

Hong Kong Entertainment International Holdings Limited 港娛國際控股有限公司

(formerly known as “Wan Cheng Metal Packaging Company Limited 萬成金屬包裝有限公司”)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8291)

2025

ANNUAL REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Hong Kong Entertainment International Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) of the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries (together, the “Group”). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

3	Corporate Information
5	Chairman's Statement
6	Management Discussion and Analysis
19	Biographical Details of Directors and Senior Management
20	Corporate Governance Report
30	Environmental, Social and Governance Report
55	Directors' Report
64	Independent Auditor's Report
69	Consolidated Statement of Profit or Loss and Other Comprehensive Income
70	Consolidated Statement of Financial Position
72	Consolidated Statement of Changes in Equity
73	Consolidated Statement of Cash Flows
74	Notes to the Consolidated Financial Statements
134	Financial Summary

Corporate Information

DIRECTORS

Executive Directors:

Mr. Wang Yun
Mr. Zou Yonggang
Mr. Wang Shuai (Retired on 20 June 2025)

Independent Non-executive Directors:

Mr. Wong Sui Chi
Mr. Wu Chi King
Ms. Yin Suying

AUDIT COMMITTEE

Mr. Wong Sui Chi (*Chairman*)
Mr. Wu Chi King
Ms. Yin Suying

REMUNERATION COMMITTEE

Ms. Yin Suying (*Chairlady*)
Mr. Wong Sui Chi
Mr. Wu Chi King

NOMINATION COMMITTEE

Mr. Wu Chi King (*Chairman*)
Mr. Wong Sui Chi
Ms. Yin Suying

COMPANY SECRETARY

Ms. Tam Mei Chu

COMPLIANCE OFFICER

Mr. Wang Yun

AUTHORISED REPRESENTATIVES

Mr. Wang Yun
Ms. Tam Mei Chu

REGISTERED OFFICE

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

Room C84, 5/F, Building 5
Huilin Plaza, No. 5, Nanyuan South Road
Wumenqiao Street
Gusu District
Suzhou City, Jiangsu Province
The People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, V. Heun Building
138 Queen's Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windard 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

Corporate Information (Continued)

PRINCIPAL BANKERS

Dah Sing Bank Limited
China Merchants Bank Co., Ltd.,
Suzhou Ganjiang Road Branch

AUDITORS

Jon Gepsom CPA Limited (Appointed on 29 January 2024)
*Certified Public Accountants and
Public Interest Entity Auditor*
Room 1003-1005, 10/F
Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong

Elite Partners CPA Limited (Resigned on 29 January 2024)
Certified Public Accountants
Unit 1503, 15/F
Jubilee Centre
18 Fenwick Street
Wan Chai, Hong Kong

STOCK CODE

8291

COMPANY'S WEBSITE

www.irasia.com/listco/hk/hkentertainment/

Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "Board"), I am pleased to present the annual report of Hong Kong Entertainment International Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2025.

Over the years, our outstanding production management expertise and extensive industry experience have differentiated us from other low-end manufacturers in China. While increasing costs and the sluggish economy in China have undoubtedly caused many weaker manufacturers to lose their advantages and eventually go out of business, the resulting consolidation of the manufacturing industry has created a less crowded marketplace for the surviving companies.

We possess the management capability to navigate these challenges and have continued to significantly improve our cash flows by minimising fixed overhead costs, despite a difficult external environment marked by rising manufacturing and raw material costs. In 2025, the Group commenced operations in the retail trading sector, offering daily necessities, food products, and other consumer goods, along with customised services such as the re-packaging of clients' products. Moving forward, we aim to further develop this downstream business to extend our revenue streams and enhance overall business performance.

Although the prolonged sluggishness of China's economy continues to pose challenges, we remain optimistic about the Group's prospects, underpinned by our experienced management team and strong market reputation.

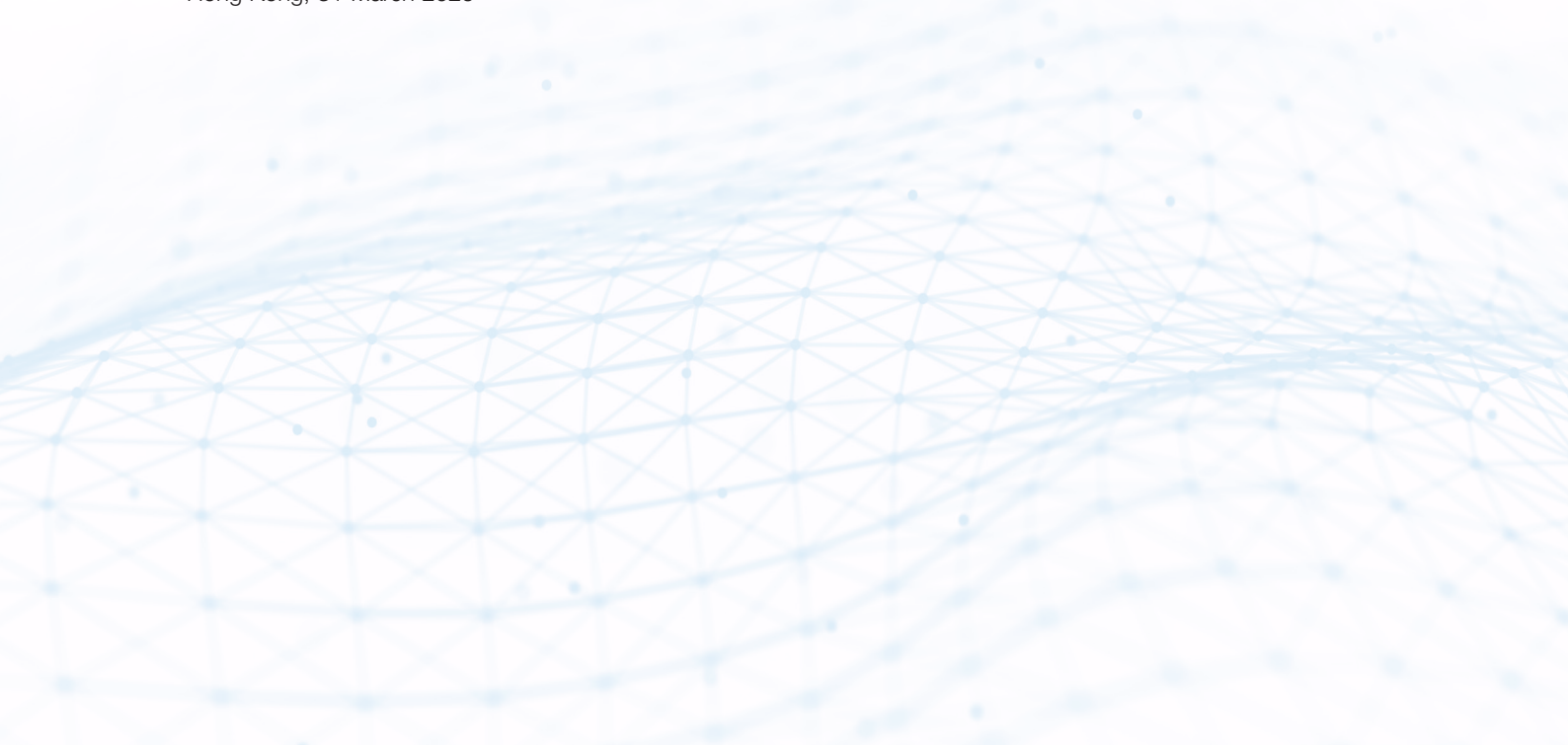
Lastly, on behalf of the Board and the management of the Group, I would like to express my sincere gratitude to all our staff for their unremitting efforts in 2025, and to all shareholders, investors, customers, suppliers, and business partners for their invaluable support.

On behalf of the Board,

Mr. Wang Yun

Executive Director

Hong Kong, 31 March 2026



Management Discussion and Analysis

BUSINESS ACTIVITIES

The Group is principally engaged in the manufacturing and sales of packaging products, the provision of customised packaging services and the retail sale of products, including but not limited to daily necessities and food products, in the PRC and Hong Kong. The shares of the Company were listed on the GEM of the Stock Exchange on 18 July 2017. Since the listing of the Company's shares on the GEM of the Stock Exchange, there has been no significant change in the business operations of the Group.

BUSINESS REVIEW AND PROSPECT

During the year ended 31 December 2025, the Group derived the revenue principally from the sale of packaging and other retail products and also provision of customised packaging services in the PRC and Hong Kong. Our major products consist of a diverse range of packaging materials designed to meet the specific packaging needs of various products. Beyond supplying these materials, we develop tailored solutions that consider our clients' brand identity and adapt to prevailing market conditions. Furthermore, we also engage in the distribution of the products of our clients and suppliers, offering a more comprehensive service.

The Group recorded a decrease in revenue by approximately RMB9.2 million, or approximately 16.9%, from approximately RMB54.5 million for the year ended 31 December 2024 to approximately RMB45.3 million for the year ended 31 December 2025, which was contributed by the decrease in the average selling price of the Group's packaging products and decrease in sales demand of repackaging services and retail sales during the year.

The profit for the year ended 31 December 2025 was approximately RMB3.3 million as compared to loss for the year of approximately RMB7.0 million for the year ended 31 December 2024. Such turnaround was mainly due to the fair value gain of the listed equity investments, and decrease in administrative and other expenses as the Group is executing a cost control strategy.

Looking forward, the Group is committed to further consolidating its market presence across a diversified range of packaging materials and customised packaging solutions, while continuing to expand its retail business of daily necessities and food products in both Hong Kong and the PRC. Leveraging our dual presence in these two key markets, we are well-positioned to serve a diverse clientele from Hong Kong's brands and discerning consumers to the vast and growing customer base in Mainland China.

As part of its strategy to broaden revenue streams, the Group plans to expand its sales channels to attract new customers for its comprehensive products and service portfolio across both jurisdictions. Amidst China's economic rebalancing where external demand remains robust but domestic consumption recovery faces structural headwinds — the Group aims to achieve stable growth and reduce concentration risk by diversifying its customer base across its packaging and retail segments in Hong Kong and the PRC. The Chinese government's intensified policy efforts to boost domestic demand, including consumption subsidies and social welfare enhancements, are expected to gradually support market sentiment and create new opportunities for our retail and packaging services.

Furthermore, to improve the Group's cash flows, the management team remains focused on implementing cost control strategies, including but not limited to minimising fixed overhead costs, while capitalising on growth opportunities arising from the evolving market landscape.

With the Group's experienced management team and reputation in the market, the Directors consider the Group to be well-positioned to compete against its competitors and future challenges.

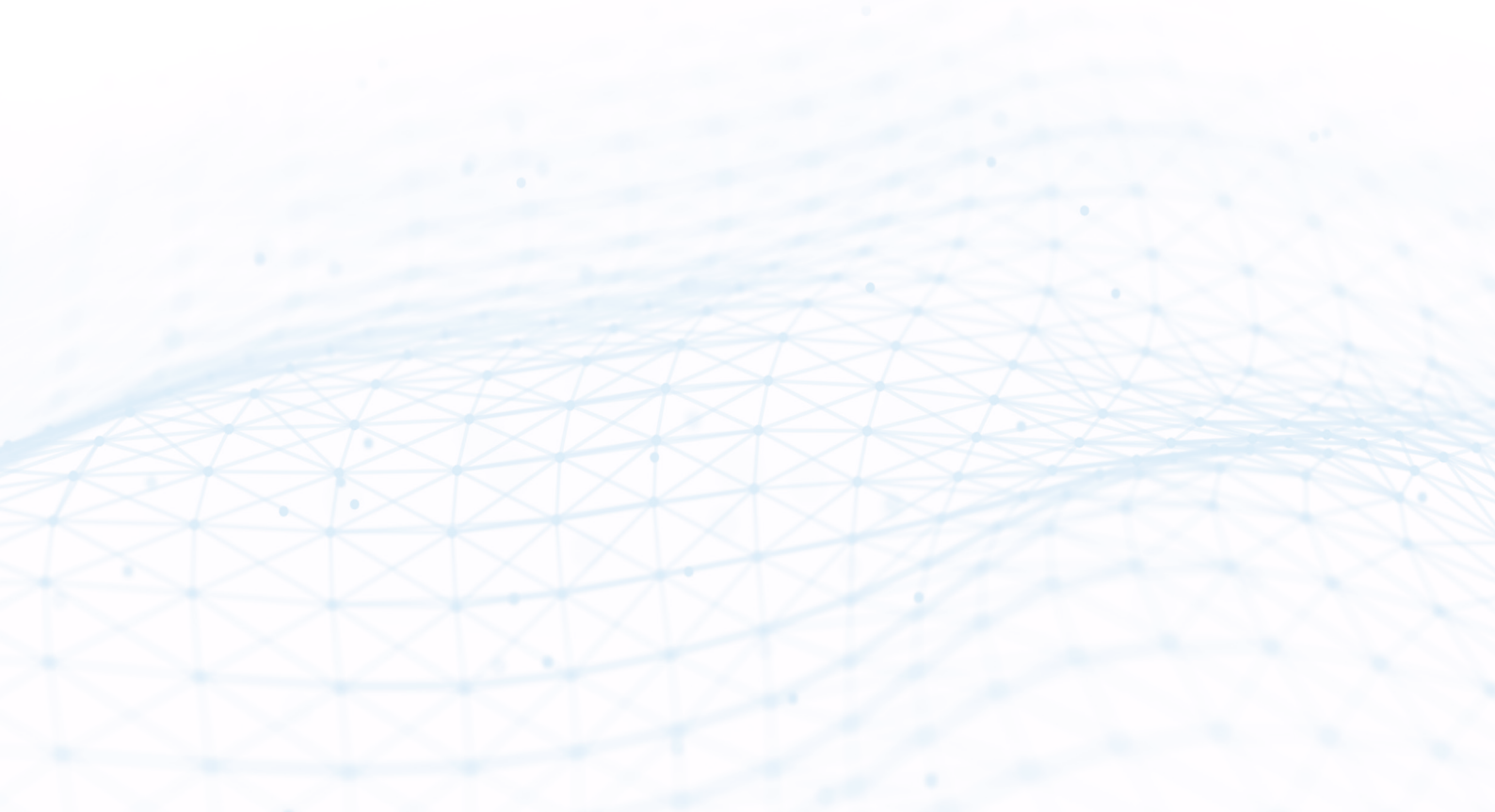
Management Discussion and Analysis (Continued)

DEBTS AND CHARGE ON ASSETS

The Group had secured borrowings of nil (2024: RMB28,000,000) and unsecured borrowings of approximately RMB74,573,000 (2024: RMB46,573,000) as at 31 December 2025.

As at 31 December 2024, bank borrowings of approximately RMB28,000,000 were secured by the leasehold land and buildings of a company wholly-owned by a former director (the “Former Director”). The unutilised banking facilities in respect of these bank borrowings amounted to RMB52,000,000, and these facilities originally remained valid until 2 September 2027. As at 31 December 2025, there was no such bank borrowings and banking facilities.

As at 31 December 2025, unsecured borrowings of approximately RMB74,573,000 (2024: RMB46,573,000) are due to the Former Director and such amount is non-trade in nature, unsecured, carried interest at 4.3% per annum and repayable on 30 June 2027. As at 31 December 2024, unsecured borrowings of RMB46,573,000 were due to the Former Director and such amount was non-trade in nature, unsecured, interest-free and repayable on demand.



Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2025, the Group derived the revenue principally from manufacturing and sales of packaging products, the provision of customised packaging services, and the retail sale of products, including but not limited to daily necessities and food products, in the PRC and Hong Kong. The Group generally recognises revenue from the sales of packaging and retail products upon delivery of the products to the customers with their acceptance of the Group's products and also recognises revenue from the provision of customised packaging services upon the completion of services to the customers.

Revenue decreased by approximately RMB9.2 million, or approximately 16.9%, from approximately RMB54.5 million for the year ended 31 December 2024 to approximately RMB45.3 million for the year ended 31 December 2025. Such decrease was mainly due to the decrease in average selling prices of the Group's packaging products and the decrease in sales demand of the repackaging services and retail sales during the year.

Cost of sales

Cost of sales mainly comprised the cost of materials and consumables, staff costs, depreciation, utilities, transportation and repair and maintenance costs. The cost of sales decreased by approximately RMB8.6 million, or approximately 16.3% from approximately RMB52.7 million for the year ended 31 December 2024 to approximately RMB44.1 million for the year ended 31 December 2025. Such decrease was consistent with decrease in revenue.

Gross profit and gross profit margin

Gross profit decreased from approximately RMB1.8 million for the year ended 31 December 2024 to approximately RMB1.3 million for the year ended 31 December 2025.

Gross profit margin decreased from approximately 3.3% for the year ended 31 December 2024 to 2.8% for the year ended 31 December 2025. The decrease was mainly due to the net effect of the decrease in the portion of sales from repackaging and the decrease in average selling price of the Group's packaging products for the year ended 31 December 2025 comparing with that for the year ended 31 December 2024.

Other income and losses, net

Other income and losses, net mainly represents sales of scrap materials, interest income from bank deposits and gains/losses on fair value changes of financial assets at fair value through profit or loss ("FVTPL"), net. The Group recorded an other income and net gains of approximately RMB8.2 million, turnaround from losses of approximately RMB3.7 million for the year ended 31 December 2024. The turnaround mainly due to the recognition of gains of approximately RMB8.2 million arising from fair value changes of financial assets at FVTPL for the year ended 31 December 2025, while losses of approximately RMB3.8 million has been recognised for the year ended 31 December 2024.

Selling expenses

The Group's selling expenses mainly included transportation costs for its logistic team, staff costs, advertising expenses, entertainment expenses and consumables and the amount was approximately RMB0.1 million and RMB1.4 million for the years ended 31 December 2025 and 2024 respectively. The decrease mainly due to decrease in advertising expenses.

Management Discussion and Analysis (Continued)

Administrative and other expenses

The Group's administrative and other expenses mainly included staff costs, building administrative fees, other tax expenses, depreciation and amortisation, travelling and entertainment, office consumables and supplies, legal and professional fees and other miscellaneous administrative expenses. The Group recorded a decrease in administrative and other expenses by approximately RMB2.3 million, or approximately 33.3%, from approximately RMB6.9 million for the year ended 31 December 2024 to approximately RMB4.6 million for the year ended 31 December 2025. The decrease mainly represent the decrease in depreciation and staff cost as the Group is executing a cost control strategy.

Finance costs

The Group's finance costs mainly comprised of interest expenses on bank borrowings and lease liabilities. The finance costs decreased by approximately RMB0.7 million, or approximately 43.8%, from approximately RMB1.6 million for the year ended 31 December 2024 to approximately RMB0.9 million for the year ended 31 December 2025. Such decrease was mainly due to the decrease in average balance of the interest-bearing bank borrowings during the year ended 31 December 2025 as compared to the year ended 31 December 2024.

Profit for the year

As a result of the cumulative factors discussed above, the profit for the year ended 31 December 2025 was approximately RMB3.3 million as compared to loss for the year ended 31 December 2024 of approximately RMB7.0 million. Such turnaround was mainly due to the fair value gains of the listed equity investments, and decrease in administrative and other expense for the year ended 31 December 2025.

Dividends

The Board does not recommend the payment of final dividend for the year ended 31 December 2025.

LIQUIDITY AND FINANCIAL RESOURCES

During the year under review, the Group funded its liquidity primarily through cash inflows from operating activities and debt financing.

As at 31 December 2025, the Group's total cash and cash equivalents were approximately RMB1.9 million (2024: RMB4.1 million). Gearing ratio of the Group increased to 190.2% as at 31 December 2025 from 60.0% as at 31 December 2024. Gearing ratio is defined as total interest-bearing debt over total assets as at the end of the reporting period. Current ratio of the Group increased to 2.27 as at 31 December 2025 from 0.48 as at 31 December 2024.

Management Discussion and Analysis (Continued)

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that it can meet the funding requirements.

KEY PERFORMANCE INDICATORS (“KPIs”) WITH THE STRATEGY OF THE GROUP

An analysis of the Group's performance during the period using KPIs in the section “Financial Review” on pages 8 to 9 of this annual report.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The Group did not carry out any material acquisition nor disposal of any subsidiaries for the year ended 31 December 2025.

CONTINGENT LIABILITIES

As at 31 December 2025, there were no significant contingent liabilities for the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group employed 46 employees (2024: 75 employees). Staff costs of the Group (including Directors' remuneration, wages, salaries and other benefits and contribution to defined contribution plans) amounted to approximately RMB2.1 million for the year ended 31 December 2025 (2024: RMB2.9 million). The Group will endeavor to ensure that the employees' salary levels are in line with industry practice and prevailing market conditions and that employees' overall remuneration is determined based on the Group's and the employees' qualifications and performance.

INVESTMENT POLICY

Investment objectives

The Company's primary objective is to achieve long-term capital appreciation and high growth through a diversified portfolio of listed equity securities to make use of idle money. While our strategic focus is on long-term value creation, the Company retains the flexibility to realize short-term gains when opportunities arise, though such trading activity is not the norm. Our permissible investments are exclusively listed shares on recognized global exchanges. The portfolio will remain diversified across a minimum number of holdings to mitigate risk. The Company is prohibited from using excessive leverage, investing in unlisted securities, or engaging in speculative derivative trading. All decisions are guided by rigorous fundamental analysis.

Management Discussion and Analysis (Continued)

Risk Management & Control Measures

To safeguard our portfolio, the Company employs a disciplined risk management framework. Liquidity risk is proactively managed by imposing a stringent tiered limit structure: the allocation to any single less-liquid security is capped at a lower threshold than for liquid holdings, and the aggregate allocation to all such securities is strictly limited to a defined percentage of the total portfolio. This ensures ample overall liquidity for the Company. Position sizing and diversification risk are controlled by maintaining a diversified portfolio with pre-defined limits, ensuring no single investment exceeds a small percentage of the portfolio's value. Counterparty risk is minimized by executing all trades through reputable, regulated financial institutions.

Funding allocation between operation and investment

While core operations must remain sufficient funding to ensure stability and growth in our packaging and repackaging businesses, the strategic deployment of surplus capital is paramount. Therefore, a disciplined allocation of surplus funding is proposed: a baseline of 60-70% of funding is dedicated to operational requirements to maintain our market position and operational integrity. The strategic focus, however, shifts to allocating 30-40% of funding to the financial investment portfolio, as this is the primary vehicle identified for creating net positive value and strengthening our equity base. This structure ensures operational necessities are met while maximizing the potential for returns that exceed our cost of capital. This allocation to the investment portfolio is deemed appropriate as it directly serves the strategic imperative, explained above, of generating returns in excess of our cost of debt to strengthen our equity base.

Approval and oversight mechanisms for investment decisions

The Company's investment decisions are governed by a multi-layered approval, which is led by our executive directors, Mr. Wang Yun and Mr. Zou Yonggang, and oversight framework designed to ensure strict compliance with the GEM Listing Rules and strategic alignment. The Board of Directors retains ultimate authority for approving all material investments, particularly those constituting notifiable transactions, which will further explain below.

An internal compliance team, comprising a lawyer and two finance managers, has been formally established. This team is responsible for the initial screening of all proposed transactions involving the trading or subscription of listed securities. Its primary function is to perform the requisite size tests to determine if any applicable percentage ratio exceeds 5%, thereby potentially classifying it as a notifiable transaction.

Investment decision

The Company's investment approval process operates under a clearly defined, tiered authority framework designed to balance operational efficiency with robust governance. This framework, fully endorsed by the Board of Directors, delegates final approval for non-notifiable transactions (those where all applicable percentage ratios are below 5%) to the joint agreement of the two executive directors, Mr. Wang Yun and Mr. Zou Yonggang. This delegation is predicated on the condition that all such investments have undergone the rigorous due diligence and analysis by the investment team and strictly comply with the Company's published investment policy and risk limits. For any transaction meeting or exceeding the 5% threshold, the ultimate authority for final approval is reserved for the full Board of Directors. This structure ensures that smaller, routine investments can be executed promptly to capture market opportunities, while material transactions receive the direct oversight of the Board.

Management Discussion and Analysis (Continued)

Apart from the compliance team to check whether the transaction is subject to announcement, the Company's investment decisions are made through a structured and multi-layered process executed by a dedicated investment team. This investment team is comprised of two executive directors and two finance managers, all of whom possess substantial relevant experience, with each finance manager having over ten years in the financial industry which including but not limited to accounting and research experience. The process is designed with built-in checks and balances:

Step 1: Origination & Preliminary Screening

The process begins when either Mr. Wang Yun ("Mr. Wang") or Mr. Zou Yonggang ("Mr. Zou") identifies a potential investment. The investment management team, comprising both Mr. Wang and Mr. Zou, promptly conducts a high-level review. They assess the opportunity's basic strategic fit and potential conflicts of interest, such as any pre-existing relationships with the target. Based on this initial evaluation, subject to the decision from both Mr. Wang and Mr. Zou, the team collectively decides whether to reject the opportunity or approve it for formal due diligence.

Step 2: Due Diligence & Analysis

For opportunities moving forward, a focused due diligence phase is initiated. Mr. Wang and Mr. Zou lead the commercial assessment, evaluating strategic alignment and synergies. Concurrently, the financial managers, who have over 10 years in the financial industry, conducts an independent financial analysis to validate viability and risks. External experts are engaged for legal or technical reviews as needed. The findings from this phase form the direct basis for the final decision.

Step 3: Approval & Final Decision

The approval path is determined by the investment's size, based on the due diligence findings. For investments below the 5% threshold, the approval needs the agreement from both Mr. Wang and Mr. Zou to grant final approval. For any investment exceeding the 5% threshold, the matter is escalated to the full Board of Directors. The investment management team presents the due diligence findings directly to the Board, with the financial manager present to support the financial analysis, leading to the Board's final vote. After the final decision of the Board, the investment management team and company secretary should prepare the necessary filing and announcement, if any, under the regulatory requirements from listing rules.

The Board of Directors has carefully considered this governance structure and has determined that the controls are sufficient. This conclusion is based on the combination of the team's collective expertise, the tiered approval authority that separates preliminary review from final decision-making, and the framework's demonstrated effectiveness in ensuring compliance with the GEM Listing Rules, as evidenced by the rigorous assessment of transactions cited in the Company's reply to the Stock Exchange.

Experts involved in the Company's securities trading and financial investment activities

The Company's securities trading and financial investment activities are primarily led by our executive director, Mr. Wang Yun, who possesses over 10 years' investment experience in financial markets. His expertise is central to the identification, analysis, and execution of all investment opportunities. In line with sound corporate governance practices, Mr. Wang Yun's proposed strategies and significant transactions are subject to a rigorous review and approval process overseen by our other executive director, Mr. Zou Yonggang. This dual-control mechanism ensures robust oversight, risk assessment, and strategic alignment. Furthermore, it is our standard practice to base all investment decisions on comprehensive due diligence, predefined investment mandates that clearly outline risk parameters and asset allocations, and regular reporting to the Board to ensure full transparency and accountability. This structured approach ensures that our activities are conducted prudently and in the best interests of the Company and its shareholders.

Management Discussion and Analysis (Continued)

Dividend policy and other capital allocation policies and strategies

The Company is committed to enhancing long-term shareholder value through a disciplined and strategic capital allocation framework, designed to balance returns to shareholders with the necessary funding for operational excellence and future growth. Our strategy is centered on generating sustainable profitability from our core business operations, which provides the foundational cash flow for all capital allocation decisions.

Our formal dividend policy is designed to balance the rewarding of shareholders with the need to retain capital for future growth opportunities. The Board will consider declaring dividends based on a comprehensive review of factors including, but not limited to, the Company's annual net profits, cash flow position, future investment requirements, overall financial health, and general market conditions. The objective is to provide shareholders with a stable and sustainable return, without compromising the Company's operational integrity or strategic flexibility.

Our broader capital allocation strategy prioritizes the following, in order of precedence:

1. **Funding Daily Operations and Core Business Growth:** Capital is allocated to ensure the smooth and efficient daily operation of the Company, including working capital needs, essential capital expenditures, and initiatives aimed at strengthening our core business and competitive position.
2. **Strategic Reinvestment for Returns:** After providing for operational needs, retained earnings are allocated to our financial investment activities. These are not undertaken for speculative purposes but are a strategic function to generate additional returns on surplus capital. All such investments are governed by a strict risk management framework, including position sizing limits, liquidity tiers, and diversification requirements, and are focused on listed securities to ensure transparency and liquidity.
3. **Returns to Shareholders:** Excess capital beyond the identified needs for operations, reinvestment, and a strong balance sheet may be returned to shareholders through dividends or other means, subject to Board approval.

All material allocation decisions, including any potential special dividends or share buy-backs, require full Board approval, ensuring they align with our overarching goal of maximizing shareholder value over the long term.

The Company has adopted a dividend policy, pursuant to which the Company gives priority to distributing dividend in cash and shares its profits with its shareholders. The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to: (1) the Articles of Association of the Company; (2) the applicable restrictions and requirements under the laws of the Cayman Islands; (3) any banking or other funding covenants by which the Company is bound from time to time; (4) the investment and operating requirements of the Company; and (5) any other factors that have material impact on the Company.

Year	A Investment cost HK\$'000	B Proceeds received arising from the disposal HK\$'000	A - B Net balance HK\$'000	C Accumulated investment cost HK\$'000	D Fair value as at 31 December HK\$'000	E Realised gain HK\$'000	F = D - C Accumulated fair value gain HK\$'000	(E + F)/C Investment return %
2024	210	-	210	10,057	10,124	-	67	0.67%
2025	2,432	2,366	66	10,123	20,326	26	10,203	101.05%

Management Discussion and Analysis (Continued)

Further information of the investment decision made

The Company's investment policy has three key pillars relevant to this analysis:

1. Objective: achieve long-term capital appreciation using idle money through a diversified portfolio of listed equity securities.
2. Permissible Investments: exclusively listed shares on recognized global exchanges.
3. Risk Mitigation: maintain diversification and avoid prohibited activities (leverage, unlisted securities, derivatives).

During the year, the investment in all 19 securities strictly adheres to this framework. Each purchase was: (i) An acquisition of listed shares on the Stock Exchange (or other recognized global exchange); (ii) A relatively small-sized position, as evidenced by the individual consideration amounts, ensuring no single holding dominated the portfolio and maintaining diversification; (iii) An exercise in deploying idle funds as per the capital allocation strategy, not for speculation. Below are the investment decisions made for majority of the investments:

1. BFB Health Limited (“BFB”) (Stock Code: 205)

The investment in BFB was initiated by Mr. Wang and Mr. Zou following a preliminary screening which identified the consumer and media sector as a strategic avenue for diversification. The investment team, led by the executive directors, considered the company's position in the media landscape and concluded that a small, targeted allocation would introduce a non-correlated asset to the portfolio, aligning with the long-term capital appreciation objective. Following due diligence, this investment was approved under the delegated authority of Mr. Wang and Mr. Zou, who confirmed it was a prudent use of idle funds and fully compliant with the investment policy. The Board oversees all activities conducted under this delegated authority through regular portfolio reporting.

2. QPL International Holdings Limited (“QPL”) (Stock Code: 243)

Mr. Wang and Mr. Zou identified QPL as an opportunity to gain exposure to the industrial and technology manufacturing sectors. Their due diligence focused on the company's business in electronics and precision engineering, assessing its potential for stable returns and its role in diversifying the Group's asset base away from a single industry. Under their delegated authority, Mr. Wang and Mr. Zou ratified the decision, concurring with the investment team's analysis that this relatively small investment adhered to the policy of building a diversified portfolio of listed equities for long-term growth.

3. Harbour Digital Asset Capital Limited (“HDAC”) (Stock Code: 913)

This investment represented a strategic foray into the financial services and digital asset sector. Mr. Wang and Mr. Zou, after a joint review, determined that this allocation would provide access to an emerging and high-growth industry. The finance managers' independent financial analysis assessed the viability and specific risks associated with the digital asset space. Mr. Wang and Mr. Zou approved the investment after confirming that it strictly involved listed shares and complied with all position sizing limits, thus fitting the strategic imperative of using idle capital for targeted, long-term growth.

4. Dufu Liquor Group Limited (“Dufu Liquor”) (Stock Code: 986)

The investment team, led by the executive directors, targeted Dufu Liquor for its defensive characteristics within the consumer staples sector. Mr. Wang and Mr. Zou considered the company's potential to provide stable returns and balance the portfolio against more volatile holdings. Mr. Wang and Mr. Zou, which approved the investment after verifying that it was a listed security and that the position size was consistent with the risk management framework, thereby supporting the overall objective of long-term capital appreciation.

Management Discussion and Analysis (Continued)

5. Asia Strategy Digit Technology Holdings Limited (Stock Code: 1027)

Mr. Wang and Mr. Zou originated this investment to diversify the portfolio into the manufacturing sector, specifically umbrella production. Their preliminary screening and subsequent due diligence evaluated the company's market position and the non-cyclical nature of its products. After the investment team's confirmation that the acquisition was a small, listed equity position that enhanced the portfolio's sectoral diversification without concentrating risk, in strict adherence to the published investment policy, Mr. Wang and Mr. Zou approve the investment.

6. SunCorp Technologies Limited (Stock Code: 1063)

This investment in an IT and technology solutions company was driven by the executive directors' strategy to target high-growth potential sectors. Mr. Wang and Mr. Zou led the commercial assessment, identifying synergies with the Group's objective of leveraging technological innovation. The finance managers conducted the financial viability analysis. Mr. Wang and Mr. Zou endorsed the decision, concluding that the investment in this listed security was a disciplined deployment of idle funds into a sector aligned with the goal of achieving long-term capital appreciation.

7. Milan Station Holdings Limited ("Milan Station") (Stock Code: 1150)

Mr. Wang and Mr. Zou considered an allocation to the luxury retail sector through Milan Station to tap into consumer cyclical trends. Their analysis focused on the company's niche in branded handbags and its potential for returns. The investment was presented as a diversification move into a distinct consumer segment. The approval from Mr. Wang and Mr. Zou was granted after confirming the investment was in a listed company and the position size was minimal, thus effectively spreading risk across different industries.

8. China Investment and Finance Group Limited (Stock Code: 1226)

This direct investment in a financial services group was evaluated by Mr. Wang and Mr. Zou as a strategic allocation to benefit from the long-term development of financial markets. The investment team's due diligence involved a commercial and financial review of the company's prospects. Upon reviewing the proposal and ensuring it was a listed security and within predefined limits, Mr. Wang and Mr. Zou approved it as a compliant and strategic use of surplus capital to strengthen the equity base.

9. Luxxu Group Limited ("Luxxu") (Stock Code: 1327)

Similar to Milan Station, the investment in Luxxu was pursued by the executive directors to gain exposure to the luxury goods market. Mr. Wang and Mr. Zou assessed the company's business model and its alignment with consumer spending trends. The Board ratified the investment after the compliance team verified it as a notifiable transaction and confirmed that it adhered to the policy of investing solely in listed shares for portfolio diversification.

10. AI Energy Engineering Holdings Limited ("AI Energy") (Stock Code: 1751)

Mr. Wang and Mr. Zou identified AI Energy as a mean to add a real estate and construction component to the portfolio. Their analysis considered the potential for appreciation linked to property market cycles. The finance managers provided an independent risk assessment. The approval from Mr. Wang and Mr. Zou was based on the investment's fit within the diversified sector strategy and its compliance with the policy of making relatively small-sized investments in listed securities.

Management Discussion and Analysis (Continued)

11. Asia-Pac Financial Investment Company Limited (Stock Code: 8193)

This investment in another financial services holding company was initiated by the executive directors to reinforce the portfolio's exposure to the financial sector. Mr. Wang and Mr. Zou considered it a strategic move for long-term growth and approved the transaction after confirming, through the established governance procedure, that it was a listed equity investment and that it fell within the position sizing limit, thus aligning with the core investment objective.

12. Go Up Education Technology Limited (Stock Code: 8269)

The investment team targeted Go Up Education Technology Limited for further diversification into the consumer spending industry. The investment team's due diligence focused on the company's asset management scope and its role in providing broad-based exposure. Mr. Wang and Mr. Zou endorsed the investment, concluding that it was a prudent, policy-compliant allocation of idle funds into a listed security, contributing to a well-diversified portfolio aimed at long-term value creation.

13. China New Consumption Group Limited (Stock Code: 8275)

This investment was considered by Mr. Wang and Mr. Zou due to the company's involvement in the construction industry and other businesses, offering diversified exposure. The subsequent disposal in 2025 was part of the strategy's inherent flexibility to realize gains. The Board's original approval was based on the investment being in a listed security and its small size, which ensured it did not dominate the portfolio and allowed for agile management.

14. SingAsia Holdings Limited (Stock Code: 8293)

Mr. Wang and Mr. Zou identified Singasia as an opportunity to diversify into the human resources and business services sector. The preliminary screening and analysis by the investment team highlighted the defensive nature and growth potential of the recruitment industry. Mr. Wang and Mr. Zou approved the investment after verifying that it was a listed equity purchase and that it strictly adhered to the Company's diversification and risk mitigation principles.

15. Tai Kam Holdings Limited (Stock Code: 8321)

The executive directors proposed an investment in Tai Kam, a construction and engineering company, to further diversify the portfolio into the industrial and infrastructure sector. The investment team's due diligence assessed the company's projects and market position. Mr. Wang and Mr. Zou's approval was granted upon confirmation that the investment was in a listed security and the cost was within the internal limits, thus supporting the strategic asset diversification objective.

16. Stream Ideas Group Limited (Stock Code: 8401)

This investment in a digital media and marketing provider was driven by the executive directors' focus on high-growth potential technology sub-sectors. Mr. Wang and Mr. Zou considered the company's alignment with the "high growth" objective. The finance managers validated the financial prospects and risks. The Board ratified the decision, concluding that the investment in this listed company was a disciplined execution of the strategy to deploy idle capital for long-term appreciation.

17. WT Group Holdings Limited (Stock Code: 8422)

The investment in WT Group, a contractor specializing in repair and maintenance, was evaluated by Mr. Wang and Mr. Zou as a mean to add exposure to the essential services sector, which typically offers stable returns. Their analysis highlighted its role in balancing the portfolio. Both Mr. Wang and Mr. Zou approved the investment after the compliance process confirmed it was a non-notifiable transaction in a listed security and that it complied with all internal controls, thereby fitting the overarching capital allocation strategy.

Management Discussion and Analysis (Continued)

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2025, the Group held 17 listed equity securities in Hong Kong and the United States with the fair value of approximately RMB18.3 million. In light of the recent volatile financial market in Hong Kong, the Group intends to diversify its investment portfolio in order to reduce the relevant concentration and investment risks and will closely monitor the performance of this business. The Group will keep adopting a prudent investment attitude and develop its investment strategy with the aim to improve the capital usage efficiency and generate additional investment returns on the idle funds of the Group.

Details of the Group's top held-for-trading investments, in terms of fair value as at 31 December 2025, are as follows:

Company Name/Stock Code	% of shareholding as at 31 December 2025	Fair value gain/(loss) for the year ended 31 December 2025 RMB'000	Fair value as at 31 December 2025 RMB'000	% of total assets of the Group as at 31 December 2025
Securities listed in Hong Kong				
Luxxu (Stock Code: 1327) (Note (a))	4.81%	5,352	6,800	15.5%
AI Energy (Stock Code: 1751) (Note (b))	0.71%	2,517	3,092	7.0%
HDAC (Stock Code: 913) (Note (c))	2.93%	(765)	2,802	6.4%
Others (Note (d))			5,575	12.7%
			<u>18,269</u>	<u>41.6%</u>

Notes:

- (a) Luxxu is principally engaged in the manufacture and sales of own-branded watches and jewellery, including but not limited to diamond watches, tourbillon watches and luxury jewellery watches, original equipment manufacturer watches and third-party watches and assists customers to hold exhibition. As disclosed in the interim report of Luxxu for the six months ended 30 June 2025, it recorded unaudited net loss attributable to its owners of approximately RMB5.6 million for the six months ended 30 June 2025.

The Group's investment strategy is to deliver a diversified and flexible achieve high growth, while the traditional business of the Group will continue its stable growth. The Group's total investment in Luxxu was approximately HK\$2.2 million. As at 31 December 2025, the Group owned 10,364,000 shares of Luxxu, representing 4.81% equity interests in Luxxu with a carrying amount of the Group's interest in Luxxu of approximately HK\$7.6 million (approximately RMB6.8 million), representing approximately 15.5% of the total assets of the Group as at 31 December 2025. Up to 31 December 2025, no dividends was received from Luxxu. The fair value of Luxxu is based on quoted market prices.

- (b) AI Energy is principally engaged principally engaged in the provision of concrete demolition services in Hong Kong and Macau mainly as a subcontractor. As disclosed in the interim report of AI Energy for the six months ended 30 June 2025, it recorded unaudited net loss attributable to its owners of approximately HK\$4.6 million for the six months ended 30 June 2025.

The Group's investment strategy is to deliver a diversified and flexible achieve high growth, while the traditional business of the Group will continue its stable growth. The Group's total investment in AI Energy was approximately HK\$1.4 million. As at 31 December 2025, the Group owned 1,720,000 shares of AI Energy, representing 0.71% equity interests in AI Energy with a carrying amount of the Group's interest in AI Energy of approximately HK\$3.4 million (approximately RMB3.1 million), representing approximately 7.0% of the total assets of the Company as at 31 December 2025. Up to 31 December 2025, no dividends was received from AI Energy. The fair value of AI Energy is based on quoted market prices.

Management Discussion and Analysis (Continued)

- (c) HDAC is principally engaged in the investments in listed and unlisted securities. As disclosed in the interim report of HDAC for the six months ended 30 June 2025, it recorded unaudited net profit attributable to its owners of approximately HK\$7.2 million for the six months ended 30 June 2025.

The Group's investment strategy is to deliver a diversified and flexible achieve high growth, while the traditional business of the Group will continue its stable growth. The Group's total investment in HDAC was approximately HK\$1.4 million. As at 31 December 2025, the Group owned 10,390,000 shares of HDAC, representing 2.93% equity interests in HDAC with a carrying amount of the Group's interest in HDAC of approximately HK\$3.1 million (approximately RMB2.8 million), representing approximately 6.4% of the total assets of the Company as at 31 December 2025. Up to 31 December 2025, no dividends was received from HDAC. The fair value of HDAC is based on quoted market prices.

- (d) Save as disclosed above, none of these investments represented more than 5% of the total assets of the Group as at 31 December 2025.

Looking ahead, the Directors believe that the future performance of the above investments held by the Group will be volatile and substantially affected by overall economic environment, equity market conditions, investor sentiment and the business performance and development of the investee companies. Accordingly, the Group will continue to maintain a diversified portfolio of investment of various industries to minimise the possible financial risks. Also, the Directors will cautiously assess the performance progress of the investment portfolio from time to time.

FOREIGN EXCHANGE EXPOSURE

The Group's main operations are in the PRC with most of its transactions settled in RMB. The Directors are of the opinion that the Group's exposure to foreign exchange risk is insignificant. During the year ended 31 December 2025, the Group did not hedge any exposure to foreign exchange risk.

CAPITAL STRUCTURE

As at 31 December 2025, the Company's issued share capital was HK\$320,000, equivalent to approximately RMB279,000, and the number of its issued ordinary share was 53,333,333 of HK\$0.006 each. Except for the changes mentioned elsewhere in this annual report, there has been no change in the capital structure of the Company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, the Group did not have other plans for material investments or capital assets as at 31 December 2025.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wang Yun, aged 47, has over 19 years of management experience in different industries, of which held a managerial position in a sizable manufacturing company in the PRC for 10 years. He is experienced in sales and marketing and quality control management.

Mr. Zou Yonggang, aged 43, has over 12 years of working experience in the manufacturing industry. He was responsible for the overall management and supervision of the manufacturing process including but not limited to implementation of total quality management and cost control strategies.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Sui Chi, aged 58, is an independent non-executive Director since February 2017. He is also the chairman of the audit committee and a member of each of the remuneration committee and nomination committee. Mr. Wong has over 20 years of finance and accounting experience. He has been serving as an executive director and company secretary of Pacific Legend Group Limited (a company listed on the Stock Exchange (Stock Code: 8547)) since June 2024 and November 2024 respectively. Before redesignation to executive director of Pacific Legend Group Limited (Stock Code: 8547), he was serving as an independent non-executive director of Pacific Legend Group Limited (Stock Code: 8547) from September 2023 to June 2024. He was serving as an independent non-executive director of BCI Group Holdings Limited (a company listed on the Stock Exchange (Stock Code: 8412)) from March 2017 to February 2021. Mr. Wong was an independent non-executive director of Net-A-Go Technology Company Limited (a company listed on the Stock Exchange (Stock Code: 1483)) from November 2013 to October 2016. He was also an independent non-executive director of Legend Strategy International Holdings Group Company Limited (a company listed on the Stock Exchange (Stock Code: 1355)) from December 2012 to July 2015. Mr. Wong received a bachelor degree in accountancy from the City Polytechnic of Hong Kong (currently known as City University of Hong Kong) in November 1991, a master degree of science in financial management from the University of London in December 2003 and a certificate in taxation and accounting in the PRC from The Hong Kong Polytechnic University China Business Centre in August 2004. Mr. Wong has been a member of the Hong Kong Institute of Certified Public Accountants since April 2008 and an associate of the Institute of Chartered Accountants in England and Wales since July 2008.

Mr. Wu Chi King, aged 44, received a Bachelor of Computer Science from Monash University and is a certified public accountant of Certified Practising Accountant Australia. He has accumulated extensive experience in finance and accounting by working in various listed and sizable companies in Hong Kong. He has also been serving as an independent non-executive director of Mansion International Holdings Limited (a company listed on the Stock Exchange (Stock Code: 8456)) since June 2021 and Palinda Group Holdings Limited (a company listed on the Stock Exchange (Stock Code: 8179)) since September 2022 and China Energy Storage Technology Development Limited (a company listed on the Stock Exchange (Stock Code: 1143)) since September 2023.

Ms. Yin Suying, aged 60, graduated from Hunan No. 1 Vocational and Technical College. She is currently employed as an administrative manager in a private company incorporated in the People's Republic of China. She has extensive experience in corporate culture and corporate governance.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a good corporate governance standard, with the chairman being primarily responsible for establishing relevant practices and procedures. The Board believes that a good corporate governance standard will provide a framework for the Group to formulate its business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen accountability to shareholders and creditors. Therefore the Board has reviewed and will continue to review and improve the Company's corporate governance practices from time to time.

The Company adopted the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the GEM Listing Rules as its own code of corporate governance. The Board is satisfied that the Company had complied with the CG Code during the year ended 31 December 2025.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors, its employees, and the directors and employees of its subsidiaries and holding companies, who may likely possess inside information on the Company or its securities, on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the year ended 31 December 2025.

BOARD OF DIRECTORS

Board Composition

As at 31 December 2025, the Board comprised of two executive Directors and three independent non-executive Directors. The composition of the Board is as follows:

Executive Directors

Mr. Wang Yun

Mr. Zou Yonggang

Independent Non-executive Directors

Mr. Wong Sui Chi

Mr. Wu Chi King

Ms. Yin Suying

Corporate Governance Report (Continued)

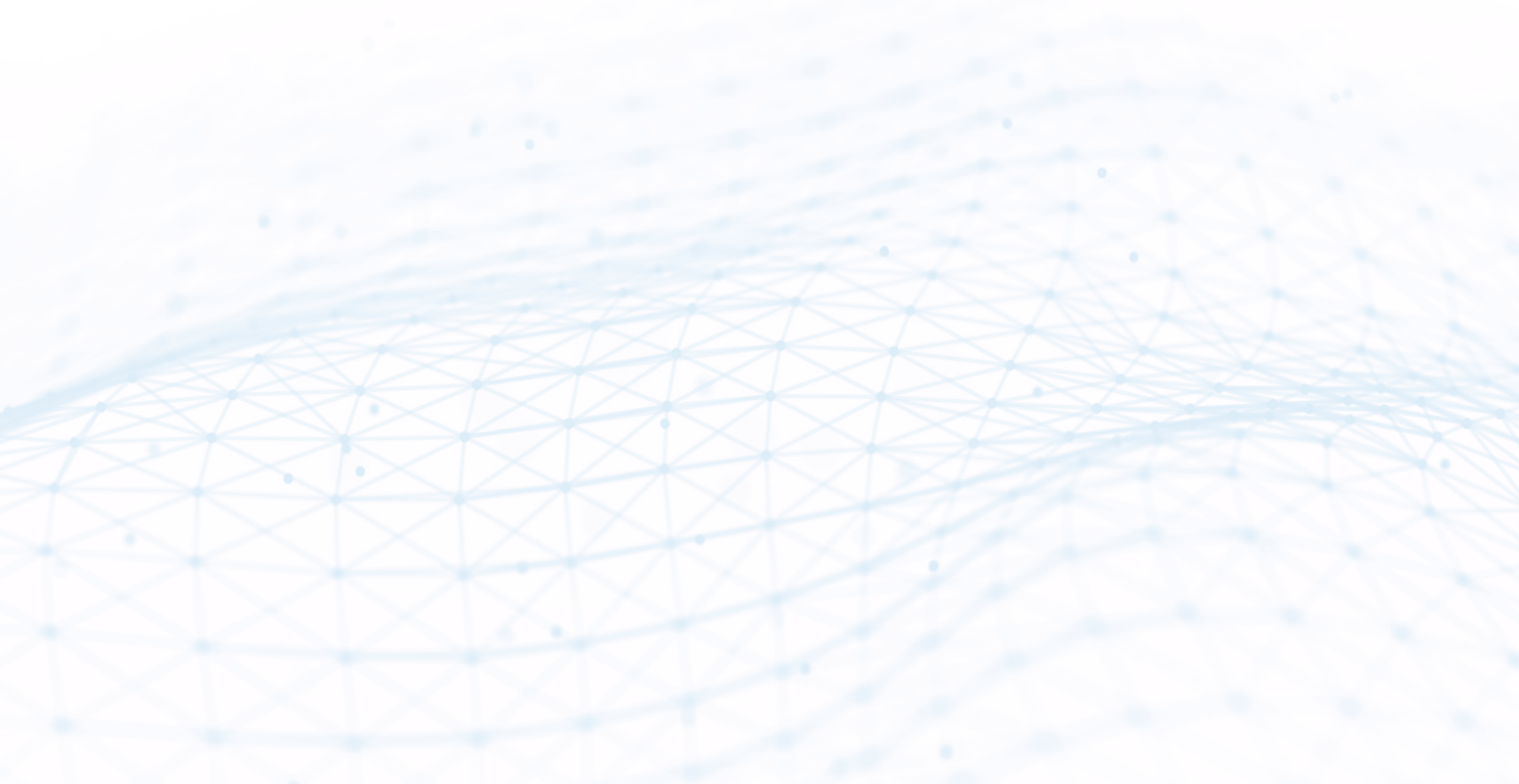
FUNCTIONS, ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is responsible for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Group; and setting the Group's values and standards. The Board delegates the day-to-day management, administration and operation of the Group to the chief executive officer and senior management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group. The abovementioned personnel should report back and obtain prior approval from the Board before making any significant decisions or entering into any significant commitments on the Company's behalf, and they may not exceed any authority given to them by resolutions of the Board or the Company.

The independent non-executive Directors bring a wide range of business and financial expertise, experience and independent judgment to the Board, on issues of strategic direction, policies, development, performance and risk management. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, they scrutinise the Company's performance in achieving corporate goals and objectives and monitor performance reporting. By doing so, they are able to contribute positively to the Company's strategy and policies through independent, constructive and informed comments at Board and committee meetings.

Each Director has confirmed that he/she can give sufficient time and attention to the Company's affairs, and has regularly provided information on the number and nature of offices held in public companies or organisations and other significant commitments, including the identity of such companies or organisations and an indication of the time involved.

The Company has arranged appropriate insurance cover for Directors' liabilities in respect of legal actions against them for corporate activities.



Corporate Governance Report (Continued)

BOARD/BOARD COMMITTEE MEETINGS

The Board is scheduled to meet in person or through other electronic means of communication at least four times a year to, among other matters, review past financial and operating performance and discuss the Group's direction and strategy. An agenda and accompanying papers together with all appropriate information will be sent to all Directors at least three days before each Board or committee meeting so as to ensure timely access to relevant information. Appropriate notice of at least 14 days for regular Board meetings and reasonable notice for other Board committee meetings will be given to all Directors, who will all be given an opportunity to attend and include matters in the agenda for discussion. Senior management will be invited to join all Board meetings to enhance communication between the Board and management. The Board and each Director will also have separate and independent access to senior management whenever necessary. The company secretary will take detailed minutes of the meetings and keep records of matters discussed and decisions resolved at the meetings, including any concerns raised or dissenting views expressed by Directors, and the voting results of Board meetings fairly reflect Board consensus. Both draft and final versions of the minutes will be sent to all Directors for their comments and records respectively, within a reasonable time after each meeting, and such minutes will be open for inspection with reasonable advance notice by any Director. Directors are entitled to have access to board papers and related materials, and any queries will be responded to fully. There were 9 board meetings held during the year ended 31 December 2025.

Upon reasonable request to the Board, the Directors can seek independent professional advice in performing their duties at the Company's expense, if necessary. According to the current Board's practice, should a potential conflict of interest involving a substantial shareholder or Director of the Company arise, the matter will be discussed in a Board meeting, as opposed to being dealt with by written resolution. Independent non-executive Directors with no conflict of interest will be present at such meetings. When the Board considers any proposal or transaction in which a Director has a conflict of interest, the Director concerned will declare his/her interest and abstains from voting.

Meetings Held and Attendance

The composition of the Board and the committees, and the individual attendance records of each Director at the Board and committees' meetings, and general meetings during the year ended 31 December 2025 are set out below:

Name of Directors	Meetings attended/Meetings held				
	Board meetings	Audit committee meetings	Remuneration committee meetings	Nomination committee meetings	General meetings
Executive Directors					
Mr. Wang Yun	9/9	N/A	N/A	N/A	2/2
Mr. Zou Yonggang	9/9	N/A	N/A	N/A	0/2
Mr. Wang Shuai (Retired on 20 June 2025)	0/1	N/A	N/A	N/A	0/1
Independent Non-executive Directors					
Mr. Wong Sui Chi	4/9	3/3	1/1	2/2	2/2
Mr. Wu Chi King	4/9	3/3	1/1	2/2	2/2
Ms. Yin Suying	9/9	3/3	1/1	2/2	2/2

Corporate Governance Report (Continued)

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee of the Company has been established. In compliance with code provision A.2.1 of the CG Code, the Board as a whole is responsible for performing the corporate governance duties including: (a) to develop and review the Company's policies and practices on corporate governance; (b) to review and monitor the training and continuous professional development of 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 and compliance manual (if any) applicable to employees and Directors; and (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

DIRECTORS' TRAINING

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company is responsible for arranging and funding suitable training for the Directors, including but not limited to:

- Newly-appointed Directors will be briefed by the Company's legal advisor on director's responsibilities under the relevant legal and regulatory requirements (including but not limited to the Companies Ordinance, the Listing Rules and the SFO). They will also be provided with a memorandum on directors' duties and obligations which assists them in understanding their responsibilities as directors.
- The Chairman or the President will give a general induction on the Group and the Company will provide relevant information and organise various activities, for example, plant visits, to ensure they properly understand the business and governance policies of the Company.
- To update Directors' understanding of the Group's operations and business and refresh their knowledge and skills as directors, the Company will provide Board materials on relevant regulation updates and on issues of significance or on new opportunities of the Group.

Corporate Governance Report (Continued)

CONTINUING PROFESSIONAL DEVELOPMENT

Pursuant to the Code Provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Reading materials on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses.

During the year ended 31 December 2025, all Directors have participated in continuing professional development by attending training courses organised by the Company and reading relevant materials on topics related to corporate governance and regulatory matters. The Directors have confirmed that they have received the trainings as follows:

Name of Directors	Type of trainings
Mr. Wang Yun	A, B
Mr. Zou Yonggang	A, B
Mr. Wang Shuai (Retired on 20 June 2025)	A, B
Mr. Wong Sui Chi	A, B
Mr. Wu Chi King	A, B
Ms. Yin Suying	A, B

A: *attending seminars/conferences/forums*

B: *reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities*

BOARD COMMITTEES

The Board has established three committees, namely, the audit committee, the remuneration committee and the nomination committee, to oversee particular aspects of the Company's affairs. All Board committees are established with written terms of reference, which have complied with the CG Code and are available on the Stock Exchange website at www.hkexnews.hk and the Company's website at <https://www.irasia.com/listco/hk/hkentertainment/>. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense. The Board committees will report back to the Board on their decisions or recommendations.

Audit Committee

The Company established an audit committee on 14 February 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and Code Provision D.3 of the CG Code. The duties of the audit committee include, among others, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing the Group's consolidated financial statements, the annual report and accounts and the half-year report, and significant financial reporting judgments contained therein; and (c) reviewing the financial controls, internal control and risk management systems.

The audit committee consists of three independent non-executive Directors, namely Mr. Wong Sui Chi, Ms. Yin Suying and Mr. Wu Chi King. Mr. Wong Sui Chi is the chairman of the audit committee. During the year ended 31 December 2025, 3 meetings were being held for audit committee.

Corporate Governance Report (Continued)

Remuneration Committee

The Company established a remuneration committee on 14 February 2017 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and Code Provision B.1 of the CG Code. The duties of the remuneration committee, under the principle that no Director should be involved in deciding his own remuneration include, among others, making recommendations to the Board on (a) their overall remuneration policy and structure for all of the Directors and senior management; (b) the establishment of a formal and transparent procedure for developing remuneration policies; (c) the remuneration packages of the executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their offices or appointments; and (d) the remuneration of the non-executive Directors.

The remuneration committee consists of three independent non-executive Directors, namely Ms. Yin Suying, Mr. Wong Sui Chi and Mr. Wu Chi King. Ms. Yin Suying is the chairman of the remuneration committee. During the year ended 31 December 2025, 1 meeting was being held for remuneration committee.

Nomination Committee

The Company established a nomination committee on 14 February 2017 with written terms of reference in compliance with Code Provision B.3 of the CG Code. The duties of the nomination committee include, among others, (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations to the Board on any proposed changes to the Board to complement the corporate strategy; (b) identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (c) assessing the independence of the independent non-executive Directors; and (d) making recommendations to the Board on the appointment and succession planning for the Directors.

The nomination committee consists of three independent non-executive Directors, namely Mr. Wu Chi King, Mr. Wong Sui Chi and Ms. Yin Suying. Mr. Wu Chi King is the chairman of the nomination committee. During the year ended 31 December 2025, 2 meetings were being held for nomination committee.

Board Diversity

The Board adopted the view of Board diversity approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board has in its composition a balance of skills, expertise, qualifications, experience and diversity of perspectives necessary for independent decision making and fulfilling its business needs. The Board will consider a number of aspects when selecting candidates, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board appointments will ultimately be based on merit and the contribution that the selected candidates will bring to the Board, having due regard for the benefits of diversity on the Board.

Corporate Governance Report (Continued)

ACCOUNTABILITY AND AUDIT

The Board acknowledges its responsibility to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The Board is not aware of any material uncertainties relating to events or condition that might cast significant doubt upon the Group's ability to continue in business.

Accordingly, the Board has prepared the consolidated financial statements of the Group on a going concern basis. The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and half-yearly reports, other price-sensitive announcements and other financial disclosures required under the GEM Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to statutory requirements.

Having made appropriate enquiries and examined major areas which could give rise to significant financial exposures, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year, the Directors considered the Group has applied appropriate accounting policies consistently, made judgments and estimates that are reasonable in accordance with applicable accounting standards.

The responsibility of the Company's auditor, Jon Gepsom CPA Limited, are set out in the section "Independent Auditor's Report" on pages 64 to 68 of this annual report.

For the year ended 31 December 2025, the fees in respect of the services provided to the Group by Jon Gepsom CPA Limited and its affiliate, are set out as follows:

Nature of services	For the year ended 31 December 2025 RMB'000
Audit services (provided by Jon Gepsom CPA Limited)	552
Non-audit services (provided by the affiliate firm of Jon Gepsom CPA Limited)	13

RISK MANAGEMENT AND INTERNAL CONTROL

The Group recognise the need for risk management and internal control in its strategic and operational planning, day-to-day management and decision making process and are committed to managing and minimising risks that may impact the continued efficiency and effectiveness of the Group's operations or prevent it from achieving its business objectives. Details on risks faced by the Group is set out in the section "Principal Risks and Uncertainties" on pages 56 to 57 of this annual report. All such risks may arise from time to time in connection with the operations of the Group.

The Board and senior management are responsible for identifying and analysing the risks associated with their respective function, preparing risk mitigation plans, measuring effectiveness of such risk mitigation plans and reporting status of risk management.

Corporate Governance Report (Continued)

The Group have established the following structures and measures to manage its risks:

- (i) the Board conducts a thorough examination of any material risks associated with any material business decision before making or approving such decision;
- (ii) the senior management monitors daily operations and any associated operational risks of the Group. They are also responsible for identifying and assessing potential market risks related to changes in macroeconomic environment and movements in market variables and report irregularities in connection with operational and market risks to the executive Directors for formulating policies to mitigate these risks;
- (iii) the audit committee review the internal control system and procedures for compliance with the requirements of applicable laws, rules and regulations;
- (iv) the accounting department frequently monitors and tracks the ageing of the trade receivables to ensure prompt billings and hence encourage prompt settlements. The status of any outstanding/unsettled payments owed to the Group is updated periodically to ensure that timely and necessary steps are taken, including issuing written reminders, telephone calls and legal actions, so as to recover the outstanding trade receivables;
- (v) the Directors and senior management regularly attended training sessions regarding the material PRC laws and regulations applicable to the Group's business operations; and
- (vi) the Group provide training to its employees in order to enhance their industry knowledge to manage the Group's operational risks.

In addition, the Group would appoint (i) an internal control consultant to provide advice and review the internal control system regarding internal control matters on a regular basis; and (ii) external Hong Kong and PRC legal advisers to advise us on compliance with and to provide us with updates on the changes in the GEM Listing Rules and the applicable Hong Kong and PRC laws, rules and regulations from time to time and as required. With the assistance of these external legal advisers, the compliance adviser, internal control consultant, compliance officer and company secretary, the Group aim to maintain effective internal control system and corporate governance measures, as well as ensure that the Group's operations are in compliance with the applicable laws, rules and regulations with respect to the Group business operations in the PRC and Hong Kong.

COMPANY SECRETARY

Ms. Tam Mei Chu is the company secretary of the Group. Ms. Tam is a member of the Hong Kong Institute of Certified Public Accountants.

For the year ended 31 December 2025, Ms. Tam has undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

Corporate Governance Report (Continued)

COMPLIANCE OFFICER

Mr. Wang Yun, an executive Director, is the compliance officer of the Group. Please refer to his biographical details as set out on page 19 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors of the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this annual report.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. All general meetings, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

Procedures for Nominating a New Director

Pursuant to article 111 of the articles of association of the Company ("Articles of Association"), subject to the Articles and the Companies Law of the Cayman Islands, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director.

Procedures for Convening EGM

Pursuant to article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM. Any one or more member(s) holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal place of business in Hong Kong for the attention of the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

If within 21 days of such deposit, the Board fails to proceed duly to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Procedures for Sending Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All such enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Corporate Governance Report (Continued)

Procedures for Putting forward Proposals at General Meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Companies Law (as revised) of the Cayman Islands, as amended, modified and supplemental from time to time.

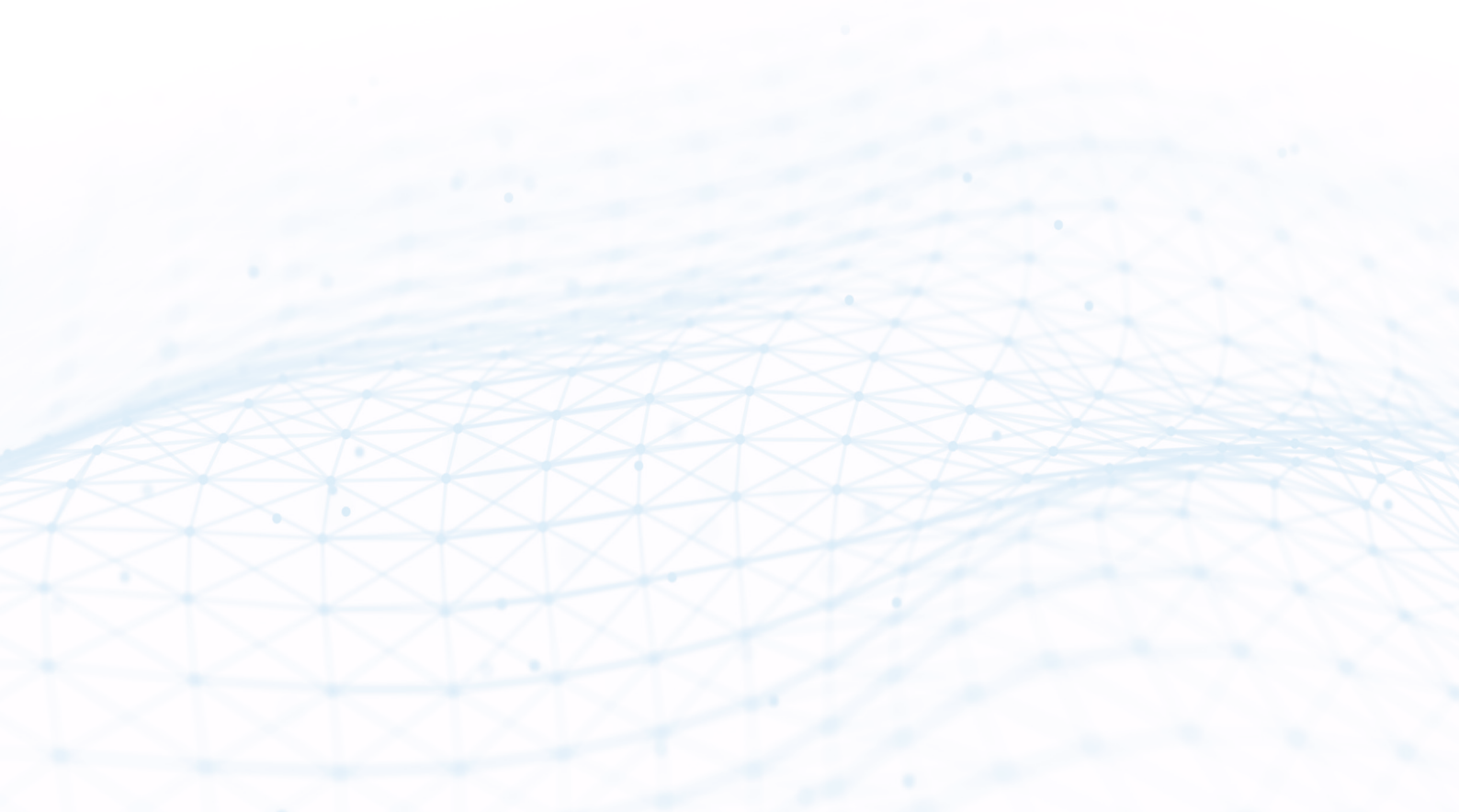
However, pursuant to the Articles of Association, Shareholders who wish to move a resolution may by means of requisitions convene an EGM following the procedures set out above.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual, interim and quarterly reports, notices, announcements and circulars and the Company's website at <https://www.irasia.com/listco/hk/hkentertainment/>.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, there had been no significant change in the Company's constitutional documents. The Memorandum and Articles of Association are available on the websites of the Stock Exchange and the Company.



Environmental, Social and Governance Report

ABOUT THE GROUP

Hong Kong Entertainment International Holdings Limited (the “Company” or “Hong Kong Entertainment”, and its subsidiaries collectively, the “Group”, “we”, “us” or “our”) derive its revenue principally from the sale of tinplate packaging semi-finished and finished products in the People’s Republic of China (the “PRC”). The business process involves the procurement of raw materials, such as tinplate coils, tinplate sheets and laminated and printed tinplate sheets; and the manufacturing process includes cutting and assembling. We own and operate a factory located in the PRC.

ABOUT THIS REPORT

This Environmental, Social and Governance (“ESG”) Report (the “Report”) aims at providing a detailed account of the Group’s effort, internal policy and contribution towards the Group’s sustainability performance for the year ended 31 December 2025 (the “Reporting Period” or “2025”). The scope mainly includes the factory in the PRC (the “PRC Factory”). There is no major change in the reporting scope compared to the previous year.

The preparation and presentation of related information in this ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (the “ESG Reporting Code” or “ESG Code”) as set out in Appendix C2 to the Rules (the “GEM Listing Rules”) Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited. The Report has been prepared based on four reporting principles, including materiality, quantitiveness, balance and consistency.

Materiality: The Report shall cover material ESG issues that are sufficiently important and material to different stakeholders and the business operation.

Quantitiveness: The Group presents quantitative environmental and social key performance indicators (“KPIs”) as well as historical data in the report for comparison where applicable. The criteria, methodologies, references and conversion factors used for calculating the KPIs are mainly referred to the ESG Reporting Code.

Balance: The Report shall provide an unbiased picture of the Group’s performance and avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the readers.

Consistency: The Group adopts consistent methodologies when preparing the Report and the environmental and social KPIs to allow for meaningful comparisons over time. Any changes to the methods used must be specified in the Report.

It is recommended to read this Report in conjunction with the Annual Report 2025 of the Group for the business highlights, financial performance and corporate governance.

ESG GOVERNANCE

The Group has given due consideration to the sustainability aspects of our operations. The Group attaches great importance to our relationship with the stakeholders. We also expect to communicate the progress achieved and plans made for sustainable development to our stakeholders and gather their opinions.

To address the potential ESG risks and grasp the golden opportunities for sustainable development, the Group believes that a stable and efficient governance framework is vital. The board (the “Board”) of directors (the “Directors”) of the Group assumes the ultimate responsibility for overseeing the ESG affairs of the Group and supervising the execution of the Group’s policies in promoting sound ESG practices. The Board is responsible for reviewing and managing the material ESG issues with the support of management. ESG issues impacting the business operation should be taken into consideration in determining the Group’s business directions and strategies.

Environmental, Social and Governance Report (Continued)

The ESG working group has an overarching role in supporting the Board on matters of ESG and oversees the implementation of the ESG initiatives of the Group. The ESG working group comprises representatives from various departments and has been established to plan and coordinate ESG initiatives within the Group. This ESG working group helps to coordinate the day-to-day execution of our ESG strategy and periodically reports to the Board.

The Group will evaluate whether there is a need of formulating performance targets in environmental and social aspects, which will be reviewed and followed up by the Board. The Group will actively undertake environmental and social responsibilities in pursuing a better environment.

MATERIALITY ASSESSMENT

To better respond to the needs and expectations of stakeholders, the Group has identified the ESG aspects which are “relevant” and “important” to our operations by conducting a materiality assessment. The Group took reference to the ESG Reporting Code and set possible topics for the assessment. The results show that seven social aspects, including Employment, Health and Safety, Training and Development, Labour Standards, Supply Chain Management, Product Responsibility, and Anti-corruption are material to us. For the environmental aspect, the use of resources is also an important topic to the Group.

Aspects	Material ESG Issues
A. Environmental Aspect	
A2. Use of Resources	<ul style="list-style-type: none"> Efficient use of raw materials
B. Social Aspect	
B1. Employment	<ul style="list-style-type: none"> Employee welfare Inclusion and equal opportunities Talent attraction and retention
B2. Health and Safety	<ul style="list-style-type: none"> Occupational health and safety
B3. Development and Training	<ul style="list-style-type: none"> Development and training
B4. Labour Standards	<ul style="list-style-type: none"> Prevention of child and forced labour
B5. Supply Chain Management	<ul style="list-style-type: none"> Supply chain management
B6. Product Responsibility	<ul style="list-style-type: none"> Economic value generated Protection of intellectual property rights Protection of customer privacy
B7. Anti-corruption	<ul style="list-style-type: none"> Corporate governance Anti-corruption

The Group will continue to identify areas of improvement for the concerned areas and keep close communication with the stakeholders to advance the Group’s ESG management.

Environmental, Social and Governance Report (Continued)

CLIMATE-RELATED DISCLOSURES

In accordance with the enhanced climate-related disclosure requirements under the ESG Reporting Code effective for financial years commencing on or after 1 January 2025, the Group presents the following disclosures on climate-related matters structured around four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

GOVERNANCE

The Board assumes the ultimate responsibility for the Group's climate-related risks and opportunities. The Board oversees the identification and assessment of climate-related risks and opportunities that may impact the Group's operations, strategy and financial performance.

Board's Oversight

The Board exercises oversight over climate-related issues through the following mechanisms:

- The Board receives periodic reports from the ESG working group on climate-related risks and opportunities, including the potential impacts on the Group's business operations and financial performance.
- The Board reviews and approves climate-related strategies, policies and targets, and monitors progress against these targets on an annual basis.
- Climate-related considerations are integrated into the Board's decision-making processes for strategic planning, capital allocation and risk management.
- The Board reviews the adequacy and effectiveness of the Group's climate-related risk management processes and internal controls.

Management's Role

The ESG working group, comprising representatives from various departments including operations, procurement, finance and administration, supports the Board in managing climate-related issues. The ESG working group's responsibilities include:

- Identifying and assessing climate-related risks and opportunities relevant to the Group's operations.
- Developing and implementing climate-related strategies, policies and action plans.
- Monitoring climate-related performance metrics and reporting progress to the Board.
- Coordinating climate-related initiatives across different departments and ensuring alignment with the Group's overall business strategy.

The ESG working group meets on a regular basis to review climate-related matters and reports to the Board at least annually, or more frequently when significant climate-related issues arise.

Environmental, Social and Governance Report (Continued)

STRATEGY

The Group recognizes that climate change presents both risks and opportunities that may affect our business operations, strategy and financial planning. We have assessed the potential impacts of climate-related matters on our business across short-term (1-3 years), medium-term (3-10 years) and long-term (over 10 years) time horizons.

Climate-Related Risks

The Group has identified the following climate-related risks that may impact our operations:

Physical Risks

- **Acute Physical Risks:** Extreme weather events, such as typhoons, rainstorms and flooding, may disrupt production operations at the PRC Factory, damage facilities and equipment, interrupt the supply of raw materials from suppliers, and delay transportation of finished products to customers. Such events may also threaten the safety and wellbeing of our employees. The frequency and severity of extreme weather events are expected to increase due to climate change, particularly affecting the Guangdong Province region where our factory is located.
- **Chronic Physical Risks:** Long-term changes in temperature and precipitation patterns may affect the reliability of water supply and electricity supply to our manufacturing operations. Rising temperatures may also increase cooling requirements and energy costs at our facilities.

Transition Risks

- **Policy and Legal Risks:** The governments in the PRC and Hong Kong may introduce more stringent environmental laws and regulations, including carbon pricing mechanisms, stricter emissions standards, and enhanced environmental compliance requirements. This may result in increased compliance costs, potential penalties for non-compliance, and the need for additional investments in emission reduction technologies and cleaner production processes.
- **Market Risks:** As climate change awareness increases among customers and end-users, there is growing demand for environmentally sustainable packaging solutions and products with lower carbon footprints. Customers may shift preferences towards suppliers who demonstrate strong environmental performance and commitment to reducing greenhouse gas emissions. Failure to meet these evolving customer expectations may result in loss of market share and competitive disadvantage.
- **Technology Risks:** The transition to a low-carbon economy may accelerate the development and adoption of new manufacturing technologies and cleaner energy sources. The Group may need to invest in upgrading production equipment and processes to improve energy efficiency and reduce emissions. Failure to adopt new technologies in a timely manner may result in higher operating costs and reduced competitiveness.
- **Reputation Risks:** Stakeholders, including customers, investors and the general public, are increasingly scrutinizing companies' environmental performance and climate actions. Inadequate response to climate change or failure to meet climate-related commitments may damage the Group's reputation and stakeholder relationships.

Environmental, Social and Governance Report (Continued)

Climate-Related Opportunities

The Group has also identified potential climate-related opportunities:

- **Resource Efficiency:** Implementing energy efficiency measures and optimizing production processes can reduce energy consumption, lower operating costs and enhance operational resilience. The tinplate packaging products we manufacture are inherently recyclable and environmentally friendly, positioning us favorably as demand for sustainable packaging solutions increases.
- **Products and Services:** Growing market demand for sustainable packaging solutions presents opportunities to expand our customer base and strengthen relationships with environmentally conscious clients. Our tinplate products feature lower emissions of volatile organic compounds during production compared to alternative packaging materials.
- **Energy Source:** Exploring opportunities to adopt renewable energy sources, such as solar power, at our manufacturing facilities can reduce exposure to fossil fuel price volatility and lower our carbon footprint over the long term.

Impact on Business Strategy

In response to the identified climate-related risks and opportunities, the Group has integrated climate considerations into our business strategy:

- **Operational Efficiency:** We continue to optimize our production schedules and processes to minimize energy consumption and reduce greenhouse gas emissions. We have set targets to reduce energy consumption intensity, water consumption intensity, and greenhouse gas emissions intensity by 10% by 2027 against the 2022 baseline.
- **Supply Chain Management:** We work closely with our suppliers and subcontractors to promote environmental responsibility and ensure business continuity in the face of climate-related disruptions. Our strategic location in proximity to major customers and suppliers helps reduce transportation-related emissions and enhances supply chain resilience.
- **Product Positioning:** We emphasize the environmental benefits of our tinplate packaging products, including their recyclability, lower volatile organic compound emissions during production, and natural decomposability compared to alternative materials. This positioning aligns with growing market demand for sustainable packaging solutions.

Climate Transition Plan

The Group is developing a climate transition plan to guide our path towards a lower-carbon business model. While the transition plan is in its early stages, the key elements include:

- Achieving the targets set for reducing energy consumption intensity, water consumption intensity, greenhouse gas emissions intensity, and non-hazardous waste intensity by 10% by 2027 against the 2022 baseline.
- Exploring opportunities to increase energy efficiency through equipment upgrades and process optimization.
- Evaluating the feasibility of adopting renewable energy sources at our manufacturing facilities in the medium to long term.

Environmental, Social and Governance Report (Continued)

- Enhancing monitoring and reporting systems to track climate-related performance metrics.
- Engaging with suppliers and customers to promote climate action across our value chain.

The Group acknowledges that our transition plan will require ongoing refinement as we gain better understanding of climate-related impacts, technological developments, and regulatory requirements. We will review and update our transition plan regularly to ensure it remains aligned with our business strategy and climate-related commitments.

The Group's climate transition plan is currently at an early stage of development and has not yet been formalised as a standalone transition plan document. The elements described above represent our overall strategic response to climate-related risks and opportunities and will be further refined over time having regard to regulatory developments, technological progress and stakeholders' expectations.

Climate Resilience

To assess the resilience of our business strategy to climate change, the Group has considered potential climate scenarios, including scenarios aligned with different levels of global warming. While we have not yet conducted comprehensive quantitative climate scenario analysis, we have qualitatively assessed how our business may be affected under different climate futures:

- Under scenarios with limited climate action and higher levels of warming, we anticipate increased exposure to acute and chronic physical risks, including more frequent and severe extreme weather events. This may result in higher operational disruptions, increased costs for business continuity measures, and potential impacts on asset values.
- Under scenarios with significant climate action and transition to a low-carbon economy, we anticipate increased transition risks from policy and regulatory changes, market shifts, and technological developments. However, these scenarios also present opportunities to strengthen our market position through our sustainable product offerings and proactive climate actions.

The strategic location of our PRC Factory in proximity to major customers and suppliers enhances our resilience by reducing transportation-related vulnerabilities. Our focus on maintaining operational flexibility and strong relationships with multiple suppliers and subcontractors also contributes to our adaptive capacity.

The Group will continue to enhance our understanding of climate-related impacts and improve our scenario analysis capabilities over time to further strengthen the resilience of our business strategy.

RISK MANAGEMENT

The Group has established processes to identify, assess and manage climate-related risks, which are integrated into our overall enterprise risk management framework.

Environmental, Social and Governance Report (Continued)

Identification of Climate-Related Risks

The ESG working group is responsible for identifying climate-related risks that may affect the Group's operations. The identification process involves:

- Regular review of scientific reports, regulatory developments, and industry trends related to climate change.
- Assessment of the Group's exposure to physical climate hazards, including extreme weather events and long-term climate patterns, with particular focus on the Guangdong Province region where our operations are located.
- Analysis of potential transition risks arising from policy changes, market shifts, technological developments, and reputational considerations.
- Engagement with stakeholders, including customers, suppliers, employees and local communities, to understand their climate-related concerns and expectations.

Assessment and Prioritization of Climate-Related Risks

Once identified, climate-related risks are assessed based on their potential impact on the Group's operations, financial performance and strategy, as well as the likelihood of occurrence. The assessment considers:

- The magnitude of potential financial and operational impacts, including effects on revenue, costs, assets and liabilities.
- The time horizon over which impacts may materialize (short, medium or long term).
- The likelihood of the risk occurring within the relevant time horizon.
- The velocity of the risk (how quickly impacts may occur once the risk materializes).

Based on this assessment, climate-related risks are prioritized to focus management attention and resources on the most material risks. The assessment results are reported to the Board for review and consideration in strategic decision-making.

Management of Climate-Related Risks

For prioritized climate-related risks, the Group develops and implements response strategies, which may include:

- **Risk Mitigation:** Implementing measures to reduce the likelihood or impact of climate-related risks. Examples include improving energy efficiency, diversifying the supplier base, implementing business continuity plans for extreme weather events, and investing in equipment upgrades to reduce emissions.
- **Risk Transfer:** Using insurance and contractual arrangements to transfer certain climate-related risks to other parties where appropriate.
- **Risk Acceptance:** For certain lower-priority risks, the Group may accept the risk while maintaining monitoring and preparedness measures.

Environmental, Social and Governance Report (Continued)

- **Risk Avoidance:** In some cases, the Group may decide to avoid certain activities or business relationships that present unacceptable levels of climate-related risk.

Integration into Overall Risk Management

Climate-related risks are integrated into the Group's overall enterprise risk management processes. The ESG working group coordinates with other functional departments to ensure that climate-related considerations are reflected in operational planning, investment decisions, and strategic reviews. Material climate-related risks are included in the Group's risk register and are subject to the same governance, monitoring and reporting processes as other enterprise risks.

The effectiveness of climate-related risk management processes is reviewed periodically by management and the Board, with adjustments made as necessary based on changes in the risk landscape, business operations, or regulatory requirements.

METRICS AND TARGETS

The Group tracks climate-related metrics to monitor our environmental performance and progress towards our climate-related targets.

Greenhouse Gas Emissions

The Group discloses greenhouse gas ("GHG") emissions in accordance with the GHG Protocol. Our emissions include:

- **Scope 1 emissions:** Direct GHG emissions from sources owned or controlled by the Group, primarily from the use of diesel and petrol in company-owned vehicles.
- **Scope 2 emissions:** Indirect GHG emissions from the generation of purchased electricity consumed by the Group's operations.
- **Scope 3 emissions:** Other indirect emissions from the Group's value chain, including emissions from paper consumption for office use and business air travel by employees.

The GHG emissions data for the Reporting Period and comparative figures are presented in the Environmental Aspects section of this Report.

Cross-Industry Metrics

In addition to GHG emissions, the Group monitors the following cross-industry climate-related metrics:

- Energy consumption (direct and indirect) in gigajoules (GJ) and energy consumption intensity per million RMB revenue
- Water consumption in cubic metres and water consumption intensity per million RMB revenue
- Amount of capital expenditure and operating expenses invested in climate-related initiatives and improvements

Environmental, Social and Governance Report (Continued)

Industry-Specific Metrics

As a manufacturer of tinplate packaging products, the Group also tracks:

- Use of packaging materials in tonnes and intensity per million RMB revenue
- Generation of hazardous and non-hazardous waste in tonnes and intensity per million RMB revenue

Climate-Related Targets

The Group has set the following climate-related targets:

- Reduce energy consumption intensity by 10% by 2027 compared to the 2022 baseline
- Reduce water consumption intensity by 10% by 2027 compared to the 2022 baseline
- Reduce greenhouse gas emissions intensity by 10% by 2027 compared to the 2022 baseline
- Reduce non-hazardous waste intensity by 10% by 2027 compared to the 2022 baseline

These targets were set based on the Group's assessment of achievable improvements through operational efficiency measures, equipment upgrades, and process optimization. The targets are aligned with our business strategy and operational capabilities. While these targets were not derived using a specific sectoral decarbonization approach or validated by third parties, they represent meaningful commitments to reduce our environmental footprint.

Progress Against Targets

The Group monitors progress against these targets on an annual basis. Performance data is reviewed by the ESG working group and reported to the Board. Detailed performance metrics and comparative data are presented in the Environmental Aspects section of this Report.

In 2025, the Group's performance against the baseline year (2022) and annual targets will be evaluated. Where performance does not meet expectations, the ESG working group will investigate the underlying reasons and recommend corrective actions. The targets and methodologies may be reviewed and revised as necessary based on business developments, technological advancements, and evolving best practices.

The Group is committed to continuous improvement in our climate-related performance and will consider setting more ambitious targets in the future as we enhance our capabilities and gain greater understanding of climate-related impacts and opportunities.

Environmental, Social and Governance Report (Continued)

ENVIRONMENTAL ASPECTS

Use of Resources

The Group uses a variety of resources in its operations, including different forms of energy, water, raw materials, etc. The management has established the following policies for the efficient use of resources during production:

- optimize production schedule so as to reduce the energy usage during the manufacturing process;
- minimize the use of raw materials; and
- limit the usage time of lights and air-conditioning systems to reduce electricity consumption.

Energy Use and Efficiency

In 2025, the total energy consumption of the Group was 1,107.75 GJ (2024: 5,749.16 GJ); and the energy consumption intensity was 24.45 GJ per revenue (RMB million) (2024: 105.54 GJ per revenue (RMB million)). For direct energy use, diesel and petrol were consumed during the use of company-owned vehicles; whereas for indirect energy use, electricity was consumed in the PRC Factory.

The Group's greenhouse gas emissions are calculated with reference to the Greenhouse Gas Protocol and the emission factors published by relevant authorities in the PRC and Hong Kong. Scope 1 emissions cover direct fuel consumption by company-owned vehicles, Scope 2 emissions cover purchased electricity consumed at the PRC Factory using a location-based method, and Scope 3 emissions primarily cover paper consumption for office use and business air travel by employees. Where estimation is required, reasonable assumptions and the latest available activity data are applied.

Since efficient use of resources is one of the material topics identified in the materiality assessment, the Group shall continue to track our energy use performance and further improve our energy efficiency. The Group aims at reducing the energy consumption intensity in our operations by 10% by 2027 against the 2022 baseline.

Direct and/or indirect energy consumption by type	2025	2024	Unit
Direct energy consumption	0.00	95.14	GJ
Indirect energy consumption	1,107.75	5,654.02	GJ
Total energy consumption	1,107.75	5,749.16	GJ
Intensity (by revenue)	24.45	105.54	GJ/Revenue (RMB million)

Water Use and Efficiency

The total amount of water consumption in the Reporting Period was 11,500 cubic metres (m³) (2024: 21,388 m³), and the water consumption intensity was 253.8 m³ per revenue (RMB million) (2024: 392.6 m³ per revenue (RMB million)). Water is supplied by the municipal water network, and we did not encounter any issues in sourcing water during the Reporting Period. The Group shall continue to monitor our water usage and improve the water efficiency in the production process. The Group has initiated a target of 10% reduction in term of intensity of the water consumption by 2027, compared with the baseline year of 2022.

Environmental, Social and Governance Report (Continued)

Water consumption in total and intensity	2025	2024	Unit
Total water consumption	11,500	21,388	m ³
Intensity (by revenue)	253.8	392.6	m ³ /Revenue (RMB million)

Use of Packaging Materials

The Group tries to use minimal amount of packaging materials to pack the products, mainly to ensure the safety of the product during transportation and maintain the product quality. During the Reporting Period, the total amount of packaging materials used, including packaging rope and stretch film, was 26.4 tonnes (2024: 52.1 tonnes); and the intensity of packaging material used was 0.58 tonnes per revenue (RMB million) (2024: 0.96 tonnes per revenue (RMB million)).

Packaging material for finished goods	2025	2024	Unit
Total packaging material used	26.4	52.1	Tonnes
Intensity (by revenue)	0.58	0.96	Tonnes/Revenue (RMB million)

Emissions

The Group is engaged in the manufacturing and sales of various tinplate components and products, including tin cans and steel pails, which are generally used for storing paint and coatings. Throughout the manufacturing process, noise pollution and certain volatile organic compounds (“VOC”) are generated when plastic is employed; and a moderate amount of smoke is emitted from welding. The Group has endeavoured to manage and control such emissions.

The majority of the machinery employed in the tinplate handling process are considered as small to medium-sized machines, and air emissions from them are not substantial. Management of the Group considers the emissions from the logistics involved in the delivery of the products as the major source of greenhouse gas (GHG) emissions. Nevertheless, during the manufacturing process, the Group consumes electricity for lighting, equipment and machinery which also produces indirect GHG emissions.

The management considers that the tinplate products feature an environmentally friendly production process due to the lower emission of volatile organic compounds (VOCs) during the production process compared with water-based paint and coatings (with generally lower emissions of VOCs). Furthermore, Tinplate is environmentally friendly as it is naturally decomposable and therefore brings minimum pollution to the environment; and easily recyclable as it is attracted to the magnet, allowing quick and easy separation from other disposables in the recycling process.

As a law-abiding corporation, the Group pays close attention to the current and developing laws and regulations that are deemed relevant to the Group. During the Reporting Period, the Group did not have any material non-compliance with applicable environmental laws and regulations, specifically the applicable section of the Environmental Protection Law of the PRC, the Environmental Impact Assessment Law of the PRC, Prevention and Control of Atmospheric Pollution Law of the PRC, Urban Drainage and Sewage Treatment Regulations and the Prevention and Control of Environmental Noise Pollution of the PRC.

Environmental, Social and Governance Report (Continued)

Air Emissions

The use of diesel and petrol by the Group's vehicles generates air pollutant emissions, including nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and respirable suspended particles ("RSP"). The main emissions of air pollutants are as follows:

Air Emissions	2025	2024	Unit
Nitrogen Oxides (NO _x)	77.3	89.8	Kg
Sulphur Oxides (SO _x)	2.5	4.0	Kg
Respirable Suspended Particles (RSP)	1.8	2.9	Kg

The Group will continue to improve our data collection and monitoring system to collect emission data of other significant air emissions relevant to our operations.

Greenhouse Gas Emissions

The main sources of the Group's greenhouse gas emissions are the direct emissions during the use of diesel- and petrol-powered vehicles (Scope 1 emissions) and the energy indirect emissions resulting from the generation of purchased electricity (Scope 2 emissions). In 2025, the total amount of greenhouse gas emissions was 780.96 tonnes of carbon dioxide-equivalent ("CO₂-e") (2024: 1,117.45 tonnes of CO₂-e); and the greenhouse gas intensity was 17.23 tonnes of CO₂-e per revenue (RMB million) (2024: 20.51 tonnes of CO₂-e per revenue (RMB million)). In the Reporting Period, the Group has set a target for the greenhouse gas emissions and the Group aims to achieve a 10% reduction in overall emissions intensity by 2027 as compared to 2022.

The details of the Group's greenhouse gas emissions in 2025 and 2024 are as follows:

Greenhouse gas emissions	2025	2024	Unit
Scope 1 emissions	5.36	7.38	Tonnes CO ₂ -e
Scope 2 emissions	775.60	1,036.57	Tonnes CO ₂ -e
Scope 3 emissions	0.00	73.50	Tonnes CO ₂ -e
Total greenhouse gas emissions	780.96	1,117.45	Tonnes CO ₂ -e
Intensity (by Revenue)	17.23	20.51	Tonnes CO ₂ -e/Revenue (RMB million)

Waste Management

In 2025, the Group produced a total amount of 0.01 tonnes (2024: 0.01 tonnes) of hazardous waste and the intensity of hazardous waste was 0.00022kg per revenue (RMB million) (2024: 0.00018kg per revenue (RMB million)). The hazardous waste included the used oil from machinery and waste activated carbon, which were rectified and incinerated respectively. Hazardous waste was collected and stored in the specified places, and transferred to a qualified processing company for unified handling after reaching a certain amount.

The Group has produced a total amount of 1.1 tonnes (2024: 1.2 tonnes) non-hazardous waste in 2025, which included general waste, such as waste towels and gloves, as well as metal barrels, from our manufacturing process. The intensity of non-hazardous waste production in 2025 was 0.024 tonnes per revenue (RMB million) (2024: 0.022 tonnes per revenue (RMB million)). The above non-hazardous waste was handled by specialized waste collection and disposal service providers. We aim at reducing non-hazardous waste intensity in our operations by 10% by 2027 against the 2022 baseline.

Environmental, Social and Governance Report (Continued)

Waste Management	2025	2024	Unit
Hazardous waste			
Total hazardous waste produced	0.01	0.01	tonnes
Intensity (by Revenue)	0.00022	0.00018	kg/Revenue (RMB million)
Non-hazardous waste			
Total non-hazardous waste produced	1.1	1.2	tonnes
Intensity (by Revenue)	0.024	0.022	tonnes/Revenue (RMB million)

The Environment and Natural Resources

The PRC Factory is strategically located in proximity to its largest customer in the PRC. As the transportation logistics with suppliers, subcontractors, and customers are conducted on the road, the strategic location of the PRC Factory generally enables us to respond quickly to the customers' requirements and facilitates the expansion of the customer base in Guangdong Province. The proximity between the factory and clients also reduces the emissions of air pollutants and greenhouse gases during transportation.

The Group considered the impact of noise pollution when choosing the site of the factory area and has chosen an operation area which is far away from the residential areas. The Group strictly follows the requirements of the "Emission Standard for Industrial Enterprises Noise at Boundary".

Meanwhile, the Group's objective is to maintain the balance between operational efficiency and resource efficiency. The production of tinplate products has less impact on the environment compared to water-based paint and coatings products. However, to further reduce the environmental impacts and use of natural resources, the Group will continue to look for better alternatives for the use of raw materials that provide similar or higher qualities.

SOCIAL ASPECTS

Employment and Labour Practices

Employment

The Group adopts the practices and policies of the Labour Law of the PRC, Labour Contract Law of the PRC and other relevant laws and regulations to ensure an equal and fair working environment. The Group provides equal opportunities for all regardless of their age, gender, race, sexual orientation, disability and marital status.

The Group normally recruits the workforce by posting recruitment advertisements outside the PRC Factory. The employment terms of our staff are specified in the employment contract, including compensation and dismissal, working hours, rest periods and other benefits and welfare. The staff handbook also highlights important information and policies on compensation, employee benefits, rights on termination, business conduct and leave benefits.

The Group has participated in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees in Hong Kong. In the PRC, the Group has participated in the basic pension insurance, basic medical insurance, unemployment insurance, occupational injury insurance, and maternity insurance prescribed by the Social Insurance Law of the PRC.

Environmental, Social and Governance Report (Continued)

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in respect of employment. As at the end of the Reporting Period, the Group had an aggregate of 46 full-time employees (2024: 75 full-time employees) and the turnover rate was 65%. The following charts show the total workforce by gender, age group, employment category and geographical region.

Total workforce		2025	2024	Unit
Total number of employees		46	75	Employee
By Gender	Male	20	40	Employee
	Female	26	35	Employee
By employment type	Full-time	46	75	Employee
	Part-time	–	–	Employee
By age group	≤30	10	10	Employee
	31-40	15	25	Employee
	41-50	20	30	Employee
	>50	1	10	Employee
By employment category	Managerial	4	6	Employee
	Senior	5	3	Employee
	Middle	20	46	Employee
	Junior	17	20	Employee
By function	Executive	6	8	Employee
	Technical	25	30	Employee
	Administrative	5	10	Employee
By geographical region	Production	10	27	Employee
	Hong Kong	1	–	Employee
	China	45	75	Employee

Employee turnover rate		2025	2024	Unit
Total employee turnover rate		40	33	%
By Gender	Male	35	3	%
	Female	46	20	%
By employment type	Full-time	40	0	%
	Part-time	–	–	%
By age group	≤30	0	62	%
	31-40	40	0	%
	41-50	33	38	%
	>50	90	0	%
By employment category	Managerial	50	80	%
	Senior	60	140	%
	Middle	75	0	%
	Junior	59	5	%
By geographical region	Hong Kong	0	200	%
	China	40	14	%

Environmental, Social and Governance Report (Continued)

Health and Safety

To raise the safety awareness of the employees during work, the Group provides safety education and training to employees. Safety guidelines and operating manuals are also provided in place for the production process. The Group also provides employees with training programmes on work safety, such as the proper operation of equipment to enhance occupational safety and minimize the possibility of work-related accidents and injuries. The Group has established a policy for recording and handling accidents; and upon the occurrence of accidents, the staff will report to the relevant sub-team to handle the case. The human resources department will assess the impact of the accidents and consider appropriate measures to improve occupational safety.

Health and Safety	2025	2024	Unit
Number of work-related fatalities	0	0	No.
Rate of work-related fatalities	0	0	%
Lost days due to work injury	0	20	No.

Workplace Health and Safety

To provide a safe and comfortable working environment, the Group has complied with the Labour Law of the PRC, the Law of the PRC on the Safety of Special Equipment of occupational health and safety and other applicable regulations. The workplace is equipped with fire safety equipment in the event of a fire and the competency of the fire facilities is regularly checked.

During the past three years, including the Reporting Period, there was no record of work-related fatalities; and the total lost days due to work injury was nil in 2025 (2024: 20 days). The Group provides guidelines in the staff handbook and internal policy to enhance staff awareness of safety. We also employ a qualified service unit for regular occupational illness check-ups.

Production Safety

The operation of PRC Factory shall comply with the PRC production safety laws and regulations. The Production Safety Law of the PRC under the State Administration of Work Safety provides safety standards for production or business operation in order to reduce accidents and protect the security and safety of the general public and property. During the Reporting Period, the Group did not have material non-compliance with the Production Safety Law or other relevant laws and regulations.

Development and Training

Newly recruited employees are required to attend a safety training course so they can get familiar with the safety standards which they are required to meet during the production process. The Group also provides regular in-house safety education and training to the employees and recommends suitable training programmes held by outside authorities relating to the operation of production facilities.

During the Reporting Period, the Group provided an average of 8 hours of on-the-job training per employee. 100% of the employees are trained.

Environmental, Social and Governance Report (Continued)

Percentage of trained employees		2025	2024	Unit
Percentage of trained employees		100	87	%
By Gender	Male	100	88	%
	Female	100	86	%
By employee category	Managerial	100	100	%
	Senior	100	100	%
	Middle	100	89	%
	Junior	100	75	%
By function	Executive	100	100	%
	Technical	100	83	%
	Administrative	100	80	%
	Production	100	89	%

Average training hours completed		2025	2024	Unit
Average training hours per employee		8.0	3.0	Hour/employee
By Gender	Male	8.0	3.0	Hour/employee
	Female	8.0	2.1	Hour/employee
By employee category	Managerial	8.0	5.0	Hour/employee
	Senior	8.0	10.0	Hour/employee
	Middle	8.0	2.0	Hour/employee
	Junior	8.0	2.3	Hour/employee
By function	Executive	8.0	3.0	Hour/employee
	Technical	8.0	2.5	Hour/employee
	Administrative	8.0	2.1	Hour/employee
	Production	8.0	2.8	Hour/employee

Labour Standards

The management will not recruit child labour or forced labour for the Group's operation. The Group complies with the Labour Contract Law of the PRC. Any individuals under legal working age and individuals without any identification documents are disqualified from employment.

During the Reporting Period, the Group did not identify any non-compliance with relevant laws and regulations regarding child labour or forced labour.

Operating Practices and Social Investment

Supply Chain Management

One of the Group's over-arching principles in selecting suppliers and sub-contractors is whether they take a similar stance on sustainability to the Group. For the production of raw materials by Hong Kong Entertainment's suppliers, the national standard "Cold-reduced Electrolytic Tinplate GB/T 2520-2008" is recommended; and for the printing of tinplate, the industrial standard "Tinplate Prints for the Packing and Decoration QB/T1877-1993" is recommended to our suppliers. During the Reporting Period, the Group had a total of 112 suppliers.

Environmental, Social and Governance Report (Continued)

Supply Chain Management		2025	2024	Unit
Number of suppliers by geographical region				
Total number of suppliers		112	196	Supplier
By geographical region	China	107	195	Supplier
	Hong Kong	5	1	Supplier

The Group always views suppliers as important partners and persists in fair and open measures to cooperate with various suppliers. The Group gives priority to local suppliers when developing businesses all over the country in order to create employment opportunities for local communities and fulfil corporate social responsibility. Preference is also given to environmentally and socially responsible suppliers, such as contractors who prioritise the purchase of reusable and renewable products or adopt low-emission construction processes, etc.

The Group mainly engages subcontractors for the production processes of tinplate printing, tinplate scroll-cutting and tinplate laminating. The Group considers that these production processes require specific skill sets, machinery and equipment. The Group selects subcontractors with reference to factors, such as price, proximity to the PRC Factory, technical and manufacturing capabilities, capacity to complete orders on time, delivery reliability, ability to meet quality requirements, reputation and possession of relevant business license if required. The Group will conduct site visits to their factories to inspect their machinery and equipment.

The Group adopts a green procurement concept in our supply chain. The Group's materials are purchased from qualified suppliers whose products meet the requirements of applicable environmental law and regulations. To monitor the performance of the subcontractors, the Group arranges visits to their facilities and communicates with them regularly to inspect processing quality. The Group also conducts various tests on the laminated tinplate sheets and printed tinplate sheets received from the subcontractors.

Product Responsibility

The Group's main products are tin cans and steel pails. The Group has complied with the Standardisation Law of the PRC, and General Specifications include:

- "Transport Packages of Dangerous Goods GB 12463-2009",
- "Packaging Containers – Tinplate Aerosol Can GB 13042-2008",
- "Packing Containers – Square Pail GB/T 17343-1998", and
- "Rules for the Inspection of Packaging for Export Dangerous Goods SN/T 0370.2-2009".

Product Responsibility	2025	2024	Unit
Percentage of total products sold or shipped subject to recalls	0	0	%
Number of products and service-related complaints received	0	0	No.

Environmental, Social and Governance Report (Continued)

Product Safety and Quality

The Group places great emphasis on the quality of the products and adopts quality control measures covering various aspects of the procurement and production operations. The production department is mainly responsible for devising production plans based on various factors, including the delivery dates and volumes of the products stipulated in customers' orders, any monthly purchase plans provided by the customers, historical sales demands, the production capacity and the inventory levels, and ensuring the smooth operation of the production lines.

On-site quality inspectors are set up in each production line to perform random quality checks for the product. Products will also be sent to the quality inspection department for regular quality appraisal. If there is any product recall, the Group will arrange a quality inspector to visit the client and determine whether there is a quality issue. If yes, the product will be returned to the company for warehousing processing, and the quality inspector will check again whether it can be repaired or not.

The Group is deeply aware of the importance of product quality and safety of its products. The Group has established policies to ensure that buyers are satisfied with its products. Procedures and systems are in place to give timely redress towards any dissatisfaction reported or discovered. During the Reporting Period, the Group did not have any record of complaints or product recalls based on the quality of our products.

Intellectual Property Rights

The Group is committed to protecting and respecting intellectual property rights by registering patents for our systems and products. During the Reporting Period, the Group did not have any material non-compliance with the Patent Law of the PRC, Trademark Law of the PRC and other laws and regulations related to intellectual property rights.

Customer Data Protection

The Group undertakes to comply with the relevant laws and regulations in the PRC to ensure that the rights and interests of customers are strictly protected. Information collected by the Group from its customers would only be used by the sales department for management. Other departments are not permitted to use, export and copy any customer's information.

The Group did not have any material non-compliance with applicable laws and regulations regarding health and safety, advertising, labelling and privacy matters related to services offered during the Reporting Period.

Anti-Corruption

The management of the Group does not tolerate any forms of corruption, fraud, money laundering, bribery and extortion in the course of its operations. The Group has complied with relevant laws and regulations, such as the Criminal law of the PRC and the Anti-Unfair Competition Law of the PRC. We also have policies on anti-money laundering and counter-terrorist financing, and any suspicious transactions would be notified and reported to the relevant governing body by the responsible officer.

In order to encourage our employees to report illegality, irregularity, malpractice, unethical or inappropriate conducts, which may damage the Group's interests, we established whistle-blowing policy and implement procedures for our employees to report improprieties via a confidential reporting channel to the extent that is made possible to all employees.

The Group understands the importance of promoting anticorruption to the employees. The Group will continue to provide training and education to employees on anti-corruption matters.

Environmental, Social and Governance Report (Continued)

During the Reporting Period, no corruption or fraudulent incident was discovered in the Group. The Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

Anti-Corruption	2025	2024	Unit
Number of concluded legal cases regarding corruption	0	0	Case

Community Investment

As a part of the continuous effort in giving back to society, the Group seeks opportunities to get involved in various community programs. The Group's approaches towards community involvement are as follows:

- the Group will fulfill corporate social responsibility through expanding its efforts in the areas of charity work;
- assessment will be taken on how to conduct business activities in the interests of the community; and
- the Group is committed to providing career opportunities to the locals and promoting the development of the community's economy.

Environmental, Social and Governance Report (Continued)

HKEX ESG CODE CONTENT INDEX

KPIs	HKEX ESG CODE Content Index	Disclosure Requirements	Sections
Governance Structure			
1	Governance Structure	Disclosure of the board's oversight of ESG issues.	ESG Governance
		Board's ESG management approach and strategy, including the process to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses).	ESG Governance
		How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG Governance
	Reporting Principles	Description of, or an explanation on, the application of the following Reporting Principles (Materiality, Quantitative, Consistency) in the preparation of the ESG report.	About This Report
	Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	About This Report
Environmental			
Aspect A1: Emissions			
A1	General Disclosure	Compliance with relevant laws and regulations that have a significant impact on the issuer; relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
A1.1		The types of emissions and respective emissions data.	Emissions
A1.2		Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity.	Emissions

Environmental, Social and Governance Report (Continued)

Section	Description	Reference
A. Environmental		
A1 Emissions		
General	Compliance with relevant laws and regulations that have a significant impact on the issuer; relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Aspects
A1.1	The types of emissions and respective emissions data.	Air Emissions and GHG
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Air Emissions and GHG
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
A1.5	Description of emission target(s) set and steps taken to achieve them.	Air Emissions and GHG
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management
A2 Use of Resources		
General	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources

Environmental, Social and Governance Report (Continued)

Section	Description	Reference
A3 Environment and Natural Resources		
General	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources
A4 Climate Change		
General	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate-Related Disclosures
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate-Related Disclosures
Part D – Climate-Related Disclosures		
Governance		
	Disclosure of the Board's oversight of climate-related risks and opportunities, and the roles of the Board and management in monitoring climate-related issues, reviewing climate-related information and overseeing progress against climate-related goals and targets.	Climate – Governance
Strategy		
	Description of significant climate-related risks and opportunities which have impacted, and may impact, the Group's business model, strategy and financial performance over the short, medium and long term (including acute and chronic physical risks and transition risks), and how these are considered in business planning and decision-making.	Climate – Strategy
Risk Management		
	Description of the processes for identifying, assessing and managing climate-related risks, including how such risks are integrated into the Group's overall risk management framework and regular risk review procedures.	Climate – Risk Management
Metrics and Targets		
	Disclosure of the climate-related metrics used by the Group (including greenhouse gas emissions and other relevant environmental indicators), any climate-related targets set (such as emissions or energy-efficiency targets), and the Group's performance against these targets.	Climate – Metrics and Targets

Environmental, Social and Governance Report (Continued)

Section	Description	Reference
B. Social		
B1 Employment		
General	Compliance with relevant laws and regulations that have a significant impact on the issuer; relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
B2 Health and Safety		
General	Compliance with relevant laws and regulations that have a significant impact on the issuer.	Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
B2.2	Lost days due to work injury.	Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
B3 Development and Training		
General	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
B4 Labour Standards		
General	Compliance with relevant laws and regulations that have a significant impact on the issuer.	Labour Standards
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

Environmental, Social and Governance Report (Continued)

Section	Description	Reference
B5 Supply Chain Management		
General	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by region.	Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
B6 Product Responsibility		
General	Compliance with relevant laws and regulations that have a significant impact on the issuer.	Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility
B7 Anti-corruption		
General	Compliance with relevant laws and regulations that have a significant impact on the issuer.	Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption

Environmental, Social and Governance Report (Continued)

Section	Description	Reference
B8 Community Investment		
General	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Investment
B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Directors' Report

The Directors submit herewith their annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 1 to the consolidated financial statements.

BUSINESS REVIEW

Details of the discussion and analysis of the principal activities, including a business review, of the Group for the year ended 31 December 2025, can be found in the section "Management Discussion and Analysis" as set out on pages 6 to 18 of this annual report. These discussions form part of this Directors' report.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 69 of this annual report.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025.

FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 134 of this annual report. The summary does not form part of the audited consolidated financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity on page 72 and note 36 to the consolidated financial statements respectively.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the year ended 31 December 2025 are set out in note 14 to the consolidated financial statements.

Directors' Report (Continued)

SHARE CAPITAL

Details of the movements during the year ended 31 December 2025 in the share capital of the Company are set out in note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Pursuant to the Companies Law of the Cayman Islands, share premium and retained profits of the Company are distributable to the shareholders. As at 31 December 2025, the Company's reserves available for distribution to the shareholders of the Company amounted to approximately RMB4,711,000 (2024: nil).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the largest customer accounted for approximately 9.7% (2024: 21.5%) of the total revenue. For the year ended 31 December 2025, the percentage of revenue derived from the five largest customers in aggregate was approximately 40.0% (2024: 47.7%).

For the year ended 31 December 2025, the largest supplier accounted for approximately 22.7% (2024: 8.2%) of the total purchases. For the year ended 31 December 2025, the five largest suppliers in aggregate accounted for approximately 70.9% (2024: 35.0%) of the total purchases.

None of the Directors, their respective close associates or any shareholder of the Company (which, to the best knowledge of the Directors, own more than 5% of the issue share capital of the Company as at the date of this annual report) had any interest in any of the Group's five largest customers and suppliers during the year ended 31 December 2025.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The following are the key risks and uncertainties identified by the Group.

Business risk

The customer base of the Group mainly comprised product manufacturers and other manufacturers of packaging products and the retail customers. All the five largest customers are located in the PRC. As such, the business performance is affected by the general economic environment of the PRC which may be affected by various factors beyond the Group's control, including but not limited to GDP growth rate, consumer confidence, levels of inflation, unemployment levels and interest rates. A slowdown in the economy of the PRC may in turn result in decreased demand for the Group's products and ultimately a material adverse effect on the Group's business, financial position and results of operations.

Directors' Report (Continued)

Reliance on major customers

Sales to the Group's five largest customers for the year ended 31 December 2025 accounted for approximately 40.0% of the total revenue. The Group do not enter into any long-term contract with purchase obligations with these customers and cannot assure you these five largest customers will continue to do business with the Group at the same or increased levels or at all. If any of the major customers were to substantially reduce the volume and/or the value of their businesses with the Group and the Group were unable to expand its business with existing customers or attract new customers at desired levels, the Group may experience slower or no growth at all or decrease in revenue, and the Group's business, financial position and results of operations would be materially and adversely affected.

Reliance on major suppliers

Purchases from the Group's five largest suppliers for the year ended 31 December 2025 accounted for approximately 70.9% of the total purchases. Purchases from the largest supplier for the year ended 31 December 2025 accounted for approximately 22.7% of the total purchases.

The Group do not enter into long-term contract with purchase obligations with its suppliers. There is no guarantee that the Group will not suffer from any shortage of suppliers in the future. Should any of the major suppliers reduce the volume supplied to the Group, the Group may need to find alternative suppliers on similar sale terms and conditions acceptable. If the Group fail to do so in a timely manner, its production may have to be interrupted, its production costs may increase and the business, financial condition, results of operations and growth prospects may therefore be materially and adversely affected.

Reliance on raw materials

During the year under review, the costs of raw materials mainly represented packaging materials consumed. The Group's ability to pass on such raw material cost increases is, to a large extent, subject to the intensity of market competition and the general economic conditions. In addition, there is no assurance that the Group can continue to secure adequate supplies of the packaging materials at a competitive cost level to meet its production requirements, particularly in periods of high demand. Therefore, the revenue and profitability of the Group may be adversely affected in the event of unsteady supply or price fluctuation of the packaging materials for the production.

ENVIRONMENTAL, SOCIAL AND GOVERNMENT REPORT

The Group recognises the importance of environmental protection and has adopted stringent measures for environmental protection in order to avoid material environmental pollution, and ensure our compliance of prevailing environmental protection laws and regulations. For the purpose of disclosing the information in relation to environmental, social and governance ("ESG") in accordance with the ESG Reporting Guide in Appendix C2 to the GEM Listing Rules, for further details, please refer to the Company's Environmental Social and Governance Report published on the same date as this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC while the Company itself is listed on the GEM. The Group's establishment and operations accordingly shall comply with relevant laws and regulations in the PRC and Hong Kong. During the year ended 31 December 2025, the Company complied with the relevant laws and regulations in the PRC and Hong Kong in all material respects.

Directors' Report (Continued)

KEY RELATIONSHIPS

Employees

The Company recognises that employees are a valuable assets. Thus the Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

Suppliers

The Group selects the suppliers based on a number of criteria including but not limited to their product quality, pricing, supply capability and business track record with the Group. The Directors take the view that due to their experience in the tinplate packaging industry, they strive to safeguard the safety and quality of the Group's production materials. Hence, the Directors are capable of identifying suitable suppliers based on the aforesaid criteria. The Group regularly conducts on-site inspections of the suppliers' production facilities, reviews their background information and licences, including their business licence(s) and requisite certifications. As such, the Group has compiled and maintained a list of approved suppliers. These suppliers or any one of them would be removed from the list should they fail to satisfy the Group's quality and service requirements upon periodic review by the Group's production team and quality control team.

Customers

During the year ended 31 December 2025, the Group sold the tinplate packaging products directly to the customers predominantly in the Guangdong Province, which mainly comprising paint and coatings suppliers and other manufacturers of packaging products. The Group stays connected with its customers and has ongoing communication with the customers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions.

DIRECTORS

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

Executive Directors

Mr. Wang Yun

Mr. Zou Yonggang

Mr. Wang Shuai (Retired on 20 June 2025)

Independent Non-executive Directors

Mr. Wong Sui Chi

Ms. Yin Suying

Mr. Wu Chi King

Pursuant to the Articles of Association, Mr. Zou Yonggang and Mr. Wu Chi King will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' Report (Continued)

Directors' Service Contracts

Mr. Wang Yun and Mr. Zou Yonggong have entered into a service agreement with the Company as an Executive Director on 22 October 2019 with no fixed term of service. Mr. Wang Yun and Mr. Zou Yonggong shall hold office only until the next general meeting of the Company and shall be eligible for re-election at that meeting.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company. Mr. Wong Sui Chi, Ms. Yin Suying and Mr. Wu Chi King are appointed with an initial term of three years, one year and one year commencing from the execution date and will continue thereafter until terminated by not less than three months' notice, one month's notice and one month's notice in writing served by either party on the other respectively.

Save as disclosed above, none of the Directors has entered or has proposed to enter into any service contract with the Company or any of the subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

Save for the related party transactions disclosed in note 31 to the consolidated financial statements, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interests, whether directly or indirectly, subsisted during or at the end of the year.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 under the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

MANAGEMENT CONTRACTS

No management contracts concerning the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

Directors' Report (Continued)

PERMITTED INDEMNITY

The Articles of Association provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors. The Company has arranged appropriate liabilities insurance to indemnify the Directors from any liabilities and costs arising from the business of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed in this annual report, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the directors, the chief executive, their spouses or children under the age of 18 had any right to subscribe for securities of the Company, or had exercised any such right during the year ended 31 December 2025.

EMOLUMENT POLICY FOR DIRECTORS

The remuneration committee of the Company is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group. The Company's policies concerning remuneration of Directors are: (1) the amount of remuneration payable to the Directors will be determined on a case by case basis depending on the experience, responsibility, workload and the time devoted to the Group by the relevant Director; and (2) the Directors may be granted, at the discretion of the Board, share options of the Company, as part of the remuneration package.

DIVIDEND POLICY

The Company has adopted a dividend policy ("Dividend Policy"), pursuant to which the Company gives priority to distributing dividend in cash and shares its profits with its shareholders. The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

- the Articles of Association of the Company;
- the applicable restrictions and requirements under the laws of the Cayman Islands;
- any banking or other funding covenants by which the Company is bound from time to time;
- the investment and operating requirements of the Company; and
- any other factors that have material impact on the Company.

Directors' Report (Continued)

SHARE OPTION SCHEME

The Company has conditional adopted a share option scheme (the "Share Option Scheme") on 23 June 2017. For the principal terms of the Share Option Scheme, please refer to "D. Share Option Scheme" in Appendix V to the Prospectus.

Up to 31 December 2025, 839,781 share options are outstanding by the Company pursuant to such Share Option Scheme. The options are unlisted. Each option gives the holder the right to subscribe for one share of HK\$0.006 each of the Company.

Category of participants	Date of grant	Vesting period	Number of share options				Adjustment during the year ended 31 December 2025	Outstanding as at 31 December 2025	Exercisable period	Exercise price per share (HK\$)
			Outstanding as at 1 January 2025	Granted during the year ended 31 December 2025	Exercised during the year ended 31 December 2025	Lapsed/cancelled during the year ended 31 December 2025				
Employees	10 April 2019	No	2,204,440	-	-	-	(1,469,629)	734,811 <i>(note (i))</i>	10 years	5.943
	6 April 2022	No	8,256,000	-	-	(8,256,000)	-	-	3 years	0.400
Consultants	10 April 2019	No	314,912	-	-	-	(209,942)	104,970 <i>(note (ii))</i>	10 years	5.943
			10,775,352	-	-	(8,256,000)	(1,679,571)	839,781		

Notes:

- (i) The share options have been granted to 7 employees and each of them hold 104,973 share options.
- (ii) The share options have been granted to consultant A.

Pursuant to the service agreement entered into the Company and consultant A, consultant A make use of her professional knowledge and experience to monitor and improve the production efficiency for the Company which is considered as Consultant of the Group in the technical area.

Directors' Report (Continued)

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the year ended 31 December 2025, except for those disclosed in note 31 to the consolidated financial statements, the Group had no material transactions with its related parties.

The Directors conducted review of the related party transactions of the Group during the year ended 31 December 2025 and were not aware any transaction requiring disclosure of connected transactions in accordance with the requirements of the GEM Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

Save as disclosed elsewhere in the annual report, as at 31 December 2025, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2025, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person (other than the Directors and chief executive of the Company disclosed above) had, or was deemed or taken to have, an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' COMPETING INTERESTS

As at 31 December 2025, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

Directors' Report (Continued)

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors, its employees, and the directors and employees of its subsidiaries and holding companies, who may likely possess inside information on the Company or its securities, on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the year ended 31 December 2025.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Directors consider that the Company has applied the principles and complied with all the applicable code provisions set out in Appendix 15 to the GEM Listing Rules.

AUDIT COMMITTEE

The consolidated financial statements of the Group for the year ended 31 December 2025 have been reviewed by the audit committee of the Company. The audit committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2025 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

AUDITOR

The consolidated financial statements for the year ended 31 December 2025 was audited by Jon Gepsom CPA Limited whose term of office will be expired upon the forthcoming annual general meeting of the Company. An ordinary resolution for the re-appointment of Jon Gepsom CPA Limited as the auditor of the Company for the subsequent year will be proposed at the forthcoming annual general meeting.

By order of the Board

Hong Kong Entertainment International Holdings Limited

Wang Yun

Executive Director

Hong Kong, 31 March 2026

Independent Auditor's Report



Jon Gepsom CPA Limited

Room 1003-1005, 10/F, Siu On Centre
188 Lockhart Road, Wan Chai, Hong Kong

To the Shareholders of Hong Kong Entertainment International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Hong Kong Entertainment International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 69 to 133, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

We draw attention to note 3 to the consolidated financial statements, which indicates the Group had net liabilities of approximately RMB58,304,000. As stated in note 3 to the consolidated financial statements, this condition indicates that a material uncertainty exists that 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 (Continued)

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter. In addition to the matter described in the Material Uncertainty Related to Going Concern, we have determined impairment assessment of trade receivables to be the key audit matter.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of trade receivables</p> <p>Refer to notes 3.5, 4, 19 and 33(a) to the consolidated financial statements.</p> <p>As at 31 December 2025, the carrying amount of trade receivables was approximately RMB14,103,000, net of allowance for expected credit losses ("ECL") of approximately RMB588,000. In estimating the allowance for ECL on trade receivables, the directors of the Company has engaged professional qualified valuers in calculating the amount under lifetime ECL by grouping the trade receivables based on shared credit risk characteristics. The expected loss rates, which are calculated using provision matrix, are based on the historical credit loss rates, adjusted for forward-looking information. The grouping of the trade receivables by shared credit risk characteristics and the determination of the forward-looking information involve significant judgements and estimates made by the directors of the Company.</p> <p>We have identified the impairment assessment of trade receivables as a key audit matter because the carrying amount of the trade receivables is significant to the consolidated financial statements as a whole and there is involvement of significant judgements and estimates made by the directors of the Company when performing the impairment assessment.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of key internal controls over credit control, trade receivables and estimates of the allowance for ECL; • With the assistance of the auditor's expert, assessing the reasonableness of the Group's ECL models by examining the underlying assumptions and data used by the directors of the Company in calculating the allowance for ECL, including testing the accuracy of the historical default data, evaluating whether the historical credit loss rates are appropriately adjusted based on current economic conditions and forward-looking information; • Inspecting settlements after the financial year end relating to the trade receivables as at 31 December 2025; and • Assessing the disclosures made in the consolidated financial statements in relation to the Group's credit risk exposure.

Independent Auditor's Report (Continued)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included 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 DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee assists the directors of the Company in discharging their responsibilities 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. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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 HKSAAs 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 (Continued)

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

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

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

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

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

Independent Auditor's Report (Continued)

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

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.

Jon Gepsom CPA Limited

Certified Public Accountants

Lo Ka Ki

Audit Engagement Director

Practising Certificate Number : P06633

Room 1003–1005, 10/F

Siu On Centre

188 Lockhart Road

Wan Chai, Hong Kong

31 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Revenue	6	45,313	54,472
Cost of sales		(44,055)	(52,701)
Gross profit		1,258	1,771
Other income, gains and (losses), net	7	8,205	(3,697)
Selling and distribution expenses		(94)	(1,386)
Administrative and other expenses		(4,552)	(6,938)
(Impairment losses)/reversal of impairment losses on trade and other receivables, net		(588)	4,974
Share of result of an associate	16	–	(112)
Finance costs	8	(915)	(1,566)
Profit/(loss) before income tax		3,314	(6,954)
Income tax expense	9	(1)	–
Profit/(loss) for the year	10	3,313	(6,954)
Other comprehensive income/(expense) for the year: <i>Items that may be reclassified subsequently to profit or loss:</i>			
Release of exchange reserve upon disposal of subsidiaries	30(a)	245	(5)
Exchange differences arising on translation of financial statements of foreign operations		(221)	696
Other comprehensive income for the year		24	691
Profit/(loss) and total comprehensive income/(expense) for the year		3,337	(6,263)
Profit/(loss) for the year attributable to:			
– Owners of the Company		3,277	(6,914)
– Non-controlling interests		36	(40)
		3,313	(6,954)
Total comprehensive income/(expense) for the year attributable to:			
– Owners of the Company		3,301	(6,223)
– Non-controlling interests		36	(40)
		3,337	(6,263)
Earnings/(loss) per share (RMB)			(Restated)
– Basic and diluted	13	0.06	(0.13)

Consolidated Statement of Financial Position

At 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	14	1,674	2,084
Right-of-use assets	15	–	–
Interest in an associate	16	–	–
		1,674	2,084
Current assets			
Inventories	17	5,395	8,526
Financial assets at fair value through profit or loss	18	18,269	9,541
Trade receivables	19	14,103	14,640
Prepayments and other receivables	20	2,629	4,813
Pledged bank deposits	21	–	2,995
Cash and cash equivalents	22	1,883	4,099
		42,279	44,614
Current liabilities			
Trade and bills payables	23	14,654	52,993
Accruals and other payables	24	3,995	12,676
Borrowings	25	–	28,000
Income tax payable		1	54
		18,650	93,723
Net current assets/(liabilities)		23,629	(49,109)
Total assets less current liabilities		25,303	(47,025)
Non-current liabilities			
Bond payables	26	9,034	–
Borrowings	25	74,573	46,573
		83,607	46,573
Net liabilities		(58,304)	(93,598)

Consolidated Statement of Financial Position (Continued)

At 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Capital and reserves			
Share capital	27	279	27,909
Reserves	28	(58,579)	(121,467)
Equity attributable to owners of the Company		(58,300)	(93,558)
Non-controlling interests		(4)	(40)
Capital deficiency		(58,304)	(93,598)

Approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Wang Yun
Director

Zou Yonggang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company								Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000 (note 27)	Share premium RMB'000 (note 28(i))	Statutory reserve fund RMB'000 (note 28(ii))	Capital reserve RMB'000 (note 28(iii))	Share reserve RMB'000 (note 28(iv))	Exchange reserve RMB'000 (note 28(v))	Other reserve RMB'000 (note 28(vi))	Accumulated losses RMB'000			
As at 1 January 2024	27,909	105,325	3,826	7,200	4,208	6,032	(35,783)	(206,052)	(87,335)	-	(87,335)
Loss for the year	-	-	-	-	-	-	-	(6,914)	(6,914)	(40)	(6,954)
Other comprehensive (expense)/income:											
Release of exchange reserve upon disposal of a subsidiary (note 30(b))	-	-	-	-	-	(5)	-	-	(5)	-	(5)
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	696	-	-	696	-	696
Loss and total comprehensive income/(expense) for the year	-	-	-	-	-	691	-	(6,914)	(6,223)	(40)	(6,263)
Lapse of share options (note 29)	-	-	-	-	(479)	-	-	479	-	-	-
As at 31 December 2024 and 1 January 2025	27,909	105,325	3,826	7,200	3,729	6,723	(35,783)	(212,487)	(93,558)	(40)	(93,598)
Profit for the year	-	-	-	-	-	-	-	3,277	3,277	36	3,313
Other comprehensive income/(expense):											
Release of exchange reserve upon disposal of subsidiaries (note 30(a))	-	-	-	-	-	245	-	-	245	-	245
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	(221)	-	-	(221)	-	(221)
Profit and total comprehensive income for the year	-	-	-	-	-	24	-	3,277	3,301	36	3,337
Capital reorganisation (note 27)	(27,630)	-	-	-	-	-	-	27,630	-	-	-
Lapse of share options (note 29)	-	-	-	-	(1,266)	-	-	1,266	-	-	-
Deemed capital contribution from a shareholder (note 37)	-	-	-	31,957	-	-	-	-	31,957	-	31,957
Disposal of subsidiaries (note 30(a))	-	-	(3,826)	-	-	-	35,783	(31,957)	-	-	-
Transfer in/(out)	-	-	3	-	-	-	-	(3)	-	-	-
As at 31 December 2025	279	105,325	3	39,157	2,463	6,747	-	(212,274)	(58,300)	(4)	(58,304)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Profit/(loss) before income tax		3,314	(6,954)
Adjustments for:			
Depreciation of property, plant and equipment		1,232	1,835
Depreciation of right-of-use assets		–	24
Realised gains on disposal of financial assets at fair value through profit or loss (“FVTPL”)		(24)	–
Unrealised fair value (gains)/losses on financial assets at FVTPL		(8,166)	3,804
Loss/(gain) on disposal of subsidiaries		253	(55)
Gain on disposal of an associate		(9)	–
Gain on disposal of property, plant and equipment and right-of-use assets		(12)	(132)
Share of result of an associate		–	112
Impairment losses/(reversal of impairment losses) on trade and other receivables, net		588	(4,974)
Finance costs		915	1,566
Interest income from bank deposits		(1)	(39)
Operating cash flows before movements in working capital		(1,910)	(4,813)
Decrease in inventories		3,131	8,951
(Increase)/decrease in trade receivables		(582)	20,511
Decrease/(increase) in prepayments and other receivables		2,054	(1,050)
(Decrease)/increase in trade and bills payables		(38,339)	1,255
Decrease in accruals and other payables		(7,919)	(14,710)
Cash (used in)/generated from operations		(43,565)	10,144
Interest received		1	39
Income tax paid		–	(1,099)
Net cash (used in)/generated from operating activities		(43,564)	9,084
Cash flows from investing activities			
Purchase of property, plant and equipment		(822)	(483)
Proceeds from disposal of property, plant and equipment and right-of-use assets		12	19,500
Purchase of financial assets at FVTPL		(2,850)	(32)
Proceeds from disposal of financial assets at FVTPL		2,205	–
Net cash inflows from disposal of an associate		9	–
Net cash (outflows)/inflows from disposal of subsidiaries	30	(152)	166
Net cash (used in)/from investing activities		(1,598)	19,151
Cash flows from financing activities			
Interest paid		(867)	(1,566)
Advance from a shareholder		31,957	–
Borrowings raised		28,000	28,000
Repayments of borrowings		(28,000)	(74,177)
Proceeds from issue of bonds		8,988	–
Withdrawal of pledged bank deposits		2,995	2,958
Net cash from/(used in) financing activities		43,073	(44,785)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the reporting period		4,099	20,348
Effect on exchange rate changes on cash and cash equivalents		(127)	301
Cash and cash equivalents at the end of the reporting period, representing bank balances and cash	22	1,883	4,099

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. CORPORATE INFORMATION

Hong Kong Entertainment International Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business in Hong Kong is 18/F, V. Heun Building, 138 Queen’s Road Central, Central, Hong Kong.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacturing and sales of packaging products, provision of customised packaging service and retail sales of products, including but not limited to daily necessities and food products, all of which in the People’s Republic of China (the “PRC”) and in Hong Kong.

The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 18 July 2017.

The functional currency of the Company is Hong Kong dollars (“HK\$”) while the functional currency of the subsidiaries of the Company established in the PRC is Renminbi (“RMB”). For the purpose of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency as to better reflect the financial results and performance of the main operation of the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

1. CORPORATE INFORMATION (Continued)

At the end of the reporting period, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies with limited liability and principally affected the results or assets and liabilities of the Group, the particulars of which are set out as follows:

Name of subsidiary	Country/place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power held by the Company		Principal activities
			2025	2024	
Wan Cheng Design and Packaging Limited ("Wan Cheng Design")	Hong Kong	HK\$10,000	100%	–	Investment holding
Suzhou Wanyingcheng Material Technology Co., Ltd.* (蘇州萬贏成材料科技有限公司) ("Suzhou Wanyingcheng") (note (i))	The PRC	United States dollars ("US\$") 200,000	100%	–	Manufacturing and sales of packaging products
Shanghai Jiwan Cheng New Materials Co., Ltd.* (上海集萬誠新材料有限公司) (note (i))	The PRC	US\$200,000	100%	–	Inactive
Le Orange Corporation Limited ("Le Orange")	Hong Kong	HK\$10,000	100%	100%	Investment holding
Baidu Network (Shenzhen) Co., Ltd.* (百科網絡(深圳)有限公司) (note (i))	The PRC	RMB1,000,000	100%	100%	Manufacturing and sales of packaging products and provision of customised packaging services and retail sales of products in Hong Kong and the PRC
Baidu Chongqing (Funeral) Services Co., Ltd.* (百科重慶(殯儀)服務有限公司) (note (i))	The PRC	RMB2,000,000	100%	100%	Inactive
Wan Cheng Group Limited ("Wan Cheng")	The British Virgin Islands (the "BVI")	US\$1	– (Notes (ii))	100%	Investment holding
Wan Cheng Group (Hong Kong) Limited	Hong Kong	HK\$10,000	– (Notes (ii))	100%	Investment holding
Foshan City Shunde Wancheng Metal Packaging Co., Ltd.* (佛山市順德區萬成金屬包裝有限公司) (note (i))	The PRC	RMB2,000,000	– (Notes (ii))	100%	Manufacturing and sales of packaging products

Notes:

- (i) Registered as wholly-foreign owned enterprise under the PRC law.
- (ii) Disposed of during the year ended 31 December 2025 (note 30(a)).

* The English name is for identification purposes only

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

Except for Wan Cheng Design, Le Orange and Wan Cheng Group whose ownership interests are directly held by the Company, all other ownership interests are indirectly held by the Company.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(a) Application of amendments to HKFRS Accounting Standards

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards, which collectively includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (the “Ints”) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are mandatorily effective for the annual periods beginning on or after 1 January 2025.

Amendments to HKAS 21 and HKFRS 1 Lack of Exchangeability

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

(b) 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, which were relevant to the Group and have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HKAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company anticipate that all of the pronouncements of new and amendments to HKFRS Accounting Standards will be adopted in the Group’s accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new HKFRS Accounting Standard that are expected to have impact on the Group’s accounting policies is provided below. Other amendments to HKFRS Accounting Standards and Int are not expected to have a material impact on the Group’s consolidated financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective (Continued)

HKFRS 18 – *Presentation and Disclosure in Financial Statements*

HKFRS 18 will replace HKAS 1 – Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the consolidated financial statements.

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (“MPMs”) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of HKFRS 18, with respect to the structure of the Group's consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for the MPMs. The Group is also assessing the impact on how information is grouped in the consolidated financial statements. Preliminary assessments indicate the following key impacts:

- The Group will need to reclassify certain income and expense items (e.g., realised gain on disposal of financial assets at FVTPL and unrealised fair value gains on financial assets at FVTPL) into the new categories, namely investing and financing categories.
- The Group disclosed certain MPMs (e.g., adjusted operating profits and adjusted EBITDA) in its results announcements and the annual report. Under HKFRS 18, this will likely require additional disclosure for the MPMs within the notes to the consolidated financial statements.
- The consolidated statement of cash flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA and in compliance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) and with the disclosure requirements of the Hong Kong Companies Ordinance. Material accounting policies adopted by the Group are set out below.

Going concern consideration

As at 31 December 2025, the Group had net liabilities of approximately RMB58,304,000. This condition indicates the existence of a material uncertainty which might cast significant doubt on the Group’s ability to continue as a going concern.

Nevertheless, the consolidated financial statements of the Group have been prepared on the going concern basis as the directors of the Company are of the view that the Group will have sufficient working capital to finance its operations and to fulfill its financial obligations as and when they fall due in the coming twelve months from 31 December 2025, after taking into consideration the followings:

- (a) the Group may seek other financing resources (including but not limited to issue of shares or bonds or obtain other credit facilities) to meet its liabilities and obligations as and when they fall due;
- (b) the Group continues to improve the operating efficiency by implementing measures to tighten the cost controls over various operating expenses and streamline the operating efficiency to reduce manufacturing costs in order to enhance its profitability and to improve the cash flows from its operation in the future; and
- (c) a former director (the “Former Director”) of a subsidiary of a Company has agreed to provide adequate funding to support the manufacturing and sales of packaging products to meet its liabilities as they fall due.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Going concern consideration (Continued)

The directors of the Company consider that, after taking into account the aforementioned measures, the Group will have sufficient working capital to satisfy its present requirements for at least the next twelve months from 31 December 2025. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether the Group is able to achieve its measures as described above, which incorporate assumptions about future events and conditions that are subject to inherent uncertainties. Should the Group be unable to achieve the above measures such that it would not be continued as a going concern, adjustments would have to be made to reduce the carrying values 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, where applicable. The effect of these adjustments has not been reflected in the consolidated financial statements.

These consolidated financial statements have been prepared on the historical cost basis, except for financial assets at FVTPL that are measured at fair value 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. Details of fair value measurement are explained below.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

3.1 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.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 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.

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

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to owners of the Company. The amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to accumulated losses as specified by applicable HKFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of consolidation (Continued)

Interest in an associate

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

The results and assets and liabilities of an associate are incorporated in the consolidated financial statements using the equity method. Under the equity method, interest in an associate are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill and is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's interest in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the net investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. The difference between the carrying amount of the associate at the date the equity method was discontinued and the fair value of the proceeds from disposing of the associate is recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

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

Buildings	20-30 years
Machinery	10 years
Furniture, fittings and equipment	5 years
Motor vehicles	5 years

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 (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.3 Leases

Definition of a lease

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

For contracts entered into or modified, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases and leases of low-value assets

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

3.4 Impairment of property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets 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 and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.4 Impairment of property, plant and equipment and right-of-use assets (Continued)

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. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.5 Financial instruments

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

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

(i) *Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. 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.

Financial assets that do not meet the criteria for being measured at amortised or fair value through other comprehensive income (“FVTOCI”) or designed as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the “other income, gains and (losses), net” line item.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables, other receivables, pledged bank deposits and cash and cash equivalents) which are subject to impairment assessment under HKFRS 9. 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 end of the reporting period. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument 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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

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

- (a) an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- (b) 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;
- (c) 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;
- (d) an actual or expected significant deterioration in the operating results of the debtor; or
- (e) 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.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of the reporting period. A debt instrument is determined to have low credit risk if (i) the debt instrument has a low risk of default; (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information 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 receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information. 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 receivables where the corresponding adjustment is recognised through a loss allowance account.

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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.5 Financial instruments (Continued)

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 Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including (trade and bills payables, accruals and other payables, bond payables and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Financial liabilities are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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.

3.6 Inventories

Inventories are initially recognised at cost, and subsequently stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of the inventories are determined on a weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less all the estimated costs of completion and the estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

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

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

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.7 Cash and cash equivalents

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

3.8 Employee benefits

(i) Short term employee benefits

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

(ii) 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.

The Group operates a MPF Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee-administered funds.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, with the employers’ contributions subject to a cap of monthly relevant income of HK\$30,000. The Group’s contributions to the scheme are expensed as incurred and are vested in accordance with the scheme’s vesting scales. Where employees leave the scheme prior to the full vesting of the employer’s contributions, the amount of forfeited contributions is used to reduce the contributions payable by the Group.

The employees employed by the Group’s subsidiaries in the PRC are members of state-managed retirement benefit schemes operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the government of the PRC is to make the specified contributions under the schemes.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.8 Employee benefits (Continued)

(iii) Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

3.9 Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

3.10 Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before income 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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.10 Income taxes (Continued)

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 of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

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

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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.11 Revenue from contracts with customers

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

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

Revenue from sales of packaging products

Revenue from sales of packaging products is recognised at a point in time when control of the goods has been transferred, being when the packaging products have been delivered to the location designated by the distributor.

Revenue from sales of customised packaging products

Revenue from sales of customised packaging products is recognised at a point in time when the control of goods is transferred to the customers.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.12 Foreign currencies

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. RMB) 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 reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint arrangement that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to owners of the Company are reclassified to profit or loss.

3.13 Borrowing costs

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

3.14 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 Company's executive directors for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business.

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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities reported and disclosures made in the consolidated financial statements. 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 judgements in applying accounting policies

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

Going concern consideration

The assessment of the going concern assumptions involves making judgements by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumptions are set out in note 3.

Principal versus agent consideration

The Group engages in trading of certain packaging products during the year ended 31 December 2025. The Group concluded that the Group acts as the principal for such transactions as it controls the specified goods before it is transferred to the customer after taking into consideration indicators that (i) the Group is primarily responsible for fulfilling the promise to provide the goods; (ii) the Group has possessed inventory risk; and (iii) the Group has discretion in establishing prices for specified goods or services. When the Group satisfies the performance obligation, the Group recognises revenue in the gross amount of the consideration to which the Group expects to be entitled as specified in the contracts.

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 (Continued)

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Impairment assessment of trade receivables

The directors of the Company estimate the amount of impairment losses on trade receivables based on the credit risk of trade receivables. The amount of the impairment losses based on the ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2025, the carrying amount of trade receivables was approximately RMB14,103,000 (2024: RMB14,640,000), net of allowance for ECL of approximately RMB588,000 (2024: RMB8,210,000). Impairment losses on trade receivables of approximately RMB588,000 (2024: reversal of impairment losses on trade receivables of approximately RMB4,561,000) was recognised during the year ended 31 December 2025.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer taste or competitor actions. The management reassesses these estimates at the end of each reporting period.

As at 31 December 2025, the carrying amount of inventories is approximately RMB5,395,000 (2024: RMB8,526,000). No allowance for inventories has been recognised for the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

5. SEGMENT INFORMATION

The Group's businesses include the manufacturing and sales of packaging products, provision of customised packaging services and retail sales of products, including but not limited to daily necessities and food products. The Group's chief operating decision makers (the "CODM") have been identified as the executive directors of the Company. The information reported to the CODM, for the purpose of resources allocation and assessment of performance, does not contain discrete operating segment financial information and the CODM reviewed the financial results of the Group as a whole. Accordingly, no segment information is presented.

Geographical information

The Group's revenue from external customers by geographical location of customers is detailed below:

	2025 RMB'000	2024 RMB'000
The PRC, excluding Hong Kong	37,612	40,305
Hong Kong of the PRC	7,701	14,167
	45,313	54,472

As at 31 December 2025 and 2024, all the Group's non-current assets (excluding interest in an associate) are entirely located in the PRC, excluding Hong Kong. Accordingly, no geographical information of non-current assets was disclosed.

Information about major customers

Revenue from major customers, each of whom contributing 10% (2024: 10%) or more of the Group's total revenue is set out below:

	2025 RMB'000	2024 RMB'000
Customer A ¹	N/A ²	11,735

¹ Revenue from the manufacturing and sales of packaging products.

² The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective year.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

6. REVENUE

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15 and recognised at a point in time:		
Manufacturing and sales of packaging products	37,612	40,305
Sales of customised packaging products and retail sales of products	7,701	14,167
	45,313	54,472

7. OTHER INCOME, GAINS AND (LOSSES), NET

Other income and gains/(losses) during the year ended 31 December 2025 are presented in the followings:

	2025 RMB'000	2024 RMB'000
Interest income from bank deposits	1	39
Realised gains on disposal of financial assets at FVTPL	24	–
Unrealised fair value gains/(losses) on financial assets at FVTPL	8,166	(3,804)
(Loss)/gain on disposal of subsidiaries (<i>note 30</i>)	(253)	55
Gain on disposal of an associate (<i>note 16</i>)	9	–
Gain on disposal of property, plant and equipment and right-of-use assets (<i>note 14</i>)	12	132
Other gains/(losses), net	246	(119)
	8,205	(3,697)

8. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Imputed interest on bond payables (<i>note 26</i>)	48	–
Interest on borrowings	867	1,566
	915	1,566

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

9. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Current tax – The PRC Enterprise Income Tax (“EIT”) Provision for the year	1	–

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be 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%. No provision for Hong Kong Profits Tax has been made as the Group has sufficient unused tax losses to set-off the taxable profits during the year ended 31 December 2025. No provision for Hong Kong Profits Tax has been made during the year ended 31 December 2024 as the Group has incurred tax losses for taxation purposes.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and the Implementation Regulations of the EIT Law, the EIT rate of the PRC subsidiaries of the Group is 25% for the years ended 31 December 2025 and 2024, except for Suzhou Wanyingcheng, which is qualified as a micro and small enterprise under the relevant PRC tax regulations, and accordingly applies an enterprise income tax rate of 5%.

The Group is not subject to taxation in other jurisdictions during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

9. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to profit/(loss) before income tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Profit/(loss) before income tax	3,314	(6,954)
Tax on profit/(loss) before income tax, calculated at the rates applicable to loss in the tax jurisdictions concerned	477	(1,326)
Tax effect of non-taxable income	(1,353)	(16)
Tax effect of non-deductible expenses	68	649
Tax effect of tax losses not recognised	792	1,937
Tax effect of utilisation of tax losses previously not recognised	(12)	–
Tax effect of deductible temporary differences not recognised	29	–
Tax effect of utilisation of deductible temporary differences previously not recognised	–	(1,244)
Income tax expense	1	–

As at 31 December 2025, no deferred tax assets have been recognised in relation to the estimated un-used tax losses of approximately RMB18,661,000 (2024: RMB50,761,000) and deductible temporary differences of approximately RMB588,000 (2024: RMB2,156,000) due to the unpredictability of the future profits streams. Included in the estimated un-used tax losses as at 31 December 2025 was a balance of approximately RMB18,661,000 (2024: RMB16,330,000) which such estimated un-used tax losses might be carried forward indefinitely. Other estimated tax losses might be carried forward for 5 years from the year it has been incurred.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

9. INCOME TAX EXPENSE (Continued)

According to the prevailing EIT law and its relevant regulations, non-PRC resident enterprises are levied on withholding tax at 10%, unless reduced by tax treaties or similar arrangements, on dividends from their PRC-resident investees for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax.

No deferred tax liabilities in respect of the dividend withholding tax on un-remitted earnings have been recognised because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such temporary differences will not be reversed in the foreseeable future.

10. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year is arrived at after charging/(crediting):

	2025 RMB'000	2024 RMB'000
Auditor's remuneration	552	554
Cost of inventories recognised as expenses	44,055	52,701
Depreciation of property, plant and equipment	1,232	1,835
Depreciation of right-of-use assets	–	24
Impairment losses/(reversal of impairment losses) on:		
– Trade receivables	588	(4,561)
– Other receivables	–	(413)
	588	(4,974)
Expenses related to short-term lease	1,065	232
Staff costs (excluding directors' emoluments <i>(note 11(a))</i>):		
– Salaries, allowances and benefits in kind	1,425	2,137
– Contributions to defined contribution plans <i>(note)</i>	171	280
	1,596	2,417

Note: There were no forfeited contributions utilised to reduce future contributions during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST-PAID INDIVIDUALS

(a) Directors' emoluments

Directors' and chief executive's emoluments for the year ended 31 December 2025, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	Fee RMB'000	Salaries, allowances and benefits in kind RMB'000	Contributions to defined contribution plans RMB'000	Total RMB'000
Year ended 31 December 2025				
<i>Executive directors</i>				
Mr. Wang Yun	–	133	–	133
Mr. Zou Yonggang	–	57	–	57
Mr. Wang Shuai (<i>note (i)</i>)	–	–	–	–
<i>Independent non-executive directors</i>				
Mr. Wong Sui Chi	88	–	–	88
Mr. Wu Chi King	133	–	–	133
Ms. Yin Suying (<i>note (ii)</i>)	88	–	–	88
	309	190	–	499
Year ended 31 December 2024				
<i>Executive directors</i>				
Mr. Wang Yun	–	133	–	133
Mr. Zou Yonggang	–	57	–	57
Mr. Wang Shuai (<i>note (i)</i>)	–	–	–	–
<i>Independent non-executive directors</i>				
Mr. Wong Sui Chi	89	–	–	89
Mr. Wu Chi King	133	–	–	133
Ms. Yin Suying (<i>note (ii)</i>)	27	–	–	27
Ms. Ha Yee Lan Elaine (<i>note (iii)</i>)	51	–	–	51
	300	190	–	490

Notes:

- (i) appointed on 17 April 2024 and retired on 20 June 2025
- (ii) appointed on 13 September 2024
- (iii) resigned on 17 June 2024

None of the directors of the Company waived or agreed to waive any remuneration during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST-PAID INDIVIDUALS

(Continued)

(a) Directors' emoluments (Continued)

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

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

Except for those disclosed in material related party transactions elsewhere to the consolidated financial statements, no other transactions, arrangements and contracts of significance 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 or its connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(b) Five highest-paid individuals

The five highest-paid individuals of the Group for the year ended 31 December 2025 include two (2024: two) directors of the Company whose emoluments were disclosed in note 11(a). The emoluments of the remaining three (2024: three) individuals were as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	144	317
Contributions to defined contribution plans	12	25
	156	342

Their emoluments were within the following band:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000 (equivalent to approximately RMB920,000 (2024: RMB923,000))	3	3

None of the directors of the Company or the five highest-paid individuals waived or agreed to waive any emoluments for the years ended 31 December 2025 and 2024. No emoluments were paid by the Group to the directors of the Company or any of the five highest-paid employees of the Group as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

12. DIVIDENDS

The board of directors of the Company does not recommend payment of any dividend for the year ended 31 December 2025 (2024: nil).

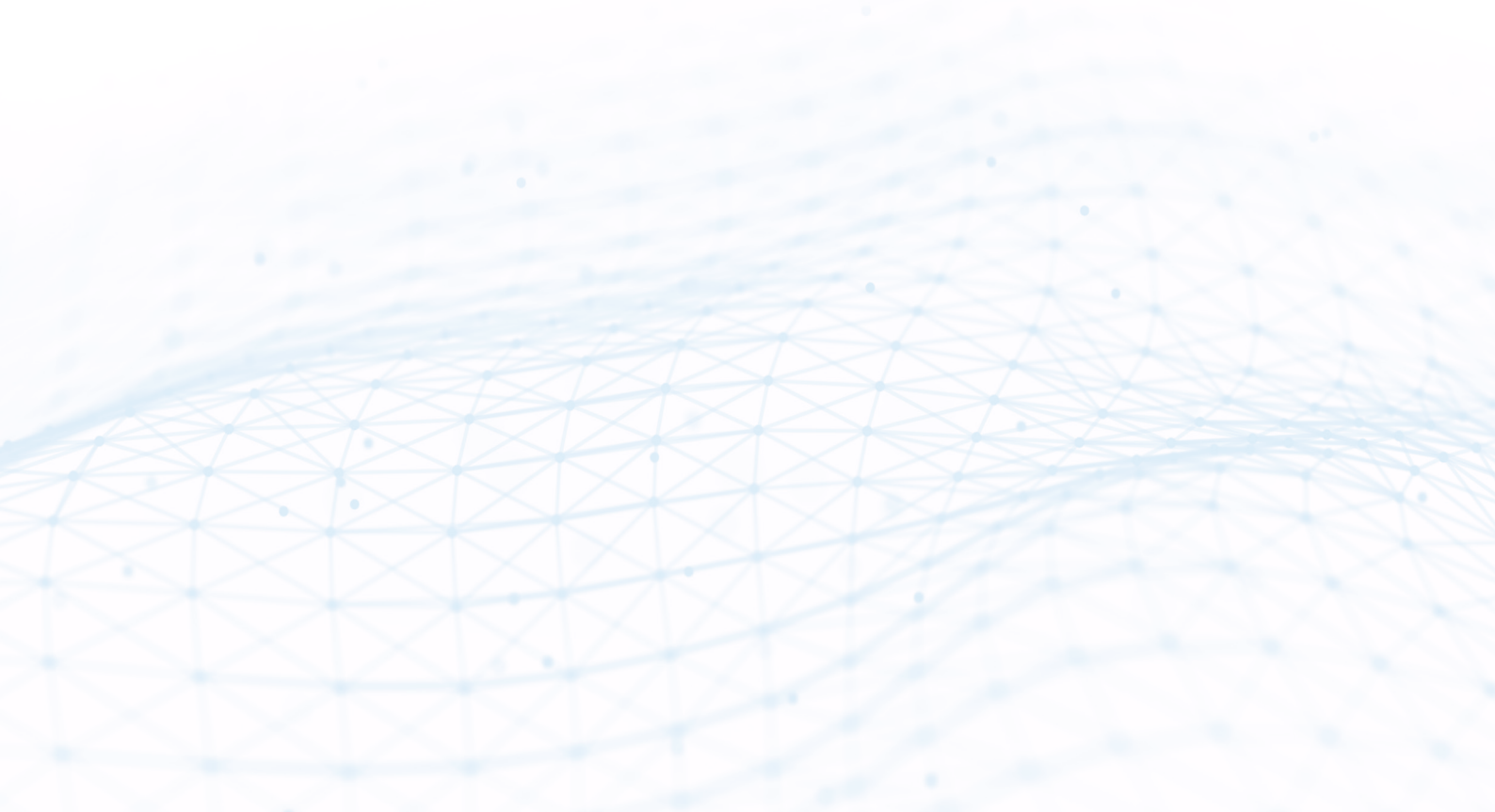
13. EARNINGS/(LOSS) PER SHARE

For the year ended 31 December 2025, the calculation of basic earnings per share is based on the Group's profit for the year attributable to owners of the Company of approximately RMB3,277,000 and the weighted average number of shares of 53,333,333 in issue, as adjusted by the share consolidation completed on 16 September 2025 (note 27(i)), during the year ended 31 December 2025.

For the year ended 31 December 2024, the calculation of basic loss per share is based on the Group's loss for the year attributable to owners of the Company of approximately RMB6,914,000 and the weighted average number of shares of 53,333,333 in issue, restated as a result of the share consolidation of the Company completed on 16 September 2025 (note 27(i)), during the year ended 31 December 2024.

The computation of diluted earnings per share for the year ended 31 December 2025 does not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price for shares for the year ended 31 December 2025.

The diluted loss per share is the same with the basic loss per share for the year ended 31 December 2024 since the exercise of the outstanding share options of the Company was not assumed as its exercise would have decreased in loss per share.



Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
At 1 January 2024	144,245	26,907	5,244	571	176,967
Addition	–	100	383	–	483
Disposal	(144,245)	–	–	–	(144,245)
At 31 December 2024 and 1 January 2025	–	27,007	5,627	571	33,205
Addition	–	822	–	–	822
Disposal	–	–	–	(571)	(571)
At 31 December 2025	–	27,829	5,627	–	33,456
Accumulated depreciation and impairment					
At 1 January 2024	125,344	25,209	4,232	482	155,267
Charge for the year	637	796	358	44	1,835
Disposal	(125,981)	–	–	–	(125,981)
At 31 December 2024 and 1 January 2025	–	26,005	4,590	526	31,121
Charge for the year	–	829	358	45	1,232
Disposal	–	–	–	(571)	(571)
At 31 December 2025	–	26,834	4,948	–	31,782
Carrying amount					
At 31 December 2025	–	995	679	–	1,674
At 31 December 2024	–	1,002	1,037	45	2,084

During the year ended 31 December 2024, an aggregate carrying amount of approximately RMB18,264,000, together with the related leasehold land classified under right-of-use assets with aggregate carrying amount of approximately RMB1,104,000 (note 15), has been disposed to independent third parties not connected with the Group at cash consideration with aggregate amount of approximately RMB19,500,000. A gain on disposal of property, plant and equipment and right-of-use assets of approximately RMB132,000 (note 7) has been recognised in profit or loss for the year ended 31 December 2024.

During the year ended 31 December 2025, the Group disposed of motor vehicles with carrying amount of nil at a cash consideration of approximately RMB12,000. Gain on disposal of property, plant and equipment of approximately RMB12,000 (note 7) was recognised in profit or loss for the year ended 31 December 2025.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

15. RIGHT-OF-USE ASSETS

	Leasehold land under medium-term leases RMB'000
Carrying amount as at 1 January 2024	1,128
Depreciation charge for the year	(24)
Disposal during the year (<i>note 14</i>)	(1,104)
Carrying amount as at 31 December 2024, 1 January 2025 and 31 December 2025	–

16. INTEREST IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Cost of investment in an associate (<i>note 30(b)</i>)	–	112
Share of result of an associate	–	(112)
	–	–

As at 31 December 2025 and 2024, the Group had interest in an associate with the following details:

Name of entity	Place of Incorporation/ operation	Issued and fully paid share capital	Proportion of ownership interest and voting power held by the Group		Principal activities
			2025	2024	
Wancheng Group Limited ("Wancheng HK")	Hong Kong	HK\$100	nil (<i>Note</i>)	49%	Repackaging and sales of products in Hong Kong

Note: On 19 August 2025, the Company completed the disposal of entire 49% equity interest in Wancheng HK to an independent third party not connected with the Group at a cash consideration of HK\$10,000, equivalent to approximately RMB9,000. Gain on disposal of an associate of approximately RMB9,000 (*note 7*) was recognised during the year ended 31 December 2025. Immediately after the above-mentioned disposal, Wancheng HK ceased to be an associate of the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

16. INTEREST IN AN ASSOCIATE (Continued)

The summarised financial information in respect of Wancheng HK, which are equity accounted for, is set out below:

	As at 19 August 2025 (date of disposal) RMB'000	As at 31 December 2024 RMB'000
Non-current asset	–	1,567
Current assets	532	1,394
Current liabilities	(2,749)	(3,161)
Non-current liability	–	(465)
Net liabilities	(2,217)	(665)

	From 1 January 2025 to 19 August 2025 (date of disposal) RMB'000	From 22 May 2024 (date of acquisition) to 31 December 2024 RMB'000
Revenue	–	–
Total expenses	(1,552)	(893)
Loss and total comprehensive expense for the period	(1,552)	(893)

The Group's share of result of Wancheng HK is set out below:

	From 1 January 2025 to 19 August 2025 (date of disposal) RMB'000	From 22 May 2024 (date of acquisition) to 31 December 2024 RMB'000
Loss and total comprehensive expense for the period	(1,552)	(893)
Proportion of ownership interest held by the Group	49%	49%
Share of result of Wancheng HK	(760)	(438)
Add: unrecognised share of result of Wancheng HK	760	326
Share of result of Wancheng HK, limited to the carrying amount of interest in Wancheng HK	–	(112)

The accumulated unrecognised share of loss arising from Wancheng HK was approximately RMB1,086,000 as at 19 August 2025 (date of disposal) (31 December 2024: RMB326,000).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

17. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	2,752	5,319
Work-in-progress	–	182
Finished goods	2,643	3,025
	5,395	8,526

18. FINANCIAL ASSETS AT FVTPL

	2025 RMB'000	2024 RMB'000
Held for trading:		
– Listed equity securities in Hong Kong	17,919	9,541
– Listed equity securities in United States (the “U.S.”)	350	–
	18,269	9,541

The fair value of listed equity securities are based on bid prices as quoted in the Stock Exchange and other stock exchange as at the end of each reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

19. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables arising from contracts with customers, gross	14,691	22,850
Less: allowance for ECL	(588)	(8,210)
Trade receivables arising from contracts with customers, net	14,103	14,640

The credit term granted to individual customers varies on a customer by customer basis which is determined by management with reference to the creditability of respective customer. The general credit period is 60-90 days (2024: 180 days).

An ageing analysis of the Group's trade receivables, net of allowance for ECL, based on the invoice date, which approximates the respective revenue recognition dates, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	9,633	1,473
More than 1 month but not more than 3 months	4,470	2,578
More than 3 months but not more than 6 months	-	3,399
More than 6 months but not more than 1 year	-	7,190
	14,103	14,640

Details of impairment assessment of trade and bills receivables are set out in note 33(a).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

20. PREPAYMENTS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Prepayments	291	293
Value-add-tax recoverable	1,327	3,137
Other receivables	1,011	3,342
Less: allowance for ECL on other receivables	-	(1,959)
	2,629	4,813

Details of impairment assessment of other receivables are set out in note 33(a).

21. PLEDGED BANK DEPOSITS

As at 31 December 2024, pledged bank deposits were denominated in RMB and pledged as collateral for the issuance of bills payables (note 23). As at 31 December 2024, pledged bank deposits do not carry any interest and will mature within 6 months from the placement date.

There was no pledged bank deposits as at 31 December 2025.

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represented cash and bank balances. Bank balances carry prevailing market interest at floating rates and placed with creditworthy banks with no recent history of default.

Conversion of RMB into foreign currencies is subject to 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.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

23. TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	14,654	43,009
Bills payables	–	9,984
	14,654	52,993

The credit period granted by suppliers normally is 60 days (2024: 90 days).

An ageing analysis of the Group's trade and bills payables, based on invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	14,654	2,762
More than 1 month but not more than 3 months	–	12,276
More than 3 months but not more than 6 months	–	6,142
More than 6 months but not more than 1 year	–	14,957
Over 1 year	–	16,856
	14,654	52,993

The bills payables as at 31 December 2024 were secured by pledged bank deposits (note 21) of the Group (2025: nil).

24. ACCRUALS AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Other payables	2,147	8,762
Other tax payables	127	1,492
Accruals	1,721	2,422
	3,995	12,676

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

25. BORROWINGS

	2025 RMB'000	2024 RMB'000
Current liabilities		
Secured bank borrowings	–	28,000
Non-current liabilities		
Unsecured borrowings	74,573	46,573
	74,573	74,573

As at 31 December 2024, the bank borrowings were interest bearing at PRC loan prime rate plus a spread, and carried an interest rate of 4.4% per annum at the date of drawdown. The bank borrowings had a loan period of 1 year, matured in September 2025. The bank borrowings were secured by the leasehold land and buildings owned by a company wholly-owned by the Former Director. During the year ended 31 December 2025, such bank borrowings were fully repaid and no such bank borrowings as at 31 December 2025.

The unutilised banking facilities in respect of the bank borrowings as at 31 December 2024 amounted to RMB52,000,000, and these facilities originally remained valid until 2 September 2027. As at 31 December 2025, there were no such banking facilities.

As at 31 December 2025, unsecured borrowings of approximately RMB74,573,000 (2024: RMB46,573,000) are due to the Former Director and such amount is non-trade in nature, unsecured, carried interest rate of 4.3% per annum and repayable on 30 June 2027. As at 31 December 2024, unsecured borrowings of RMB46,573,000 were due to the Former Director, and such amount was non-trade in nature, unsecured, interest-free and repayable on 30 June 2026.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

26. BOND PAYABLES

On 28 November 2025, the Company issued unsecured bond (the “Bond 1”) with principal amount of HK\$5,000,000, equivalent to approximately RMB4,494,000, to an independent third party not connected with the Group at a cash consideration of HK\$5,000,000, equivalent to approximately RMB4,494,000. Bond 1 carried interest rate of 6.5% per annum, payable on maturity date of 27 November 2030. The effective interest rate of the Bond 1 is 5.8% per annum.

On 1 December 2025, the Company issued another unsecured bond (the “Bond 2”) with principal amount of HK\$5,000,000, equivalent to approximately RMB4,494,000, to an independent third party not connected with the Group at a cash consideration of HK\$5,000,000, equivalent to approximately RMB4,494,000. Bond 2 carried interest rate of 6.5% per annum, payable on maturity date of 30 November 2030. The effective interest rate of the Bond 2 is 5.8% per annum.

The carrying amounts of the Bond 1 and Bond 2 are classified under non-current liabilities.

The movement of the Bond 1 and Bond 2 are presented as follows:

	Bond 1 RMB'000	Bond 2 RMB'000	Total RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025	–	–	–
Addition	4,494	4,494	8,988
Imputed interest (<i>note 8</i>)	25	23	48
Exchange realignment	(1)	(1)	(2)
At 31 December 2025	4,518	4,516	9,034

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

27. SHARE CAPITAL

	Number of shares	Amount HK\$'000	Equivalent to RMB'000
Authorised:			
At 1 January 2024, 31 December 2024 and 1 January 2025, ordinary shares of HK\$0.20 each	500,000,000	100,000	83,490
Share consolidation (<i>note (i)</i>)	(333,333,334)	–	–
Capital reduction (<i>note (ii)</i>) and share sub-division (<i>note (iii)</i>)	16,500,000,000	–	–
At 31 December 2025, ordinary shares of HK\$0.006 each	16,666,666,666	100,000	83,490
Issued and fully paid:			
At 1 January 2024, 31 December 2024 and 1 January 2025, ordinary shares of HK\$0.20 each	160,000,000	32,000	27,909
Share consolidation (<i>note (i)</i>)	(106,666,667)	–	–
Capital reduction (<i>note (ii)</i>)	–	(31,680)	(27,630)
At 31 December 2025, ordinary shares of HK\$0.006 each	53,333,333	320	279

Pursuant to an extraordinary general meeting held on 12 September 2025, the special resolution approving the capital reorganisation (the “Capital Reorganisation”) comprising the share consolidation (the “Share Consolidation”), the capital reduction (the “Capital Reduction”) and the share sub-division (the “Share Sub-division”) was duly passed by way of poll and took effect on 16 September 2025 for (i) the Share Consolidation and 22 December 2025 for (ii) the Capital Reduction and (iii) the Share Sub-division. Details of which are as follows:

(i) Share Consolidation

Every three issued shares with par value of HK\$0.20 each in the share capital of the Company were consolidated into one issued consolidated share with par value of HK\$0.60 each.

(ii) Capital Reduction

The par value of each issued consolidated share was reduced from HK\$0.60 to HK\$0.006 by cancelling the paid-up share capital of the Company to the extent of HK\$0.594 on each issued consolidated share, the credit arising from rounding down the total number of consolidated shares in the issued share capital of the Company to the nearest whole number by cancelling any fraction of a consolidated share in the total number of consolidated shares in the issued share capital of the Company which may arise from the Share Consolidation. Together, a credit of approximately HK\$31,680,000, equivalent to approximately RMB27,630,000, arose as a result of the Capital Reduction. Such credit was transferred to a distributable reserve account of the Company.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

27. SHARE CAPITAL (Continued)

(iii) Share Sub-division

Each of the authorised but unissued shares with par value of HK\$0.60 each was sub-divided into 100 new shares with par value of HK\$0.006 each.

Upon the completion of the Share Consolidation on 16 September 2025, the number of authorised share capital has been decreased from 500,000,000 shares at par value of HK\$0.2 each to 166,666,666 at par value of HK\$0.6 each, while the number of issued and fully paid shares has been decreased from 160,000,000 at par value of HK\$0.2 each to 53,333,333 of HK\$0.6 each.

Upon the completion of the Share Reduction and Share Sub-division on 22 December 2025, the number of authorised share capital has been increased from 166,666,666 shares at par value of HK\$0.6 each to 16,666,666,666 at par value of HK\$0.006 each, while the number of issued and fully paid shares remained unchanged from 53,333,333 at par value of HK\$0.6 each to 53,333,333 of HK\$0.006 each. Debit of share capital of HK\$31,680,000, equivalent to approximately RMB27,630,000, and a corresponding credit of accumulated losses, being the distributable reserve of the Company, were recognised during the year ended 31 December 2025.

Details of the Capital Reorganisation are set out in the Company's announcements dated 22 July 2025 and 22 December 2025 and the Company's Circular dated 20 August 2025.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

28. RESERVES

Details of the movements of the Group's reserves are as set out in the consolidated statements of changes in equity.

The followings describe the nature and purpose of each reserve within the reserve:

Reserve	Description and purpose
(i) Share premium	Under the Companies Law (as revised) of the Cayman Islands, dividends may be paid out of the share premium account of the Company provided its articles of association permits it and the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which the dividend is proposed to be paid.
(ii) Statutory reserve fund	<p>Pursuant to the relevant PRC regulations and the Article of Association of the PRC subsidiaries within the Group, the PRC subsidiaries are required to transfer 10% of these net profit, as determined under the PRC accounting regulations, to a statutory reserve fund until the fund aggregates to 50% of its registered capital of respective PRC subsidiary. The transfer to this reserve shall be made before distribution of dividends to shareholders.</p> <p>The statutory reserve fund shall only be used to make good previous years' losses, to expand its production operations, or to increase its capital.</p>
(iii) Capital reserve	<p>The amount paid by the shareholders for capital injection.</p> <p>During the year ended 31 December 2014, the Former Director irrevocably waived the amount due to him by the Group of approximately RMB7,200,000 and the amount due to the Former Director of approximately RMB7,200,000 was classified as capital reserve of the Group.</p> <p>During the year ended 31 December 2025, a shareholder of the Company irrevocably waived the amount due to him of approximately RMB31,957,000 and such amount was classified as capital reserve of the Group. Details are set out in note 37.</p>
(iv) Share option reserve	Share option reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant share options over the relevant vesting periods, the total of which is based on the fair value of the share options at grant date. The amount for each period is determined by spreading the fair value of the share options over the relevant vesting period (if any) and is recognised in administrative and other expenses with a corresponding increase in the share option reserve.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

28. RESERVES (Continued)

Reserve	Description and purpose
(v) Exchange reserve	Exchange reserve represents exchange differences relating to the translation of the financial statements of entities outside of the PRC from their functional currencies to the Group's presentation currency (i.e. RMB) are recognised directly in other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to profit or loss on the disposal of these entities.
(vi) Other reserve	The other reserve of the Group represents the difference between the total equity of those subsidiaries and the aggregated share capital of the relevant subsidiaries pursuant to the reorganisation where the transfer of the relevant subsidiaries to the Company are satisfied by issue of new share from the relevant subsidiaries.

29. SHARE OPTION SCHEME

On 23 June 2017, a share option scheme has been approved and adopted by shareholders' resolution (the "Share Option Scheme"). Unless otherwise cancelled or amended subject to resolution passed at general meeting of the Company, the Share Option Scheme will remain in force for ten years from 23 June 2017.

The purpose of the Share Option Scheme is for the Group to attract, retain and motivate talented participants (as defined below), to strive for future developments and expansion of the Group. The Share Option Scheme shall be an incentive to encourage the participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Group attained through their efforts and contributions.

Eligible participants (the "Participants") of the Share Option Scheme include any directors (including executive directors and independent non-executive directors) and employees of the Group, any directors or employees of a company or entity in which the Group has invested in, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, any directors or employees of any service providers of any members of the Group.

Notwithstanding any other provisions of the Share Option Scheme, the maximum number of shares in respect of which share options may be granted under the Share Option Scheme together with any options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% (or such higher percentage as may be allowed under the GEM Listing Rules) of the total number of shares in issue from time to time. No share option may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in such limit being exceeded.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

29. SHARE OPTION SCHEME (Continued)

Any grant of options to any directors, chief executive or substantive shareholders (as such terms as defined in the GEM Listing Rules) of the Company, or any of their respective associates under the Share Option Scheme or any other share option scheme of the Company or any of its subsidiaries shall be subject to the prior approval of the independent non-executive directors or shareholders of the Company as the case may be. Without prior separate approval from the Company's shareholders, the maximum number of shares issued and to be issued in respect of which options granted and may be granted to a substantial shareholder or an independent non-executive director of the Company in the 12-month period up to and including the date of such grant shall not (i) exceed 0.1% of the shares of the Company in issue on the date of such grant; and (ii) have an aggregate value, based on the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK\$5 million.

The subscription price for the shares under the Share Option Scheme shall be a price determined by the board of directors of the Company at its sole discretion and notified to the Participant and shall be no less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which a share option is granted; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which a Share Option is granted; and (iii) the nominal value of a share.

Offer of a share option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the share option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company within 28 days from the date of the offer.

As at 31 December 2025, the number of shares may be issued in respect of which options had been granted and remained outstanding under the Share Option Scheme was 839,781 (2024: 10,775,352), representing 1.6% (2024: 6.7%) of the shares of the Company in issue at that date.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

29. SHARE OPTION SCHEME (Continued)

There were no share options granted, exercised or forfeited during the years ended 31 December 2025 and 2024.

Date of grant	Exercisable period	Exercise price (note (i))					Number of share options					
		Before the Share Consolidation 1, Share Consolidation, Rights Issue 1 and Rights Issue 2	Before the Share Consolidation 1, Share Consolidation, Rights Issue 2 and after the Rights Issue 1	Before the Share Consolidation, Rights Issue 2 and after the Rights Issue 1 and Share Consolidation 1	Before the Share Consolidation and after the Rights Issue 1, Rights Issue 2 and Share Consolidation 1	After the Rights Issue 1, Rights Issue 2, Share Consolidation 1 and Share Consolidation	As at 1 January 2024	Lapsed during the year	As at 31 December 2024 and 1 January 2025	Lapsed during the year	Adjustment during the year (note (ii))	As at 31 December 2025
		HK\$0.78	HK\$0.511	HK\$2.044	HK\$1.981	HK\$5.943						
10 April 2019	10 April 2019 – 9 April 2029	HK\$0.78	HK\$0.511	HK\$2.044	HK\$1.981	HK\$5.943	2,519,352	-	2,519,352	-	(1,679,571)	839,781
20 May 2021	20 May 2021 – 19 May 2024	HK\$0.131	N/A	HK\$0.524	HK\$0.508	N/A	2,064,000	(2,064,000)	-	-	-	-
6 April 2022	6 April 2022 – 5 April 2025	HK\$0.1032	N/A	HK\$0.413	HK\$0.400	N/A	8,256,000	-	8,256,000	(8,256,000)	-	-
							12,839,352	(2,064,000)	10,775,352	(8,256,000)	(1,679,571)	839,781
	Exercisable as at the end of the reporting period								10,755,352			839,781
	Weighted average exercise price						HK\$0.728	HK\$0.508	HK\$0.770	HK\$0.400	HK\$1.981	HK\$5.943

Notes:

- (i) The exercise price of the share options has been adjusted by (i) the share consolidation of every four existing shares of the Company consolidated into one consolidated share of the Company on 20 September 2022 (the “Share Consolidation 1”), which the exercise price has been increased according to the Share Consolidation 1; (ii) the rights issue on 8 January 2021 (the “Rights Issue 1”), which the details of the adjustments on the exercise price have been set out in the Company’s announcement dated 11 January 2021; (iii) the rights issue on 28 October 2022 (the “Rights Issue 2”), which the details of the adjustments on the exercise price have been set out in the Company’s announcement dated 27 October 2022; and (iv) the Share Consolidation of every three existing shares of the Company consolidated into one consolidated share of the Company on 16 September 2025.
- (ii) The Capital Reorganisation (note 27) has resulted in a corresponding adjustment to the ordinary shares underlying the Share Option Scheme adopted on 23 June 2017, in respect of the share options granted on 10 April 2019 with an exercise price of HK\$5.943 per original ordinary share. As at 30 September 2025, the number of outstanding share options under the scheme amounted to 839,781 (being the consolidated number after the Share Consolidation). The exercise price per consolidated ordinary share was adjusted proportionally in accordance with the terms of the Share Consolidation, with the total exercisable value of the outstanding share options remaining unchanged.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

29. SHARE OPTION SCHEME (Continued)

The following table discloses movement of the Company's share options held by the directors, employees and consultants:

Category of Participants	Date of grant	Exercisable period	Number of share options					
			As at 1 January 2024	Lapsed during the year ended 31 December 2024	As at 31 December 2024 and 1 January 2025	Lapsed during the year ended 31 December 2025	Adjustment during the year ended 31 December 2025	As at 31 December 2025
Executive director – Mr. Wang Yun	20 May 2021	20 May 2021 – 19 May 2024	774,000	(774,000)	–	–	–	–
Executive director – Mr. Zou Yonggang	20 May 2021	20 May 2021 – 19 May 2024	774,000	(774,000)	–	–	–	–
Independent non-executive director – Ms. Ha Yee Lam Elaine (resigned on 17 June 2024)	20 May 2021	20 May 2021 – 19 May 2024	516,000	(516,000)	–	–	–	–
Employees	10 April 2019	10 April 2019 – 9 April 2029	2,204,440	–	2,204,440	–	(1,469,629)	734,811
	6 April 2022	6 April 2022 – 5 April 2025	8,256,000	–	8,256,000	(8,256,000)	–	–
Consultants	10 April 2019	10 April 2019 – 9 April 2029	314,912	–	314,912	–	(209,942)	104,970
			12,839,352	(2,064,000)	10,775,352	(8,256,000)	(1,679,571)	839,781

During the year ended 31 December 2025, RMB1,266,000 (2024: RMB479,000) has been debited to share option reserve and reclassified to accumulated losses as a result of the lapse of 8,256,000 (2024: 2,064,000) share options during the year ended 31 December 2025.

The fair value of share options at grant date was calculated using the binomial option pricing model prepared by Peak Vision Appraisals Limited, the qualified professional independent valuer. The inputs into the model were as follows:

	6 April 2022	20 May 2021	10 April 2019
Exercise price (HK\$)*	0.1032	0.131	0.156
Expected volatility (%)	135	139	40
Expected option life (years)	3	3	10
Expected dividend yield (%)	–	–	–
Risk-free interest rate (%)	0.213	0.213	1.651
Fair value per share option at grant date (HK\$)	0.05	0.07	0.08

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

29. SHARE OPTION SCHEME (Continued)

The binomial option pricing model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimates. The value of an option varies with different variables of certain subjective assumptions.

* The exercise price and the fair value per share option at grant date presented in the table were not adjusted for the Share Consolidation, Share Consolidation 1, the Rights Issue 1 and Rights Issue 2.

30. DISPOSAL OF SUBSIDIARIES

(a) For the year ended 31 December 2025

On 1 July 2025, the Company entered into a sale and purchase agreement with an independent third party of the Group for the disposal (the "Disposal") of entire equity interests in Wan Cheng and its subsidiaries (collectively referred to as the "Wan Cheng Group") at a cash consideration of HK\$10,000, equivalent to approximately RMB9,000. The principal activity of the Wan Cheng Group are investment holding. Immediately upon the completion of the Disposal on 1 July 2025, the Wan Cheng Group was ceased to be subsidiaries of the Group.

Analysis of identifiable assets and liabilities of the Wan Cheng Group over which control was lost at the date of the completion of the Disposal was as follows:

	RMB'000
Prepayments, deposits and other receivables	90
Cash and cash equivalents	161
Accruals and other payables	(180)
Income tax payable	(54)
Net assets of the Wan Cheng Group	17

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

30. DISPOSAL OF SUBSIDIARIES (Continued)

(a) For the year ended 31 December 2025 (Continued)

Gain on disposal of the Wan Cheng Group is presented as follows:

	RMB'000
Cash consideration received	9
Net assets disposed of	(17)
Less: release of exchange reserve upon disposal of subsidiaries	(245)
Loss on disposal of subsidiaries (<i>note 7</i>)	(253)

Net cash outflows on disposal of the Wan Cheng Group are presented as follows:

	RMB'000
Cash consideration received	9
Less: cash and cash equivalents disposal of	(161)
	(152)

(b) For the year ended 31 December 2024

On 22 May 2024, the Company entered into a sale and purchase agreement with an independent third party of the Group (the "Purchaser") for the disposal of 51% equity interest in Wancheng HK, a wholly-owned subsidiary of the Company, at a cash consideration of HK\$180,000, equivalent to approximately RMB166,000. Before the above-mentioned disposal, the principal activities of Wancheng HK are repackaging and sales of products in Hong Kong. The above-mentioned disposal was completed on 22 May 2024.

Details are set out in the Company's announcements dated 22 May 2024 and 3 June 2024.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

30. DISPOSAL OF SUBSIDIARIES (Continued)

(b) For the year ended 31 December 2024 (Continued)

Immediately after the above-mentioned disposal, the Company retained 49% equity interest in Wancheng HK and such equity interest was classified as interest in an associate accounted for equity method.

Analysis of identifiable assets and liabilities of Wancheng HK over which control was lost at the date of the completion of the above-mentioned disposal was as follows:

	RMB'000
Trade receivables	833
Trade payables	(410)
Other payables	(195)
Net assets of Wancheng HK	228

Gain on disposal of Wancheng HK is presented as follows:

	RMB'000
Cash consideration received	166
Net assets disposed of	(228)
Add: fair value of 49% equity interest retained and reclassified as interest in the associate (<i>note 16</i>)	112
Add: release of exchange reserve upon disposal of a subsidiary	5
Gain on disposal of a subsidiary (<i>note 7</i>)	55

Net cash inflows on disposal of Wancheng HK are presented as follows:

	RMB'000
Cash consideration received	166

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

31. RELATED PARTY TRANSACTIONS

Other than those balances and transactions with related parties disclosed in elsewhere in the consolidated financial statements, the Group has the following material transactions with related parties:

Compensation to key management personnel

The directors of the Company considered that they are the only key management personnel and their remuneration has been disclosed in note 11(a).

32. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

	2025 RMB'000	2024 RMB'000
Financial assets at amortised cost		
Trade receivables	14,103	14,640
Other receivables	1,011	1,383
Pledged bank deposits	–	2,995
Cash and cash equivalents	1,883	4,099
	16,997	23,117
Financial assets at FVTPL	18,269	9,541
Financial liabilities at amortised cost		
Trade and bills payables	14,654	52,993
Accruals and other payables	3,868	11,184
Bond payables	9,034	–
Borrowings	74,573	74,573
	102,129	138,750

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group's major financial instruments include financial assets at FVTPL, trade receivables, other receivables, pledged bank deposits, cash and cash equivalents, trade and bills payables, accruals and other payables, borrowings and bond payables. Details of the financial instruments for the Group are disclosed in respective notes to the consolidated financial statements.

The risks associated with these financial instruments include credit risk, liquidity risk and market risk (foreign currency risk, interest rate risk and equity price 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 on a timely and effective manner.

(a) Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade receivables, other receivables, pledged bank deposits and cash and cash equivalents. As at 31 December 2025 and 2024, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group deposited pledged bank deposits and bank balances with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to pledged bank deposits and bank balances held to be delayed or limited. The directors of the Company monitor the credit rating of these banks on an ongoing basis, and consider that the Group's exposure to credit risk as at 31 December 2025 and 2024 were minimal given that those banks are in high credit ratings.

For other receivables, the directors of the Company make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company have assessed the credit risk of the Group's outstanding balances of other receivables since initial recognition and the Group provide impairment based on 12m ECL. For the year ended 31 December 2024, the Group recognised reversal of impairment losses of approximately RMB413,000 for other receivables based on the ECL assessment. The accumulated allowance for ECL on other receivables as at 31 December 2024 was derecognised upon the disposal of the Wan Cheng Group during the year ended 31 December 2025 (note 30(a)).

As at 31 December 2025, the directors of the Company considered that the allowance for ECL on other receivables was insignificant and no allowance for ECL on other receivables are recognised.

Trade receivables of the Group consist of a large number of customers.

The Group's policy to manage credit risk is to deal only with creditworthy counterparties. In order to minimise the credit risk, the management of the Group has formulated a credit policy and, delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is take.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (Continued)

(a) Credit risk and impairment assessment (Continued)

As at 31 December 2025, except for trade receivables with gross carrying amount of nil (2024: RMB3,300,000), that are assessed individually, the Group performed impairment assessment for the remaining trade 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 impairment losses 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 receivables which are assessed collectively based on provision matrix:

	Expected loss rate		Gross carrying amount assessed collectively		Loss allowance assessed collectively	
			RMB'000		RMB'000	
	2025	2024	2025	2024	2025	2024
Ageing, by invoice date						
Within 1 month	3.6%	3.7%	9,996	1,529	363	56
1-3 months	4.8%	4.9%	4,695	2,710	225	132
3-6 months	-	1.9%	-	3,464	-	65
Over 6 months	-	39.3%	-	11,847	-	4,657
			14,691	19,550	588	4,910

The expected loss rate are estimated based on historical observed default rates over the expected life of the debtors 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.

The following table shows the movement in allowance for ECL that has been recognised for trade receivables under the simplified approach:

	RMB'000
At 1 January 2024	12,771
Reversal of impairment losses recognised	(4,561)
At 31 December 2024 and 1 January 2025	8,210
Write-off as uncollectible	(8,210)
Impairment losses recognised	588
At 31 December 2025	588

The Group does not have any other significant concentrations of credit risk. The exposures to these credit risks are monitored on an ongoing basis.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. The management of the Company is satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future in the normal course of business.

The Group is exposed to liquidity risk as the Group as detailed in note 3. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations and the details of which are set out in note 3.

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

	Carrying amount RMB'000	Total contractual undiscounted cash flows RMB'000	Within 1 year or on demand RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 5 years RMB'000
As at 31 December 2025					
Trade and bills payables	14,654	14,654	14,654	–	–
Accruals and other payables	3,868	3,868	3,868	–	–
Bond payables	9,034	11,909	–	–	11,909
Borrowings	74,573	79,383	–	79,383	–
	102,129	109,814	18,522	79,383	11,909
As at 31 December 2024					
Trade and bills payables	52,993	52,993	52,993	–	–
Accruals and other payables	11,184	11,184	11,184	–	–
Borrowings	74,573	75,463	28,890	46,573	–
	138,750	139,640	93,067	46,573	–

(c) Market risk

Foreign currency risk

The Group operates in Hong Kong and the PRC with majority of the transactions being settled in HK\$ and RMB. Foreign currency risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currencies of the group entities.

The transactions and monetary assets and liabilities denominated in currencies differ from the functional currencies of the group entities are minimal, and the Group considers there is no significant foreign currency risk. Hence, no sensitivity analysis was presented.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (Continued)

(c) Market risk (Continued)

Foreign currency risk (Continued)

The Group currently does not have a foreign currency hedging policy. However, the directors of the Company continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's exposure to fair value interest rate risk relates principally to its pledged bank deposits and fixed-rate borrowings and bond payables. Variable-rate bank balances expose the Group to cash flow interest-rate risk. The Group has not entered into any financial derivative instruments to hedge its exposure to interest rate risk. The Group's policy is to manage its interest rate risk, working within an agreed framework, to ensure that there are no undue exposures to significant interest rate movements.

Since the Group's bank balances are short-term in nature, the exposure of the interest rate risk is minimal and, hence, no sensitivity to interest rate risk is presented.

The interest rate risk policies remain unchanged from prior years.

Equity price risk

The Group is exposed to equity price risk, through its investments in listed equity securities in Hong Kong and the U.S. classified as financial assets at FVTPL, due to the fluctuation of share prices of the financial assets at FVTPL. For these investments, the management manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

If the price of the listed equity investments had been 30% (2024: 30%) higher/lower, with all other variables held constant, the profit (2024: loss) before income tax would be increased/decreased (2024: decreased/increased) by approximately RMB5,481,000 (2024: RMB2,862,000). Such increase/decrease was mainly due to the changes in fair value of the financial assets at FVTPL.

34. FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

- | | |
|-----------------|--|
| Level 1 inputs: | quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. |
| Level 2 inputs: | inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3 inputs: | unobservable inputs for the asset or liability. |

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

34. FAIR VALUE ESTIMATION (Continued)

The Group's financial assets at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined.

Disclosure of levels in fair value hierarchy:

At 31 December 2025

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL: – Listed equity securities in Hong Kong and the U.S.	18,269	–	–	18,269

At 31 December 2024

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL: – Listed equity securities in Hong Kong	9,541	–	–	9,541

There were no transfers between levels during the years ended 31 December 2025 and 2024.

Fair value of financial instruments that are not measured at fair value on a recurring basis

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2025 and 2024.

35. CAPITAL RISK MANAGEMENT

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern and maximising the return to stakeholders. The Group's capital structure is regularly reviewed and managed by the directors of the Company. The Group is not subject to externally imposed capital requirements. To maintain or adjust capital structure, the Group may adjust dividend payment to shareholders or issue of new shares or repurchase of existing shares as well as issue of new debt or repurchase of existing debts. Adjustments will be made to the capital structure in light of changes in economic conditions affecting the Company or its subsidiaries, and the risk characteristics of the Group's underlying assets. The Group's overall strategy remains unchanged from prior years.

The externally imposed capital requirement for the Group is to have a public float of at least 25% of the total number of shares in issue in order to maintain its listing on the Stock Exchange.

The Group receives reports from major shareholders and other connected persons on any changes in shares held by them to ensure the continuing compliance with the 25% limit throughout the year.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2025 RMB'000	2024 RMB'000
Current assets		
Financial assets at FVTPL	18,269	9,541
Other receivables	1,133	553
Amounts due from subsidiaries	995	–
Cash and cash equivalents	1,879	3,510
	22,276	13,604
Current liabilities		
Other payables	1,007	1,032
Amounts due to subsidiaries	–	5,205
	1,007	6,237
Net current assets	21,269	7,367
Total assets less current liabilities	21,269	7,367
Non-current liability		
Bond payables	9,034	–
Net assets	12,235	7,367
Capital and reserves		
Share capital (note 27)	279	27,909
Reserves	11,956	(20,542)
Total equity	12,235	7,367

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

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

The reserves movement of the Company is as follows:

	Share premium RMB'000	Share option reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	105,325	4,208	4,288	(116,068)	(2,247)
Loss for the year	-	-	-	(19,034)	(19,034)
Other comprehensive income for the year	-	-	739	-	739
Loss and total comprehensive income/(expense) for the year	-	-	739	(19,034)	(18,295)
Lapse of share options (note 29)	-	(479)	-	479	-
At 31 December 2024 and 1 January 2025	105,325	3,729	5,027	(134,623)	(20,542)
Profit for the year	-	-	-	5,113	5,113
Other comprehensive expense for the year	-	-	(245)	-	(245)
Profit and total comprehensive (expense)/income for the year	-	-	(245)	5,113	4,868
Capital Reorganisation (note 27)	-	-	-	27,630	27,630
Lapse of share options (note 29)	-	(1,266)	-	1,266	-
At 31 December 2025	105,325	2,463	4,782	(100,614)	11,956

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings RMB'000	Bond payables RMB'000	Amount due to a shareholder RMB'000	Total RMB'000
At 1 January 2024	120,750	–	–	120,750
Non-cash changes:				
Interest expenses recognised (<i>note 8</i>)	1,566	–	–	1,566
Cash flows:				
– Inflows from financing activities	28,000	–	–	28,000
– Outflows from financing activities	(75,743)	–	–	(75,743)
At 31 December 2024 and 1 January 2025	74,573	–	–	74,573
Non-cash changes:				
Interest expenses recognised (<i>note 8</i>)	867	48	–	915
Waiver of amount due to a shareholder (<i>note</i>)	–	–	(31,957)	(31,957)
Exchange adjustments	–	(2)	–	(2)
Cash flows:				
– Inflows from financing activities	28,000	8,988	31,957	68,945
– Outflows from financing activities	(28,867)	–	–	(28,867)
At 31 December 2025	74,573	9,034	–	83,607

Note: During the year ended 31 December 2025, a shareholder of the Company has waived the repayment of amount due to him of approximately RMB31,957,000 (2024: nil). Such transaction was considered as deemed capital contribution by the shareholder of the Company and accounted for equity transaction (i.e. transaction with owners in their capacity of owners), with corresponding credit of capital reserve.

Total cash flows for leases

Net cash outflows included in the consolidated statement of cash flows for lease comprise the followings:

	2025 RMB'000	2024 RMB'000
Within the operating activities	1,065	232

38. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period on 9 January 2026 and 12 January 2026, the Group disposed of certain financial assets at FVTPL with an aggregate fair value of approximately HK\$2,700,000, equivalent to approximately RMB2,427,000, as at 31 December 2025. The disposal was completed at a cash consideration of approximately HK\$2,909,000, equivalent to approximately RMB2,615,000. A net realised gain on disposal of financial assets at FVTPL of approximately RMB188,000 is recognised upon the completion of the above-mentioned disposal.

Details are set out in the Company's announcement dated 13 January 2026.

Financial Summary

	31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
RESULTS					
Revenue	45,313	54,472	48,545	37,014	45,622
Profit/(loss) before income tax	3,314	(6,954)	(27,038)	(104,035)	(54,891)
Income tax (expense)/credit	(1)	–	–	–	188
Profit/(loss) for the year	3,313	(6,954)	(27,038)	(104,035)	(54,703)
ASSETS AND LIABILITIES					
Total assets	43,953	46,698	113,651	110,185	203,275
Total liabilities	(102,257)	(140,296)	(200,986)	(171,648)	(185,022)
Net (liabilities)/assets	(58,304)	(93,598)	(87,335)	(61,463)	18,253
Equity attributable to owners of the Company	(58,300)	(93,558)	(87,335)	(61,463)	18,253
Non-controlling interests	(4)	(40)	–	–	–
	(58,304)	(93,598)	(87,335)	(61,463)	18,253