports, annual general meetings and special general meetings, announcements and circulars.

The Company welcomes the attendance of shareholders at general meetings to express their views. All the Directors are encouraged to attend the general meetings to have personal communication with shareholders. The external auditor is also required to be present to assist the Directors in addressing any relevant queries by shareholders. The Directors' attendance information has to be included in the poll vote results announcement.

According to the Company's Shareholders' communication policy, corporate communications will be provided to Shareholders in plain language by both English and Chinese versions to facilitate Shareholders' understanding. Shareholders are encouraged to access the Company's corporate communications electronically via the Company's website (www.hk0058.com) so as to protect the environment. Shareholders may change their choice of language (either English and/or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

Information published by the Company pursuant to the Listing Rules will be made available on each of the websites of the Stock Exchange and the Company at www.hk0058.com to enable the shareholders and the potential investors to have better understanding of the Company and its latest development. All key information such as announcements, annual and interim reports can be downloaded from either of these websites.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

(1) Procedures for shareholders to convene special general meeting ("SGM")

According to the Company's Shareholders' rights policy, pursuant to No. 65 of the Bye-laws of the Company, the Board shall, on the requisition in writing of the shareholders of not less than one-tenth of the paid-up capital of the Company, proceed to convene a SGM; and such SGM shall be held within two months after the deposit of such requisition.

If within twenty-one days of such deposit the Board fails to proceed to convene the SGM, the requisitionists may themselves convene a SGM in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (as amended).

(2) Procedures for putting forward proposals at shareholders' meeting

Pursuant to Sections 79 and 80 of the Companies Act 1981 of Bermuda (as amended), Shareholders can submit a written requisition to move a resolution at shareholders' meeting. The number of shareholders shall represent not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the shareholders' meeting, or who are no less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the shareholders' meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's office in Hong Kong at 3/F., Mandarin Commercial House, 38 Morrison Hill Road, Wanchai, Hong Kong, for the attention of the Company Secretary not less than six weeks before the shareholders' meeting in case of a requisition requiring notice of a resolution.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

(3) Procedures for shareholders to propose 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 made available under the Corporate Governance section of the Company's website at www.hk0058.com.

(4) Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders and the investment community may make enquiries to the Board by addressing them to the Company Secretary by post to the head office of the Company at 3/F., Mandarin Commercial House, 38 Morrison Hill Road, Wanchai, Hong Kong.

CONSTITUTIONAL DOCUMENTS

The Company adopted an amended bye-laws of the Company by a special resolution passed on 15 June 2022. There were no other changes in the Company's constitutional documents during the year.

Independent Auditor's Report



TO THE SHAREHOLDERS OF SUNWAY INTERNATIONAL HOLDINGS LIMITED

新威國際控股有限公司

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Sunway International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 37 to 108, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of 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 and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards 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 the consolidated financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$56,622,000 during the year ended 31 December 2025. As at 31 December 2025, the Group's current liabilities exceeds its current assets by approximately HK\$70,711,000. These conditions, together with other matters described in note 2 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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

Impairment assessment on trade and bill receivables, deposits and other receivables

Refer to notes 22 and 23 to the consolidated financial statements respectively.

As at 31 December 2025, the Group has trade and bill receivables, deposits and other receivables, net of allowance of credit losses, of approximately HK\$77,543,000 and HK\$4,586,000 respectively. Management judgment was required in assessing and determining the recoverability of trade and bill receivables, deposits and other receivables, and determining the adequacy of allowance made.

In determining whether there was objective evidence of impairment loss, the Group apply provision matrix based on historical observed default rate and adjusted for forward-looking information except for those debtors who are assessed individually or credit-impaired which may require management judgment.

We focused on this area due to the impairment assessment of trade and bill receivables, deposits and other receivables under the expected credit loss model involved the use of significant judgments and estimates.

Our audit procedures in relation to management's impairment assessment on trade and bill receivables, deposits and other receivables included:

- understanding the Group's procedures on credit period given to customers with the management;
- checking, on a sample basis, the aging profile of the trade and bill receivables, deposits and other receivables to the underlying financial records;
- obtaining management's assessment of ECL of trade and bill receivables, deposits and other receivables and assessed the reasonableness of the key underlying information referenced by the management;
- assessing the appropriateness of the expected credit loss provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses; and
- assessing the adequacy of the consolidated financial statement disclosures relating to impairment under expected credit loss model on trade and bill receivables, deposits and other receivables.

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

Key audit matter

How our audit addressed the key audit matter

Valuation of property, plant and equipment

Refer to notes 6 and 17 to the consolidated financial statements.

Our audit procedures in relation to management's determination of the valuation of property, plant and equipment included:

As at 31 December 2025, certain of the Group's property, plant and equipment with carrying amounts of approximately HK\$67,166,000 are measured at revalued amounts and gain on revaluation of property, plant and equipment with gross amounts of approximately HK\$5,124,000 recognised in the consolidated statement of profit or loss and other comprehensive income.

- understanding the methodologies used by the independent external valuer;
- evaluating the competence, capabilities and objectivity of the independent external valuer;
- assessing and challenging the appropriateness of key assumption based on our knowledge of the business and industry; and
- checking the accuracy and appropriateness of the input data used.

The fair value of the Group's property, plant and equipment is determined by adopting the valuation techniques with assumptions of market conditions involving estimates and judgments. The Group also engaged a firm of an independent qualified professional firm of valuer to establish and determine the appropriate valuation techniques.

We focused on this area due to the valuation of property, plant and equipment involved the use of significant assumptions and judgment.

Independent Auditor's Report

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 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 THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

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

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

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

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

Independent Auditor's Report

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Ho Kwan with Practising Certificate number P07543.

Jon Gepsom CPA Limited

Certified Public Accountants

Room 1003-05, 10/F, Siu On Centre, 188 Lockhart Road
Wan Chai, Hong Kong

27 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	8	205,194	256,385
Cost of sales		(184,237)	(212,553)
Gross profit		20,957	43,832
Other income	9	465	374
Other gains and losses, net	10	(973)	(7,037)
Impairment losses recognised under expected credit loss model, net of reversal	12	(11,309)	(38,815)
Selling and distribution expenses		(38,158)	(54,086)
Administrative expenses		(22,930)	(22,105)
Other operating expenses		(3,216)	(4,323)
Finance costs	11	(2,038)	(2,146)
Loss before tax		(57,202)	(84,306)
Income tax credit	14	580	4,211
Loss for the year	12	(56,622)	(80,095)
Loss for the year attributable to:			
Owners of the Company		(40,208)	(56,122)
Non-controlling interests		(16,414)	(23,973)
		(56,622)	(80,095)
Loss per share	16	(16.57)	(30.71)
Basic and diluted (HK cents)			

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Loss for the year	(56,622)	(80,095)
Other comprehensive income/(loss):		
<i>Item that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of financial statements of foreign operations	3,501	(10,832)
<i>Items that will not be reclassified to profit or loss:</i>		
Gain/(loss) on revaluation of property, plant and equipment	5,124	(191)
Tax effect of revaluation of items of property, plant and equipment	(1,280)	48
Other comprehensive income/(loss) for the year, net of tax	7,345	(10,975)
Total comprehensive loss for the year	(49,277)	(91,070)
Total comprehensive loss for the year attributable to:		
Owners of the Company	(35,038)	(63,698)
Non-controlling interests	(14,239)	(27,372)
	(49,277)	(91,070)

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	17	67,166	79,991
Right-of-use assets	18	38,357	43,347
Goodwill	19	—	—
Intangible assets	20	48	—
Deposits paid for non-current assets	23	—	51
		105,571	123,389
Current assets			
Inventories	21	6,730	11,823
Trade and bill receivables	22	77,543	114,453
Amounts due from related parties	29	6,462	3,509
Prepayment, deposits and other receivables	23	15,892	17,350
Cash and cash equivalents	24	5,468	10,593
		112,095	157,728
Current liabilities			
Trade payables	25	85,341	91,836
Accruals and other payables	26	78,466	76,514
Contract liabilities	27	7,608	6,127
Lease liabilities	28	3,929	5,081
Amounts due to non-controlling interests	29	593	568
Interest-bearing borrowings	30	6,869	11,465
		182,806	191,591
Net current liabilities		(70,711)	(33,863)
Total assets less current liabilities		34,860	89,526

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Lease liabilities	28	1,204	4,912
Interest-bearing borrowings	30	3,489	5,872
		4,693	10,784
NET ASSETS			
		30,167	78,742
Capital and reserves			
Share capital	32	51,552	21,552
Convertible notes	33	6,300	35,736
Reserves	34	(30,416)	4,719
Equity attributable to owners of the Company			
Non-controlling interests		2,731	16,735
TOTAL EQUITY			
		30,167	78,742

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 March 2026 and are signed on its behalf by:

Yu Shui Sang Bernard
Director

Law Chun Choi
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company										Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Convertible notes HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Asset revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Statutory reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
As at 31 December 2023 and as at 1 January 2024	17,960	602,284	6,300	228,958	509	21,534	1,489	11,044	(798,117)	91,961	43,713	135,674
Loss for the year	—	—	—	—	—	—	—	—	(56,122)	(56,122)	(23,973)	(80,095)
Other comprehensive loss:												
Loss on revaluation of property, plant and equipment, net of tax	—	—	—	—	—	(112)	—	—	—	(112)	(31)	(143)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	(7,464)	—	—	(7,464)	(3,368)	(10,832)
Total comprehensive loss for the year	—	—	—	—	—	(112)	(7,464)	—	(56,122)	(63,698)	(27,372)	(91,070)
Issue of new shares	3,592	—	—	—	—	—	—	—	—	3,592	—	3,592
Issue of convertible notes	—	—	30,000	—	—	—	—	—	—	30,000	—	30,000
Share issuing expenses	—	(67)	—	—	—	—	—	—	—	(67)	—	(67)
Convertible notes issuing expenses	—	—	(564)	—	—	—	—	—	—	(564)	—	(564)
Disposal of property, plant and equipment	—	—	—	—	—	(4,708)	—	—	5,491	783	394	1,177
As at 31 December 2024 and as at 1 January 2025	21,552	602,217	35,736	228,958	509	16,714	(5,975)	11,044	(848,748)	62,007	16,735	78,742
Loss for the year	—	—	—	—	—	—	—	—	(40,208)	(40,208)	(16,414)	(56,622)
Other comprehensive income:												
Gain on revaluation of property, plant and equipment, net of tax	—	—	—	—	—	2,556	—	—	—	2,556	1,288	3,844
Exchange differences on translation of foreign operations	—	—	—	—	—	—	2,614	—	—	2,614	887	3,501
Total comprehensive income/(loss) for the year	—	—	—	—	—	2,556	2,614	—	(40,208)	(35,038)	(14,239)	(49,277)
Conversion of convertible notes	30,000	(564)	(29,436)	—	—	—	—	—	—	—	—	—
Disposal of property, plant and equipment	—	—	—	—	—	(2,808)	—	—	3,275	467	235	702
As at 31 December 2025	51,552	601,653	6,300	228,958	509	16,462	(3,361)	11,044	(885,681)	27,436	2,731	30,167

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities		
Loss before tax	(57,202)	(84,306)
Adjustments for:		
Amortisation of intangible assets	47	—
Depreciation of property, plant and equipment	15,767	13,217
Depreciation of right-of-use assets	6,825	2,308
Gain on deregistration of subsidiaries	—	(1,966)
Loss on disposal of property, plant and equipment	2,033	9,003
Finance costs	2,038	2,146
Bank interest income	(13)	(8)
Impairment losses recognised under expected credit loss model, net of reversal	11,309	38,815
Over-provision of other payables	(1,260)	—
Provision for compensation and cost for legal cases	1,695	2,684
Operating cash flows before movements in working capital	(18,761)	(18,107)
Change in inventories	5,395	(1,781)
Change in trade and bill receivables	15,394	(31,375)
Change in prepayment, deposits and other receivables	16,685	23,479
Change in amounts due from related parties	(3,332)	(3,404)
Change in trade payables	(10,329)	7,820
Change in contract liabilities	1,139	1,126
Change in accruals and other payables	(1,942)	9,172
Cash generated from/(used in) operations	4,249	(13,070)
Income tax refund	2	—
Net cash generated from/(used in) operating activities	4,251	(13,070)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Cash flows from investing activities		
Acquisition of property, plant and equipment	(115)	(9,438)
Deposits paid for non-current assets	—	(49)
Interest received	13	8
Purchase of intangible assets	(43)	—
Proceeds from disposal of property, plant and equipment	3,588	1,058
Net cash generated from/(used in) investing activities	3,443	(8,421)
Cash flows from financing activities		
Proceeds from issue of new shares	—	3,592
Proceeds from issue of convertible notes	—	30,000
Share issuing expenses	—	(67)
Convertible notes issuing expenses	—	(564)
Proceeds from new borrowings	1,213	17,503
Repayment of borrowings	(8,698)	(18,817)
Repayment of lease liabilities	(5,770)	(6,894)
Advance from a shareholder	—	4,000
Advance to a related party	(172)	—
Repayment to a shareholder	—	(22,677)
Interest paid	(1,080)	(1,272)
Net cash (used in)/generated from financing activities	(14,507)	4,804
Net decrease in cash and cash equivalents	(6,813)	(16,687)
Cash and cash equivalents at the beginning of the reporting period	10,593	27,749
Effect of foreign exchange rate changes	1,688	(469)
Cash and cash equivalents at the end of the reporting period	5,468	10,593

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

Sunway International Holdings Limited (the “**Company**”) is a limited liability company incorporated in Bermuda and the issued shares of which are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business are disclosed in the corporate information section to the annual report. Its immediate and ultimate holding company is Wealthy Port Holdings Limited (“**Wealthy Port**”), a company incorporated in Hong Kong and ultimately controlled by Mr. Chim Pui Chung.

The Company’s principal activity is investment holding. The Group is principally engaged in manufacturing and trading of pre-stressed high-strength concrete piles, ready-mixed concrete, autoclaved sand-lime bricks, aerated concrete products and eco-concrete products and related processing income (“**PHC piles and other products**”).

The consolidated financial statements are presented in thousands of units of Hong Kong dollar (“**HK\$’000**”), unless otherwise stated.

2. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on the historical cost basis except for certain property, plant and equipment that are measured at revalued amounts at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

For property, plant and equipment which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

Going concern basis

During the year ended 31 December 2025, the Group incurred a net loss of approximately HK\$56,622,000 (2024: HK\$80,095,000). As at 31 December 2025, the Group’s current liabilities exceeds its current assets by approximately HK\$70,711,000 (2024: HK\$33,863,000).

These conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

In view of these circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- taking active measures to collect trade, bill and other receivables to improve operating cash flows and its financial position;
- the management closely monitors the Group's customers base and it will be more selective to do business with those customers with better creditability so as to minimise the percentage of doubtful debts;
- the Group will more concentrate on sales of profitable products in order to enhance its profitability and to improve the cash flows from its operation in future;
- the Group will continue to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flows from its operation in the future; and
- the Group will strive to obtain additional financing facilities and/or fund-raising opportunities to support the Group's daily operations.

The directors have reviewed the Group's cash flow projection covering a period of not less than twelve months from 31 December 2025 prepared by the management and have considered the possible downward changes in its operating performance. They are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations when they fall due within twelve months from 31 December 2025. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

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

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in the consolidated financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the consolidated statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the consolidated financial statements and improve aggregation and disaggregation of information to be disclosed in the consolidated financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

Except as disclosed above, the directors anticipate that application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Basis of consolidation *(Continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (the "CGUs") (or group of CGUs) 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 is not larger than an operating segment.

A CGU (or group of CGUs) 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 an annual period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that annual 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 CGUs).

Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges 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 recognised 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. Hong Kong dollar ("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, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "Exchange fluctuation reserve" (attributed to non-controlling interests as appropriate).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost or revalued amount less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land 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 land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

The Group performs revaluations of the properties 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. Any revaluation increase arising from revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in asset 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 carrying amount arising on revaluation of property, plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, on the asset revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated losses.

Depreciation is recognised so as to write off their costs or valuation of assets less their residual values over the estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Buildings	2%–5%
Plant, machinery and office equipment	10%–33%
Motor vehicles	20%
Furniture and fixtures	10%–33%

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 asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Lease

The Group as lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of offices that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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 as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of 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 to which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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 carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets

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 generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the 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.

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. 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.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade and bill receivables, amounts due from related parties, deposits and other receivables and cash and cash equivalents). The amount of ECL is updated at the end of each reporting period 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. Assessments 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 past events and current conditions at the end of the reporting period as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade and bill receivables without significant financing component.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(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 as at the end of the reporting period with the risk of a default occurring on the financial instrument as 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- 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.

(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).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

(ii) Definition of default *(Continued)*

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 dissolved. 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.

(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. The Group uses a practical expedient in estimating ECL on trade and bill receivables by using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

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.

Lifetime ECL for certain trade and bill receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL *(Continued)*

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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 and bill receivables where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Financial liabilities at amortised cost

Financial liabilities including trade payables, accruals and other payables (excluded accrued staff cost, other tax payables and provision of compensation and cost for legal cases), amounts due to non-controlling interests and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss, net for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Borrowing cost

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good (or a bundle of goods) that is distinct or a series of distinct goods that are substantially the same.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue from contracts with customers *(Continued)*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good.

A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

- (a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);
- (b) a refund liability/contract liability; and
- (c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

Government grants

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

Government grants relate to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "Other income".

Employee benefits

Retirement benefit obligations

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Employee benefits *(Continued)*

Retirement benefit obligations *(Continued)*

The Group contributes to a defined contribution Mandatory Provident Fund retirement benefits scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Scheme Ordinance for all employees in Hong Kong. Contributions are made based on a percentage of the employees’ relevant income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed in the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at 5% of the employees’ relevant income subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.

The employees of the Company’s subsidiaries which operate in the People’s Republic of China (the “**PRC**”) are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group’s employer contributions vest fully with the employees when contributed in the central pension scheme.

Short-term and other long-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 unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities’ carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS Accounting Standards requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “loss 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 goodwill) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Taxation *(Continued)*

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.

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

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 in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

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 Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually 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.

Related party

A party is considered to be related to the Group if:

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or a parent 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 the members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Related party *(Continued)*

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

- (ii) One entity is an associate or joint venture of another entity (or of 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.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person is identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of the parent of the entity).
- (viii) The entity, or any member of the Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close family members 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.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting policies, which are described in note 4 to the consolidated financial statements, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgments in applying accounting policies

The following is the critical judgments, apart from those involving estimation, the directors 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.

Going concern basis

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the outcome of the basis as set out in note 2 to the consolidated financial statements.

Key sources of estimation uncertainty

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated impairment of right-of-use assets and intangible assets

Right-of-use assets and intangible assets are stated at costs or revalued amount less accumulated depreciation and amortisation and accumulated impairment losses, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying amount of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2025, the carrying amounts of right-of-use assets and intangible assets subject to impairment assessment were HK\$38,357,000 (2024: HK\$43,347,000) and HK\$48,000 (2024: nil) respectively.

Fair value measurement of property, plant and equipment

As at 31 December 2025, certain of the Group's property, plant and equipment amounting to approximately HK\$67,166,000 (2024: HK\$79,991,000) are measured at revalued amount with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value. See note 6 for further disclosures.

Provision of ECL for trade and bill receivables, deposits and other receivables and amounts due from related parties

Trade and bill receivables with significant balances or credit-impaired and all other financial assets measured at amortised costs are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade and bill receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's financial assets measured at amortised cost are disclosed in note 39 to the consolidated financial statements. The carrying amounts (net of allowance for credit losses) of trade and bill receivables, deposits and other receivables and amounts due from related companies were approximately HK\$77,543,000 (2024: HK\$114,453,000), HK\$4,586,000 (2024: HK\$8,940,000) and HK\$6,462,000 (2024: HK\$3,509,000) as at 31 December 2025 respectively. The impairment loss recognised under expected credit loss model on trade and bill receivables were approximately HK\$25,000,000 (2024: HK\$28,519,000), reversal of impairment losses of approximately HK\$14,532,000 on deposits and other receivables (2024: impairment losses of HK\$10,296,000) and impairment losses recognised on amounts due from related companies of approximately HK\$841,000 (2024: nil) for the year ended 31 December 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FAIR VALUE MEASUREMENTS

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engage a firm of an independent qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the findings to the directors at the end of each reporting period to explain the cause of fluctuations in fair value of the asset.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the events or change in circumstances that caused the transfer.

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 for both years.

(a) Disclosures of level in fair value hierarchy:

	As at 31 December 2025			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements:				
<i>Property, plant and equipment:</i>				
Buildings	—	—	39,806	39,806
Plant, machinery and office equipment	—	—	26,793	26,793
Motor vehicles	—	—	567	567
	—	—	67,166	67,166

	As at 31 December 2024			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Recurring fair value measurements:				
<i>Property, plant and equipment:</i>				
Buildings	—	—	42,115	42,115
Plant, machinery and office equipment	—	—	37,037	37,037
Motor vehicles	—	—	839	839
	—	—	79,991	79,991

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FAIR VALUE MEASUREMENTS (Continued)

- (b) Reconciliation of assets measured at fair value based on Level 3:

The reconciliation of fair value measurement of buildings, plant, machinery and office equipment and motor vehicles are included in note 17.

The revaluation gain or loss of buildings, plant, machinery and office equipment and motor vehicles are recognised as changes in asset revaluation reserve.

In estimating the fair value of buildings, plant, machinery and office equipment and motor vehicles, the highest and best use of buildings, plant, machinery and office equipment and motor vehicles is their current use.

Details of the Group's property, plant and equipment and information about the fair value hierarchy as at the end of the reporting period are as follows:

	2025		2024	
	Historical cost carrying amounts HK\$'000	Fair value at Level 3 hierarchy HK\$'000	Historical cost carrying amounts HK\$'000	Fair value at Level 3 hierarchy HK\$'000
Buildings	16,701	39,806	23,608	42,115
Plant, machinery and office equipment	17,509	26,793	28,797	37,037
Motor vehicles	207	567	532	839

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FAIR VALUE MEASUREMENTS (Continued)

- (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's buildings, plant, machinery and office equipment and motor vehicles was valued as at 31 December 2025 and 2024 by Moore Transaction Services Limited ("**Moore**"), a firm of independent valuer not connected to the Group.

The fair value of the assets was determined based on depreciated replacement cost method that reflects recent transaction prices for similar assets, adjusted for differences in the nature, location and condition of the assets. There has been no change to the valuation technique for both years.

Details of the Group's buildings, plant, machinery and office equipment and motor vehicles about the fair value hierarchy as at the end of the reporting period are as follows:

Property, plant and equipment	Location	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Buildings	PRC	Depreciated replacement cost method	Average construction cost	RMB1,500 to 1,900 (2024: RMB1,600 to 2,100) per square meter	The higher the average construction cost, the higher the fair value.
			Replacement cost rates	21% to 205% (2024: 16% to 219%)	The higher the replacement cost rates, the higher the fair value.
Plant, machinery, motor vehicles and office equipment	PRC	Depreciated replacement cost method	Replacement cost rates	97% to 105% (2024: 97% to 108%)	The higher the replacement cost rates, the higher the fair value.

- (d) Fair value of financial assets and liabilities that are not measured at fair value on a recurring basis

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the executive director of the Company, being the chief operating decision maker (the “**CODM**”), for the purpose of monitoring segment performance and allocating resources between segments and that are used to make strategic decisions.

The Group has one reportable segment for both years. The determination of the reportable segment is based on the information about the operations of the Group that management uses to make decisions.

Particular of the Group’s reportable segment is summarised as follows:

Sales and manufacturing of PHC piles and other products.

The CODM considered the Group has only one reportable and operating segment under HKFRS 8 *Operating Segments*, thus no other discrete financial information is provided other than the Group’s result and financial position as a whole.

Since all of the Group’s revenue were derived from the PRC and all of the Group’s non-current assets (excluded financial instruments) were located in the PRC for both years, no geographical segment information in accordance with HKFRS 8 is presented.

Information about major customer

Details of customers individually representing 10% or more of the Group’s revenue are as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A (<i>note</i>)	41,445	N/A
Customer B (<i>note</i>)	N/A	29,178
Customer C (<i>note</i>)	N/A	26,781

Except as disclosed above, no other customer contributed 10% or more to the Group’s revenue for both years.

Note:

The amounts disclosed above represent revenue from major customers in the respective years. Where “N/A” is shown, the revenue from that customer did not individually account for 10% or more of the Group’s total revenue in that year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. REVENUE

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers recognised at a point in time:		
PHC piles	40,520	49,028
Ready-mixed concrete	157,487	191,135
Concrete blocks	7,035	16,138
Other products	152	84
	205,194	256,385

Sales of PHC piles and other products

The Group manufactures and sells PHC piles and other products to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, as there is no further unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities at that point in time.

The products sold to customers are returnable to the Group within a reasonable period from receipt date, normally two days upon discovery of faulty products. Revenue from the sales is recognised based on the prices specified in the contracts, without netting off the estimated sales return due to extremely low return rate from past records.

Sales to customers are normally made with credit terms of one to three months from date of billing, except for certain well-established customers, where the term is extended to six months. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as contract liabilities.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contract for PHC piles and other products such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the sales contract that had an original expected duration of one year or less.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Bank interest income	13	8
Compensation income	446	319
Government grants	1	4
Sundry income	5	43
	465	374

During the year ended 31 December 2025, the Group recognised government grants of HK\$1,000 (2024: HK\$4,000) in respect of subsidies provided by the PRC local government as a support. There were no unfulfilled conditions or contingencies relating to these government grants.

10. OTHER GAINS AND LOSSES, NET

	2025 HK\$'000	2024 HK\$'000
Gain on deregistration of subsidiaries	—	1,966
Loss on disposal of property, plant and equipment	(2,033)	(9,003)
Loss on disposal of scrap materials	(200)	—
Over-provision of other payables	1,260	—
	(973)	(7,037)

11. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on leases liabilities	733	649
Interest on interest-bearing borrowings	1,305	1,497
	2,038	2,146

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging the following:

	2025 HK\$'000	2024 HK\$'000
Amortisation of intangible assets	47	—
Cost of material used	118,307	139,144
Carriage expense	55,498	78,078
Depreciation of property, plant and equipment	15,767	13,217
Depreciation of right-of-use assets	6,825	2,308
Provision for compensation and cost for legal cases	1,695	2,684
Auditor's remuneration:		
— audit services	648	649
— non-audit services	82	103
Impairment losses recognised/(reversal) under expected credit loss model:		
— trade and bill receivables	25,000	28,519
— deposits and other receivables	(14,532)	10,296
— amounts due from related parties	841	—
	11,309	38,815
Staff costs (including directors' remuneration):		
— salaries, allowances and benefits in kind	23,898	22,460
— discretionary bonus	84	135
— retirement benefits scheme contributions	2,944	2,713
	26,926	25,308

There was no forfeiture of retirement benefits scheme contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) in the Group for both years. As at 31 December 2025 and 2024, no forfeited contribution under the retirement benefits scheme of the Group is available to reduce the contribution payable in future years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

Analysis of directors' remuneration for both years is as follows:

	2025				
	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Executive director					
Mr. Law Chun Choi ("Mr. Law")	—	770	60	18	848
Non-executive directors					
Mr. Lum Pak Sum ("Mr. Lum") (resigned on 15 January 2025)	12	—	—	—	12
Mr. Yu Shui Sang Bernard ("Mr. Yu") (redesignated from independent non-executive director on 15 January 2025)	288	—	24	—	312
	300	—	24	—	324
Independent non-executive directors					
Mr. Choi Pun Lap	180	—	—	—	180
Mr. Yu Shui Sang Bernard ("Mr. Yu") (redesignated to non-executive director on 15 January 2025)	7	—	—	—	7
Mr. Wong Yue Kwan Alan	180	—	—	—	180
Ms. Tsang Ngo Yin	180	—	—	—	180
	547	—	—	—	547
	847	770	84	18	1,719

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' remuneration (Continued)

	2024				Total HK\$'000
	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Retirement benefits scheme contributions HK\$'000	
Executive director					
Mr. Law Chun Choi ("Mr. Law")	—	720	60	18	798
Non-executive director					
Mr. Lum Pak Sum ("Mr. Lum") (resigned on 15 January 2025)	300	—	25	—	325
Independent non-executive directors					
Mr. Choi Pun Lap	180	—	—	—	180
Mr. Yu Shui Sang Bernard ("Mr. Yu") (redesignated to non-executive director on 15 January 2025)	180	—	—	—	180
Mr. Wong Yue Kwan Alan	180	—	—	—	180
Ms. Tsang Ngo Yin (appointed on 24 December 2024)	4	—	—	—	4
	544	—	—	—	544
	844	720	85	18	1,667

The executive director's emoluments shown above were for his services in connection with the management of the affairs of the Company and the Group.

The non-executive director's and the independent non-executive directors' emoluments shown above were for their services as the directors of the Company.

Mr. Law, Mr. Yu and Mr. Lum are entitled to bonus payment which are determined based on one month's salaries or director's fee.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

13. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' remuneration (Continued)

There was no arrangements under which a director waived or agreed to waive any emoluments during the years ended 31 December 2025 and 2024.

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

Except for disclosed in note 37 to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company or any subsidiaries of the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the year.

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included two (2024: two) directors, details of whose remuneration are set out above. Details of remuneration of the remaining three (2024: three) highest paid individual(s) are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and benefits in kind	622	1,035
Discretionary bonus	—	50
Retirement benefits scheme contributions	40	42
	662	1,127

The remuneration of the remaining highest paid individuals fell within the band of below HK\$1,000,000 (2024: below HK\$1,000,000).

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. None of the directors or five highest paid individuals waived or agreed to waive any emoluments for both years.

(c) Senior management remuneration by band

The remuneration of senior management, excluding directors, is within the following band:

	Number of individuals	
	2025	2024
Nil – HK\$1,000,000	3	3

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. INCOME TAX CREDIT

	2025 HK\$'000	2024 HK\$'000
Current tax — PRC Enterprise Income Tax		
— Over-provision in prior years	(2)	(5,436)
Deferred tax (credit)/charge (<i>note 31</i>)	(578)	1,225
Income tax credit	(580)	(4,211)

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity are taxed at 8.25%, and profits above HK\$2,000,000 are taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements for both years. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The PRC subsidiaries are subject to the PRC Enterprise Income Tax at 25% for both years.

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax have been made for both years as the Group has no assessable profits arising in Hong Kong and PRC.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. INCOME TAX CREDIT (Continued)

A reconciliation of income tax credit and loss before tax is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(57,202)	(84,306)
Notional tax on loss before tax, calculated at the applicable tax rates in respective jurisdictions	(13,753)	(20,571)
Tax effect of expense not deductible for tax purpose	5,013	14,171
Tax effect of income not taxable for tax purpose	(569)	(324)
Tax effect of estimated tax losses not recognised	8,731	7,949
Over-provision in prior years	(2)	(5,436)
Income tax credit	(580)	(4,211)

15. DIVIDEND

No final dividend was paid or proposed during the year ended 31 December 2025 (2024: Nil), nor any dividend has been proposed by the board of directors subsequent to the end of the reporting period.

16. LOSS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
Loss:		
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	(40,208)	(56,122)
	2025 '000	2024 '000
Number of shares:		
Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	242,643	182,741

As the Company's outstanding convertible notes where applicable had an anti-dilutive effect to the basic loss per share calculation, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted loss per share for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant, machinery and office equipment HK\$'000	Motor vehicles HK\$'000	Furniture and fixtures HK\$'000	Total HK\$'000
As at 1 January 2025					
Cost or valuation	61,789	159,934	2,068	19	223,810
Accumulated depreciation and impairment	(19,674)	(122,897)	(1,229)	(19)	(143,819)
Carrying amounts	42,115	37,037	839	—	79,991
Carrying amounts as at 1 January 2025	42,115	37,037	839	—	79,991
Additions	—	115	—	—	115
Disposals	(3,164)	(2,414)	(43)	—	(5,621)
Gain on revaluation	4,197	476	451	—	5,124
Depreciation provided during the year	(5,166)	(9,889)	(712)	—	(15,767)
Exchange realignment	1,824	1,468	32	—	3,324
Carrying amounts as at 31 December 2025	39,806	26,793	567	—	67,166
As at 31 December 2025					
Cost or valuation	64,461	157,668	2,543	19	224,691
Accumulated depreciation and impairment	(24,655)	(130,875)	(1,976)	(19)	(157,525)
Carrying amounts	39,806	26,793	567	—	67,166

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings HK\$'000	Plant, machinery and office equipment HK\$'000	Motor vehicles HK\$'000	Furniture and fixtures HK\$'000	Total HK\$'000
As at 1 January 2024					
Cost or valuation	70,177	174,101	2,425	19	246,722
Accumulated depreciation and impairment	(18,738)	(124,617)	(921)	(19)	(144,295)
Carrying amounts	51,439	49,484	1,504	—	102,427
Carrying amounts as at 1 January 2024	51,439	49,484	1,504	—	102,427
Additions	—	9,438	—	—	9,438
Disposals	(6,729)	(3,330)	(2)	—	(10,061)
Gain/(loss) on revaluation	3,526	(3,549)	(168)	—	(191)
Depreciation provided during the year	(2,692)	(10,129)	(396)	—	(13,217)
Exchange realignment	(3,429)	(4,877)	(99)	—	(8,405)
Carrying amounts as at 31 December 2024	42,115	37,037	839	—	79,991
As at 31 December 2024					
Cost or valuation	61,789	159,934	2,068	19	223,810
Accumulated depreciation and impairment	(19,674)	(122,897)	(1,229)	(19)	(143,819)
Carrying amounts	42,115	37,037	839	—	79,991

As at 31 December 2025 and 2024, the Group's buildings, plant, machinery and office equipment and motor vehicles were valued by an independent professional qualified valuer, Moore, which has appropriate qualifications and recent experience in the valuation of similar assets.

As at 31 December 2025, certain buildings of the Group with carrying amounts of HK\$7,183,000 (2024: HK\$7,547,000) were pledged to secure the Group's interest-bearing borrowings (note 30).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. RIGHT-OF-USE ASSETS

	2025 HK\$'000	2024 HK\$'000
Carrying amounts as at 31 December		
— Plant and machinery	7,587	12,967
— Leasehold land	30,770	30,380
	38,357	43,347
Depreciation charge of right-of-use assets		
— Plant and machinery	5,864	1,342
— Leasehold land	961	966
	6,825	2,308
Expenses related to short-term leases and low value assets	307	272
Total cash outflow for leases	6,017	7,166

The Group leases various staff dormitory for its operations. Lease agreements are typically made for fixed period of 10 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. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

The carrying amounts of the leasehold land which is located in the PRC under the medium-term lease where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these leasehold land. Lump sum payments were made upfront to acquire these property interests from their previous owners, and there are no longer payments to be made under the term of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities. The leasehold land components of these owned properties are presented separately only if the payment can be allocated reliably.

In addition to the portfolio of short-term leases for office which are regularly entered into by the Group, whereby the Group entered into short-term leases for office during the years ended 31 December 2025 and 2024. As at 31 December 2025 and 2024, there was no outstanding lease commitments relating to short-term leases.

In addition, lease liabilities of approximately HK\$3,697,000 (2024: HK\$8,414,000) are recognised with related right-of-use assets of approximately HK\$7,587,000 (2024: HK\$12,967,000) as at 31 December 2025 and secured by the title of plant and machinery. At the end of the lease, the Group can purchase the plant and machinery at minimal cost.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. RIGHT-OF-USE ASSETS (Continued)

The recoverable amounts of the leasehold lands and plant and machinery have been determined based on their fair value less costs of disposal. The Group uses depreciated replacement cost method to estimate the fair value less costs of disposal of the assets by reference to valuation performed by Moore and concluded that no impairment loss was recognised for both years. The fair value measurement is categorised into Level 3 fair value hierarchy.

19. GOODWILL

For the purpose of impairment testing, goodwill has been allocated to one CGU, comprising a subsidiary in which operates the Group's PHC piles and other products businesses. The carrying amounts of goodwill as at 31 December 2025 and 2024 allocated to these units are as follows:

	PHC piles and other products HK\$'000
Cost	
As at 1 January 2024, as at 31 December 2024, as at 1 January 2025 and as at 31 December 2025	84,421
Accumulated impairment losses	
As at 1 January 2024, as at 31 December 2024, as at 1 January 2025 and as at 31 December 2025	84,421
Carrying amounts	
As at 31 December 2024 and as at 31 December 2025	—

Goodwill was fully impaired in 2023. As at 31 December 2024 and 2025, no goodwill is carried in the consolidated financial statements, and accordingly no impairment assessment is required in current year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

20. INTANGIBLE ASSETS

	Software HK\$'000
Cost:	
As at 1 January 2024, as at 31 December 2024 and as at 1 January 2025	—
Additions	94
Exchange alignment	2
As at 31 December 2025	96
Accumulated amortisation:	
As at 1 January 2024, as at 31 December 2024 and as at 1 January 2025	—
Amortisation	47
Exchange alignment	1
As at 31 December 2025	48
Carrying amount:	
As at 31 December 2025	48
As at 31 December 2024	—

Intangible asset represents the accounting software used by the Group. Such intangible asset is amortised on a straight-line basis over 2 years and its estimated remaining useful life is 1 year at the end of the reporting period. No impairment loss was recognised in respect of intangible assets for the year ended 31 December 2025.

21. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	5,532	5,524
Finished goods	1,198	6,299
	6,730	11,823

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. TRADE AND BILL RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables from contracts with customers	189,641	196,484
Less: allowance for credit losses	(113,320)	(84,111)
Trade receivables (net of allowance for credit losses)	76,321	112,373
Bill receivables	2,073	2,898
Less: allowance for credit losses	(851)	(818)
Trade and bill receivables (net of allowance for credit losses)	77,543	114,453

As at 1 January 2024, trade receivables arising from contracts with customers (before allowance for credit losses) amounted to approximately HK\$165,746,000.

As at 31 December 2025, all trade and bill receivables (net of allowance for credit losses) were denominated in Renminbi ("RMB").

The Group's trading terms with its customers are mainly on credit except for new customers, where payment in advance is normally required. For trade receivables resulted from sales of PHC piles and other products, the credit period is generally one to three months from the date of billing, except for certain well-established customers, where the term is extended to six months. The Group seeks to maintain strict control over its receivables to minimise credit risk.

As at 31 December 2025, all bill receivables are held by the Group for future settlement of trade receivables, of which certain bills with the amounts of approximately HK\$1,222,000 (2024: HK\$2,080,000) (net of allowance for credit losses) were further discounted by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period.

The following was the Group's financial assets as at 31 December 2025 and 2024 that were transferred to banks by discounting on a full recourse basis. As the Group has not transferred the significant risks and rewards, it continues to recognise the full carrying amounts and has recognised the interest-bearing borrowings (note 30). These financial assets are carried at amortised cost in the consolidated statement of financial position.

	2025 HK\$'000	2024 HK\$'000
Carrying amounts of bill receivables discounted to bank with full recourse (net of allowance for credit losses)	1,222	2,080
Carrying amounts of interest-bearing borrowings (note 30)	(1,222)	(2,084)
Net position	—	(4)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

22. TRADE AND BILL RECEIVABLES (Continued)

(a) Aging analysis

The aging analysis of trade and bill receivables (net of allowance for credit losses), based on earlier of the invoice date or revenue recognition date, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 3 months	54,896	57,028
4 to 6 months	7,971	32,259
7 to 12 months	7,619	25,166
Over 12 months	7,057	—
	77,543	114,453

(b) Impairment of trade and bill receivables

As at 31 December 2025, included in the Group trade and bill receivables (net of allowance for credit losses) balance are debtors with aggregates carrying amounts of approximately HK\$20,170,000 (2024: HK\$37,383,000), which are past due at the end of the reporting period. Out of the past due balances, HK\$12,938,000 (2024: HK\$16,592,000) (net of allowance for credit loss) has been past due 90 days or more and are not considered as default because of no recent history of default and the directors are in opinion these balances are still considered as collectible.

The following table shows the movement in lifetime ECL of trade and bill receivables that has been recognised under the simplified approach:

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2024	28,536	30,561	59,097
Impairment losses recognised	2,395	29,801	32,196
Impairment losses reversed	(2,224)	(1,453)	(3,677)
Transfer to lifetime ECL (credit-impaired)	(24,932)	24,932	—
Exchange realignment	(58)	(2,629)	(2,687)
As at 31 December 2024 and as at 1 January 2025	3,717	81,212	84,929
Impairment losses recognised	1,355	35,349	36,704
Impairment losses reversed	(739)	(10,965)	(11,704)
Transfer to lifetime ECL (credit-impaired)	(1,601)	1,601	—
Exchange realignment	148	4,094	4,242
As at 31 December 2025	2,880	111,291	114,171

Details of impairment assessment are set out in note 39.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

23. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Prepayment	8,043	2,449
Deposits paid	534	91
Other receivables	4,052	8,849
VAT and other taxes receivables	3,263	6,012
	15,892	17,401
Less: Deposits paid classified as non-current portion	—	(51)
	15,892	17,350

Prepayment with the amounts of HK\$3,160,000 (2024: nil) and HK\$4,136,000 (2024: HK\$2,059,000) related to carriage services and purchase of inventories as at 31 December 2025 respectively.

As at 31 December 2025, deposits and other receivables (net of allowance for credit losses) denominated in RMB are approximately HK\$4,547,000 (2024: HK\$8,901,000).

The following table show reconciliation on loss allowance of deposits and other receivables under general approach:

	12m ECL HK\$'000	Lifetime ECL (credit-impaired) HK\$'000	Total HK\$'000
As at 1 January 2024	2,706	11,461	14,167
Impairment losses recognised	8,686	1,784	10,470
Impairment losses reversed	(174)	—	(174)
Transfer to lifetime ECL (credit-impaired)	(319)	319	—
Exchange realignment	(189)	(290)	(479)
	10,710	13,274	23,984
As at 31 December 2024 and as at 1 January 2025	10,710	13,274	23,984
Impairment losses recognised	117	—	117
Impairment losses reversed	(10,548)	(4,101)	(14,649)
Written-off upon deregistration of a subsidiary	—	(6,637)	(6,637)
Exchange realignment	200	107	307
	479	2,643	3,122
As at 31 December 2025	479	2,643	3,122

Details of impairment assessment are set out in note 39.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

24. CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	5,468	10,593

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at floating rates based on daily bank deposit rates.

As at 31 December 2025, cash and cash equivalents of HK\$383,000 (2024: HK\$178,000) are denominated in RMB. RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Details of impairment assessment are set out in note 39.

25. TRADE PAYABLES

The aging analysis of trade payables, based on invoice date, at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 3 months	38,862	56,256
4 to 6 months	12,045	25,449
7 to 12 months	21,196	7,565
Over 12 months	13,238	2,566
	85,341	91,836

The average credit terms received from suppliers of the Group is one month. All trade payables are denominated in RMB as at 31 December 2025 and 2024.

26. ACCRUALS AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Accruals	11,791	10,438
Other payables	37,733	40,104
Other tax payables	1,361	1,227
Provision of compensation and cost for legal cases	27,581	24,745
	78,466	76,514

As at 31 December 2025, accruals and other payables denominated in RMB are approximately HK\$71,985,000 (2024: HK\$71,137,000).

The accruals mainly consist of accrued staff cost, accrued legal fees and accrued interest expenses of approximately HK\$5,342,000 (2024: HK\$5,059,000), HK\$784,000 (2024: HK\$1,234,000) and HK\$788,000 (2024: HK\$563,000) respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Deposits received from customers for sales of PHC piles and other products	7,608	6,127

As at 1 January 2024, contract liabilities amounted to approximately HK\$4,818,000.

Contract liabilities represented advance payments received from customers for sales of PHC piles and other products pursuant to the respective sales contracts before the control of the products are passed to the customers. All contract liabilities are denominated in RMB as at 31 December 2025 and 2024.

Contract liabilities with the amounts of approximately HK\$2,948,000 included in contract liabilities as at 31 December 2024 were recognised as revenue during the year ended 31 December 2025. Contract liabilities with the amounts of approximately HK\$671,000 included in contract liabilities as at 31 December 2023 were recognised as revenue during the year ended 31 December 2024.

28. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Within one year	3,929	5,081
Between one to two years	264	3,760
Between two to five years	940	826
More than five years	—	326
	5,133	9,993
Less: Amount due for settlement within 12 months (shown under current liabilities)	(3,929)	(5,081)
Amount due for settlement after 12 months	1,204	4,912

As at 31 December 2025, the effective incremental borrowing rate was between a range from 8.8% to 11.2% (2024: 8.8% to 11.2%).

All lease liabilities are denominated in RMB as at 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29. AMOUNTS DUE FROM/(TO) RELATED PARTY(IES)/NON-CONTROLLING INTERESTS

Amount due from a related party was unsecured, interest-free and repayable on demand.

Amounts due from related companies represented companies in which the Group's non-controlling interests have equity interests. The amounts due were unsecured, interest-free, and repayable on demand.

The amounts due from related parties are as follows:

	Maximum amounts outstanding during the year HK\$'000	2025 HK\$'000	2024 HK\$'000
Lin Zhenjun	222	180	—
Yangjiang Hengji Construction Materials Co., Ltd.* (陽江市恆基建材有限公司)	13,416	3,380	—
Yangjiang Triumphal Arch Hotel Co., Ltd.* (陽江市凱旋門大酒店有限公司)	3,509	2,902	3,509
		6,462	3,509

The following table show reconciliation on loss allowance of amounts due from related parties under general approach:

	12m ECL HK\$'000
As at 1 January 2024, as at 31 December 2024 and as at 1 January 2025	—
Impairment losses recognised	841
Exchange realignment	14
As at 31 December 2025	855

Details of impairment assessment are set out in note 39.

The amounts due to non-controlling interests are unsecured, interest-free and repayable on demand.

The amounts due from/(to) related parties/non-controlling interests are denominated in RMB as at 31 December 2025 and 2024.

* English name for identification purpose only

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. INTEREST-BEARING BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Unsecured other borrowings	1,891	7,468
Bank advances on discounted bill receivables	1,222	2,084
Secured bank borrowings	4,245	4,785
Unsecured bond	3,000	3,000
	10,358	17,337

The current and non-current interest-bearing borrowings were scheduled to repay as follows:

	2025 HK\$'000	2024 HK\$'000
Analysed into:		
On demand or within one year	6,869	11,465
Between one and two years	3,489	2,533
More than two years	—	3,339
	10,358	17,337
Less: Amounts due within one year shown under current liabilities	(6,869)	(11,465)
Amounts shown under non-current liabilities	3,489	5,872

The unsecured bond is interest bearing at 7.5% per annum and was matured in 2025. According to clause 5(A) of the terms and conditions of the bond instrument dated 3 April 2018, "Payment of principal will only be made upon maturity against surrender of the relevant certificate". However, the bondholder has been trying to locate the original bond certificate. Up to the date of this annual report, the Company is still waiting for the bondholder's updated information before the final settlement.

The unsecured other borrowings are interest bearing at 6.58% (2024: 6.58%) and guarantee executed by a company in which the Group's non-controlling interests have equity interest, as well as by other companies and will be matured in 2026 (2024: 2026).

The secured bank borrowings are interest bearing at loan prime rate determined by The People's Bank of China over a spread or minus a spread as appropriate and will mature in 2027 (2024: 2027). The interest rate on the Group's secured bank borrowings is 7.06% per annum (2024: 7.06% per annum).

The bank advanced on discounted bill receivables is interest bearing ranging at 1.1% per annum (2024: 1.91% to 2.01% per annum). The bank advanced on discounted bill receivables will be matured within 3 months (2024: 2 months) subsequent to the end of the reporting period.

Except for unsecured bond which is denominated in HK\$ for both years, all other borrowings are denominated in RMB for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. INTEREST-BEARING BORROWINGS (Continued)

The amounts due are based on the scheduled repayment dates set out in the respective borrowing agreements with no repayment on demand clause contained.

As at 31 December 2025, the bank borrowings were secured by buildings held by a subsidiary of the Group and guarantee provided by non-controlling interests of the Group. In addition, certain of the Group's assets are pledged to secure bank borrowings outstanding by the Group. The carrying amounts of these pledged assets at the end of the reporting period are as follows:

	Notes	2025 HK\$'000	2024 HK\$'000
Buildings	17	7,183	7,547

31. DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000
Deferred tax assets	12,278	11,662
Deferred tax liabilities	(12,278)	(11,662)
	—	—

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31. DEFERRED TAX (Continued)

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Provision for impairment loss of trade receivables HK\$'000	Revaluation of property, plant and equipment HK\$'000	Total HK\$'000
As at 1 January 2024	12,711	(12,711)	—
Charged to profit or loss (note 14)	(1,084)	(141)	(1,225)
Credited to other comprehensive income	—	48	48
Transferred to accumulated losses upon disposal of property, plant and equipment	—	1,177	1,177
Exchange realignment	35	(35)	—
As at 31 December 2024 and as at 1 January 2025	11,662	(11,662)	—
Credited/(charged) to profit or loss (note 14)	648	(70)	578
Charged to other comprehensive income	—	(1,280)	(1,280)
Transferred to accumulated losses upon disposal of property, plant and equipment	—	702	702
Exchange realignment	(32)	32	—
As at 31 December 2025	12,278	(12,278)	—

As at 31 December 2025, the Group has estimated tax losses of HK\$132,868,000 (2024: HK\$105,712,000) that are available for offsetting against future taxable profits of the group entities in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. The unrecognised tax losses could be carried forward indefinitely except for tax losses with the amount of approximately HK\$92,492,000 (2024: HK\$65,336,000) arising from the Group's PRC subsidiary will be expired within five years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31. DEFERRED TAX (Continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applied to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The applicable rate for the Group is 10%. The Group is therefore liable for 10% withholding taxes on dividends distributed by those subsidiaries established in PRC in respect of earnings generated from 1 January 2008.

As at 31 December 2025, there were no significant unrecognised deferred tax liabilities (2024: Nil) in respect of the unremitted earnings of the Group's subsidiaries as the Group controls the dividend policy of these subsidiaries and it has been determined that no dividend will be distributed by these subsidiaries in the foreseeable future.

32. SHARE CAPITAL

	Number of shares		Amounts	
	As at 31 December 2025 '000	As at 31 December 2024 '000	As at 31 December 2025 HK\$'000	As at 31 December 2024 HK\$'000
Ordinary shares of HK\$0.1 each				
Authorised:				
At the beginning/end of the reporting period	10,000,000	10,000,000	1,000,000	1,000,000
Issued and fully paid:				
At the beginning of the reporting period	215,520	179,600	21,552	17,960
Issue of new shares (note a)	—	35,920	—	3,592
Conversion of convertible notes (note b)	300,000	—	30,000	—
At the end of the reporting period	515,520	215,520	51,552	21,552

Notes:

- On 29 November 2024, the Company completed to issue and allot 35,920,000 new shares with the subscription price of HK\$0.1 per subscription share to Wealthy Port. The net proceeds of approximately HK\$3,525,000 will be used for general working capital of the Group.
- On 28 November 2025, 300,000,000 shares were allotted and issued upon conversion of convertible notes in the principal amount of HK\$30,000,000 at HK\$0.1 per conversion share.

All ordinary shares rank equally with regards to the Company's residual assets.

33. CONVERTIBLE NOTES

On 2 May 2014, the Company issued convertible notes (the "2014 CN") with an aggregate principal amount of HK\$300,000,000 in connection with the acquisition of Joint Expert Global Limited and its subsidiaries. The 2014 CN are denominated in HK\$, interest-free and were matured on 28 April 2017.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. CONVERTIBLE NOTES (Continued)

The 2014 CN holders are entitled the holders to convert the 2014 CN into ordinary shares of the Company at a conversion price of HK\$0.183 (adjusted) per conversion share (subject to the normal adjustments pursuant to the terms and conditions of the 2014 CN) at any time during the period commencing from the date of issuance of the 2014 CN to the maturity date. Unless conversion notice shall have been previously given by the note holder to the Company, the Company may, by giving the note holder not less than 7 days prior written notice at any time after the date of issuance of the 2014 CN, redeem the notes at a value equal to the principal amount of the notes to be redeemed. On maturity date, any 2014 CN not being redeemed or converted shall be converted into conversion shares at the conversion price subject to compliance with the Listing Rules. If any conversion will trigger breach of the Listing Rules, then the Company may convert such sum of the convertible notes into shares as it considers appropriate and the remaining balance will be cancelled immediately.

Under the 2014 CN, there is no contractual obligation to repay its principal nor to pay any distributions, they do not meet the definition of financial liabilities under Hong Kong Accounting Standard 32 *Financial Instruments: Presentation*. As a result, the 2014 CN was classified as equity.

During the year ended 31 December 2016, the Company redeemed 2014 CN with an aggregate principal amount of HK\$100,000,000 at its fair value of approximately HK\$89,155,000 to settle the profit guarantee compensation receivables. During the year ended 31 December 2023, 2014 CN with the principal amount of HK\$15,000,000 were surrendered. As the Relevant 2014 CN have been surrendered as mentioned under the sections of "Contingent Liabilities" and "Legal Proceedings", the corresponding equity, in the amount of HK\$6,300,000, relating to the Relevant 2014 CN be written off to accumulated losses as a movement of reserves during the year ended 31 December 2023. No redemption was made during the years ended 31 December 2025 and 2024. As at 31 December 2025 and 2024, the unconverted 2014 CN were under dispute with a third party and litigation is in progress as disclosed in note 41.

As at 31 December 2025, the 2014 CN of the Company with an aggregate principal amount of HK\$15,000,000 (2024: HK\$15,000,000) were still outstanding and are convertible into 1,639,344 shares (2024: 1,639,344 shares) with conversion price of HK\$9.15 (2024: HK\$9.15). The conversion price and number of convertible shares of the outstanding 2014 CN was adjusted on 23 November 2020 as a result of completion of capital reorganisation.

Based on the opinions obtained from the legal advisers of the Company, in view of the ongoing legal proceedings, the Company maintains the position that all remaining convertible notes of the Company are void and are not capable of converting into shares of the Company. Details are set out in note 42.

On 29 November 2024, the Company issued convertible notes (the "2024 CN") with the principal amount of HK\$30,000,000 to Wealthy Port. The 2024 CN are denominated in HK\$, interest-free and will be matured after 1 year from issuance date.

The 2024 CN holders are entitled to convert the 2024 CN into ordinary shares of the Company at a conversion price of HK\$0.1 per conversion share (subject to the normal adjustments pursuant to the terms and conditions of the 2024 CN) at any time during the period commencing from the date of issuance of the 2024 CN to the maturity date. Unless conversion notice shall have been previously given by the note holder to the Company, the 2024 CN shall be redeemable by the Company at any time before the maturity date. On maturity date, any 2024 CN not being redeemed or converted shall be automatically converted into conversion shares at the conversion price on the maturity date at the outstanding principal amount, subject to terms and conditions of the 2024 CN.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. CONVERTIBLE NOTES (Continued)

Under the 2024 CN, there is no contractual obligation to repay its principal nor to pay any distributions, they do not meet the definition of financial liabilities under Hong Kong Accounting Standard 32 *Financial Instruments: Presentation*. As a result, the 2024 CN was classified as equity.

As at 31 December 2024, the 2024 CN of the Company with an aggregate principal amount of HK\$30,000,000 were still outstanding and are convertible into 300,000,000 shares with conversion price of HK\$0.1. Upon maturity date on 28 November 2025, the 2024 CN was automatically converted into 300,000,000 conversion shares at the conversion price. As at 31 December 2025, there was no outstanding principal amount regarding 2024 CN.

34. RESERVES

(a) Share premium

The application of share premium is governed by Section 40 of the Companies Act 1981 of Bermuda (as amended) ("**Companies Act**").

(b) Contributed surplus

Contributed surplus represents the difference between the aggregate of the nominal values of the shares of the subsidiaries acquired at the date of acquisition, over the nominal value of the shares of the Company issued in exchange thereof and issued on incorporation.

In addition to the retained earnings, under the Companies Act (as amended), contributed surplus is also available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

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

(c) Capital redemption reserve

Capital redemption reserve represents the aggregate par value of shares which have been repurchased and cancelled.

(d) Asset revaluation reserve

Asset revaluation reserve has been set up and is dealt with in accordance with the material accounting policies information adopted for property, plant and equipment set out in note 4.

(e) Exchange fluctuation reserve

Exchange fluctuation reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in the exchange fluctuation reserve. Such exchange differences accumulated in the exchange fluctuation reserve shall be reclassified to profit or loss on disposal of the foreign operations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. RESERVES (Continued)

(f) Statutory reserve

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the subsidiaries established in the PRC, it is required to appropriate 10% of the profit arrived at in accordance with the PRC accounting standards for each year to a statutory reserve. The profit arrived at must be used initially to set off against any accumulated losses. The appropriations to statutory reserve, after offsetting against any accumulated losses, must be made before the distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital of the respective entity. This statutory reserve is not distributable in the form of cash dividends, but may be used to set off losses or be converted into paid-in-capital.

35. SHARE OPTION SCHEME

Share option scheme adopted on 17 June 2016 (the "Option Scheme")

The Option Scheme was adopted on 17 June 2016. The purpose of the Option Scheme is to recognise and acknowledge the contributions or potential contributions made or to be made by the eligible participants to the Group and the entity in which the Group holds any equity interest (the "**Invested Entity(ies)**"), to motivate the eligible participants to optimise their performance and efficiency for the benefit of the Group and the Invested Entities, and to maintain or attract business relationship with the eligible participants whose contributions are or may be beneficial to the growth of the Group and the Invested Entities.

Eligible participants of the Option Scheme include employee (whether full-time or part-time including any executive director), officer (including any non-executive director and independent non-executive director), substantial shareholder, consultant, agent, adviser, customer, business partner, joint venture partner, strategic partner, landlord or tenant of, or any supplier or provider of goods or services to, the Company or any subsidiary or any Invested Entity, or any trustee(s) of a discretionary trust of which one or more beneficiaries belong to any of the abovementioned category(ies) of persons, or any company beneficially owned by any of the abovementioned category(ies) of persons, or any other person who satisfies the criteria set out in the Option Scheme.

The Option Scheme, unless otherwise terminated or amended, will remain in force for a period of 10 years from the date of the offer for grant of the option. The maximum numbers of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be granted under the Option Scheme and other share option schemes adopted by the Company must not in aggregate exceed 30% of the shares in issue from time to time. The total number of shares which may be allotted and issued upon exercise of all options to be granted under the Option Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the shares of the Group in issue as at the date of adopting the Option Scheme, but the Company may seek approval of its shareholders in general meeting to refresh the 10% limit under the Option Scheme.

The total number of shares issued and to be issued upon exercise of the share options granted under the Option Scheme and other share option schemes of the Group (including both exercised and outstanding options) to each participant in any 12-month period up to the date of grant must not exceed 1% of the shares in issue at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting of the Company. Share options granted under the Option Scheme to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is also a grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK\$5 million, within any 12-month period up to and including the date of such grant, are subject to shareholders' approval in general meeting of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

35. SHARE OPTION SCHEME *(Continued)*

Share option scheme adopted on 17 June 2016 (the "Option Scheme") *(Continued)*

A share option may be accepted by a participant within 21 days from the date of the offer of the option. The exercise period of the share options granted is determinable by the directors in accordance with the terms of the Option Scheme, and commences from the date of acceptance of the offer of the share options and ends on a date which is not later than 10 years from the date of grant of the share options.

The subscription price shall be determined by the board of directors and notified to a participant at the time the grant of the option(s) (subject to any adjustments made pursuant to clause 9 in the Option Scheme) is made to (and subject to acceptance by) the participant and 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 grant date, which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date; and (c) the nominal value of the shares.

A nominal consideration of HK\$1 is payable on acceptance of the offer of an option. Share options do not confer rights on the holders to dividends or to vote at shareholders' meeting. Each option gives the holder the right to subscribe for one ordinary share in the Company.

During the years ended 31 December 2025 and 2024, no option has been granted, outstanding, exercised, lapsed or expired under the Option Scheme.

As of 1 January 2025 and 31 December 2025, the number of share options available for grant under the scheme mandate of the Option Scheme, which will be expired on 16 June 2026, were both 10,714,166. As at the date of the report, the total number of shares of the Company available for issue under the Option Scheme is 10,714,166 (2024: 10,714,166), representing approximately 2.08% of the entire issued shares (excluding treasury shares). No service provider sublimit was set under the Option Scheme.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. 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.

	Interest-bearing borrowings HK\$'000	Lease liabilities HK\$'000	Amounts due to non-controlling interests HK\$'000	Amount due to a shareholder HK\$'000	Interest payables HK\$'000	Total HK\$'000
As at 1 January 2024	18,511	1,820	476	18,677	338	39,822
Financing net cash flows	(1,314)	(6,894)	—	(18,677)	(1,272)	(28,157)
Non-cash changes:						
New leases entered (<i>note 45</i>)	—	14,266	—	—	—	14,266
Interest expense recognised	—	649	—	—	1,497	2,146
Exchange realignment	140	152	92	—	—	384
As at 31 December 2024 and as at 1 January 2025	17,337	9,993	568	—	563	28,461
Financing net cash flows	(7,485)	(5,770)	—	—	(1,080)	(14,335)
Non-cash changes:						
Interest expense recognised	—	733	—	—	1,305	2,038
Exchange realignment	506	177	25	—	—	708
As at 31 December 2025	10,358	5,133	593	—	788	16,872

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following material transactions with related parties:

Balances with other related parties

Balances with other related parties are set out in note 29 to the consolidated financial statements.

Transactions with related parties

	2025 HK\$'000	2024 HK\$'000
Service fee paid to a related company	200	—
Revenue from sales of PHC piles and other products to related companies	42	—
Rental expenses paid/payable to a related company	240	240

Compensation of key management personnel

Compensation of key management personnel of the Group, including directors' remuneration, as disclosed in note 13 to the consolidated financial statements is as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowance and benefits in kind	2,154	2,482
Discretionary bonus	84	135
Retirement benefits scheme contributions	49	53
	2,287	2,670

38. 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 balances. The Group's overall strategy remains unchanged during the current and prior years.

The capital structure of the Group consists of total liabilities and total equity. The Group monitors capital using a gearing ratio. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratio as at 31 December 2025 and 2024 are as follows:

	2025 HK\$'000	2024 HK\$'000
Total liabilities	187,499	202,375
Total equity	30,167	78,742
Debt to equity ratio	622%	257%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Categories of financial instruments:

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets measured at amortised cost:		
Trade and bill receivables	77,543	114,453
Amounts due from related parties	6,462	3,509
Deposits and other receivables	4,586	8,940
Cash and cash equivalents	5,468	10,593
	94,059	137,495
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade payables	85,341	91,836
Accruals and other payables	44,182	45,483
Amounts due to non-controlling interests	593	568
Interest-bearing borrowings	10,358	17,337
	140,474	155,224

The Group's major financial instruments are disclosed as above table. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign exchange risk, interest rate risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk

Foreign exchange risk

The Group's businesses are principally conducted in Hong Kong and the PRC. The majority of assets and liabilities are denominated in HK\$ and RMB. The Group has minimal exposure to foreign exchange risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective group entities. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and also by way of forward contracts when necessary.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate unsecured bond (note 30), bank advances on discounted bill receivables (note 30), unsecured other borrowings (note 30) and lease liabilities (note 28). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 24) and variable-rate secured bank borrowings (note 30). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and secured bank borrowings. The Group currently does not have an interest rate hedging policy. However, the directors monitor interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 5% (2024: 5%) increase or decrease in variable-rate bank balances and secured bank borrowings are used to represent management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate arising from variable-rate bank balances is insignificant.

If interest rates had been 5% (2024: 5%) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2025 would increase/decrease by approximately HK\$159,000 (2024: decrease/increase by HK\$179,000) respectively. This is mainly attributable to the Group's interest rates on its variable-rate secured bank borrowings.

(b) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and bill receivables, bank balances, amounts due from related parties, deposits and other receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL of trade and bills receivables	Basis for recognising ECL of other financial assets
Performing	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk and impairment assessment (Continued)

The table below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Internal credit rating	12m or lifetime ECL	2025 Gross Carrying amount HK\$'000	2024 Gross Carrying amount HK\$'000
Financial assets at amortised cost				
Trade receivables	(Note)	Lifetime ECL (not credit-impaired)	79,200	116,086
		Lifetime ECL (credit-impaired)	110,441	80,398
Bills receivables	Low risk	Lifetime ECL (not credit-impaired)	1,223	2,084
		Lifetime ECL (credit-impaired)	850	814
Refundable deposits and other receivables	Low risk	12m ECL	5,065	19,650
		Lifetime ECL (credit-impaired)	2,643	13,274
Amounts due from related parties	N/A	12m ECL	7,317	3,509
Cash at bank	N/A	12m ECL	5,436	10,537

Note:

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix, grouped by past due status.

Trade and bill receivables

Before accepting any new customer, 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 twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The Group only accepts bills issued or guaranteed by reputable PRC banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the endorsed or discounted bills is insignificant.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk and impairment assessment (Continued)

Trade and bill receivables (Continued)

Trade and bill receivables are assessed based on provision matrix, except for trade and bill receivables with gross carrying amounts of approximately HK\$111,291,000 (2024: HK\$81,212,000), which are credit-impaired, and are assessed individually. The Group performed impairment assessment for the trade and bill receivables equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk for trade and bill receivables which are assessed collectively based on provision matrix except for those who are assessed individually or credit-impaired:

	Expected loss rate	Gross carrying amounts HK\$'000	Loss allowance HK\$'000
Current (not past due)	1%	57,868	495
3 months past due	3%	7,457	225
4–6 months past due	5%	5,748	267
7–12 months past due	20%	9,350	1,893
As at 31 December 2025		80,423	2,880

	Expected loss rate	Gross carrying amounts HK\$'000	Loss allowance HK\$'000
Current (not past due)	1%	77,675	605
3 months past due	3%	21,462	671
4–6 months past due	5%	9,612	463
7–12 months past due	21%	9,421	1,978
As at 31 December 2024		118,170	3,717

The estimated loss rates are estimated based on historical observed default rates and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Credit risk and impairment assessment *(Continued)*

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for restricted bank deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies.

Deposits and other receivables

For deposits and other receivables, the management makes periodic individual assessment on the recoverability of amount due from a related company, deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL except for balances of HK\$2,643,000 (2024: HK\$13,274,000) were impaired based on lifetime ECL classified as credit-impaired respectively as a result of significant increase in credit risk as at 31 December 2025.

Amounts due from related parties

The Group regularly monitors the business performance of related parties. The Group's credit risks in these balances are mitigated through the value of the assets held by these entities and the power to participate the relevant activities of these entities. Allowance for credit losses for amounts due from related parties of approximately HK\$855,000 (2024: nil) was classified as 12m ECL as at 31 December 2025.

During the year ended 31 December 2025, the Group recognised impairment losses of approximately HK\$25,000,000 on trade and bill receivables, reversal of impairment losses of approximately HK\$14,532,000 on deposits and other receivables and impairment losses of approximately HK\$841,000 on amounts due from related parties (2024: impairment losses of HK\$28,519,000, HK\$10,296,000 and nil respectively).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk

Despite uncertainties mentioned in note 2 to the consolidated financial statements, the directors are of the opinion that the Group will have sufficient working capital to meet its cash flow requirements in the next twelve months. The directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

In management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has 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. The table includes both interest and principal cash flows.

As at 31 December 2025	On demand or within 1 year HK\$'000	1–2 years HK\$'000	Over 2 years HK\$'000	Total undiscounted cash flows HK\$'000
Trade payables	85,341	—	—	85,341
Accruals and other payables	44,182	—	—	44,182
Amounts due to non-controlling interests	593	—	—	593
Lease liabilities	4,208	355	1,067	5,630
Interest-bearing borrowings	7,178	3,678	—	10,856
	141,502	4,033	1,067	146,602

As at 31 December 2024	On demand or within 1 year HK\$'000	1–2 years HK\$'000	Over 2 years HK\$'000	Total undiscounted cash flows HK\$'000
Trade payables	91,836	—	—	91,836
Accruals and other payables	45,483	—	—	45,483
Amounts due to non-controlling interests	568	—	—	568
Lease liabilities	5,794	4,027	1,361	11,182
Interest-bearing borrowings	12,097	2,817	3,528	18,442
	155,778	6,844	4,889	167,511

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. SUBSIDIARIES

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

Name	Place/country of incorporation/ registration and operation	Class of shares held	Issued and fully paid share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
				2025 %	2024 %	
Directly held subsidiaries:						
First Billion Global Limited	British Virgin Islands ("BVI")	Ordinary	US\$1	100	100	Investment holding
Palestine Global Limited	BVI	Ordinary	US\$1	100	100	Investment holding
Ever Vision Enterprises Limited	Hong Kong	Ordinary	HK\$1	—	100	Deregistered (2024: Property development)
Indirectly held subsidiaries:						
Zhuhai Hoston Special Materials Co., Ltd. ("Zhuhai Hoston") [@]	PRC	Incorporated	RMB56,000,000	95	95	Investment holding
Guangdong Hengjia Building Materials Co., Ltd. ("Guangdong Hengjia") [*]	PRC	Incorporated	RMB50,000,000	66.5	66.5	Manufacturing and trading of PHC plies, bricks, aerated concrete products and eco-permeable concrete products

* English name for identification purpose only

@ The company is registered as a wholly-foreign owned enterprise under the PRC law.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. SUBSIDIARIES (Continued)

None of the subsidiaries had debt securities outstanding at the end of the reporting period or at any time during both years.

The subsidiaries in the PRC are private companies with limited liabilities.

The following table shows financial information of Guangdong Hengjia that has non-controlling interests material to the Group. The summarised financial information represents amounts before inter-company eliminations.

	2025 HK\$'000	2024 HK\$'000
As at 31 December		
Non-current assets	105,571	123,389
Current assets	144,849	183,278
Current liabilities	(229,516)	(238,647)
Non-current liabilities	(4,693)	(10,784)
Net assets	16,211	57,236
Non-controlling interests	4,258	17,717
For the year ended 31 December:		
Revenue	205,194	256,385
Loss for the year	(48,253)	(71,106)
Total comprehensive loss for the year	(40,157)	(81,610)
Loss for the year attributable to non-controlling interests	(16,165)	(23,821)
Total comprehensive loss for the year attributable to non-controlling interests	(13,453)	(27,340)
Dividends paid to non-controlling interests	—	—
For the year ended 31 December:		
Net cash generated from/(used in) operating activities	10,344	(4,307)
Net cash generated from/(used in) investing activities	3,431	(8,429)
Net cash used in financing activities	(15,123)	(9,124)
Net cash outflow	(1,348)	(21,860)

Except for Guangdong Hengjia, the directors consider that the Group's non-controlling interests were insignificant to the Group and thus are not separately presented in these financial statements for both years. In addition, no separate financial information of these non-wholly owned subsidiaries is required to be presented.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

41. LEGAL PROCEEDINGS

As at the date of this report, the Group was involved in the following material legal proceedings:

1. The Company/its subsidiary as the plaintiff

By a Generally Indorsed Writ of Summons dated 23 June 2015 and Statement of Claim dated 18 August 2015 issued by the Company and First Billion Global Limited, a wholly-owned subsidiary of the Company (collectively, the “**Plaintiffs**”) against Xiao Guang Kevin (蕭光) (“**Mr. Xiao**”) and Wang Zhining (王志寧) (“**Mr. Wang**”) (collectively, the “**Defendants**”), the vendor and the guarantor, respectively, all of whom were parties to a very substantial acquisition of the Company (the “**VSA**”) as announced by the Company in its announcement dated 30 January 2014 and its circular dated 31 March 2014, the Plaintiffs claimed that the Defendants had fundamentally breached the terms and conditions of the SPA (the “**SPA Legal Proceedings**”). Accordingly, the Plaintiffs were seeking to rescind the SPA under which, as part of the consideration price, the 2014 CN were issued by the Company to Mr. Xiao. As at 31 December 2025, the outstanding 2014 CN, with principal amount of HK\$15,000,000, were under dispute.

On 16 March 2017, the Plaintiffs filed an Amended Statement of Claim to the Court of First Instance to further claim against the Defendants for misrepresentation regarding the undisclosed guarantees given by Zhuhai Hoston in favour of Wang Tian (王天) which had led to the Group’s involvement in such litigation.

Pleadings had recently been amended on 16 September 2022, in that the Defendants had belatedly lodged counterclaims, as mentioned in note 42 under the section of “Contingent Liabilities”, against the Plaintiffs on 19 September 2022. The Plaintiffs accordingly prepared a defence to such counterclaims which was also filed on 17 November 2022. A Notice of Intention to Proceed was filed on 3 February 2026 that the Plaintiffs intended to proceed in this cause after the expiration of one calendar month from the date of the service of this notice.

2. The Company’s subsidiary as the defendant

Reference was made to the Company’s announcement dated 11 November 2016 and the Annual Report 2024 in relation to the legal proceedings involving 寇金水 (Kou Jinshui) and 珠海河川商貿有限公司 (Zhuhai Hechuan Commercial and Trade Co., Ltd.*) (“**Zhuhai Hechuan**”), independent third parties, as Plaintiffs and Zhuhai Hoston, an indirectly non-wholly owned (95%) subsidiary of the Company, as defendant. The outstanding amounts including interest due by Zhuhai Hoston to Kou Jinshui and Zhuhai Hechuan have been appropriately accounted for and included in provision of compensation and cost for legal cases under accruals and other payables (note 26) in the consolidated statement of financial position of the Group as at 31 December 2025.

Save as disclosed above and elsewhere in this report, as at the date of this report, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the directors to be pending or threatened by or against the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. CONTINGENT LIABILITIES

Please refer the details to the section under "Legal Proceedings" relating to the Plaintiffs (comprising the Company and First Billion Global Limited) and the Defendants (comprising Mr. Xiao and Mr. Wang) (note 41(1)). Pleadings have recently been amended on 16 September 2022, in that the Defendants have belatedly lodged counterclaims on 19 September 2022, in the total amount of HK\$262,000,000, against the Plaintiffs.

According to the legal opinion dated 31 March 2023 which is updated on 27 March 2026, the counterclaims, which may be disallowed, be recognised as contingent liability on the following groundings:

- (a) these counterclaims belatedly raised recently so that it may be time-barred and/or is an abuse of process of the court; and
- (b) the counterclaims may be dismissed because of the breaches, which are supported by an independent professional adviser's investigation report dated 24 July 2015, and misrepresentations made by the Defendants as stated in the Amended Statement of Claim.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	2025 HK\$'000	2024 HK\$'000
Non-current asset		
Investments in subsidiaries	—	—
Current assets		
Amounts due from subsidiaries	6,476	32,806
Prepayment and other receivables	394	390
Cash and cash equivalents	4,678	10,203
	11,548	43,399
Current liabilities		
Accruals and other payables	6,421	5,379
Interest-bearing borrowings	3,000	3,000
	9,421	8,379
Net current assets	2,127	35,020
NET ASSETS	2,127	35,020
Capital and reserves		
Share capital	51,552	21,552
Convertible notes	6,300	35,736
Reserves	(55,725)	(22,268)
TOTAL EQUITY	2,127	35,020

Signed on its behalf by:

Yu Shui Sang Bernard
Director

Law Chun Choi
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

(b) Reserves of the Company

Details of movements in the Company's reserves are as follows:

	Share premium HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 January 2024	602,284	228,958	509	(779,372)	52,379
Loss and total comprehensive loss for the year	—	—	—	(74,580)	(74,580)
Share issuing expenses	(67)	—	—	—	(67)
As at 31 December 2024 and as at 1 January 2025	602,217	228,958	509	(853,952)	(22,268)
Loss and total comprehensive loss for the year	—	—	—	(32,893)	(32,893)
Conversion of convertible notes	(564)	—	—	—	(564)
As at 31 December 2025	601,653	228,958	509	(886,845)	(55,725)

44. DEREGISTRATION OF SUBSIDIARIES

For the year ended 31 December 2024

During the year ended 31 December 2024, the Group deregistered Grand Insight Global Limited and its subsidiary. The net liabilities were as follows:

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Accruals and other payables	(1,240)
Tax payables	(726)
Net liabilities disposed of	(1,966)

Gain on deregistration of subsidiaries

	HK\$'000
Net liabilities disposed of	1,966
Gain on deregistration	1,966

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

45. MAJOR NON-CASH TRANSACTIONS

On 28 November 2025, 300,000,000 shares were allotted and issued upon conversion of convertible notes in the principal amount of HK\$30,000,000 at HK\$0.1 per conversion share.

During the year ended 31 December 2025, the Group acquired intangible assets amounting to approximately HK\$94,000, of which approximately HK\$51,000 was settled by way of deposits paid.

During the year ended 31 December 2024, the Group acquired property, plant and equipment with the amount of approximately HK\$14,266,000 by way of finance liabilities.

46. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 March 2026.