

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-[1] to I-[61], received from the Company’s reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CSW INC. (FORMERLY KNOWN AS CONSUMER SOLUTIONS WORLDWIDE (CSW), (CAYMAN) LIMITED) AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of CSW Inc. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages [I-3] to [I-[61]], which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, the statement of financial position of the Company as at December 31, 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2025 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages [I-3] to [I-[61]] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “**Document**”) in connection with the [REDACTED] of the Company on [REDACTED].

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation and presentation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation and presentation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants

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consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Group’s financial position as at December 31, 2023, 2024 and 2025, and the Company’s financial position as at December 31, 2025 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about the dividends declared and paid by a subsidiary of the Company in respect of the Track Record Period. No dividend was declared or paid by the Company since its incorporation.

[Deloitte Touche Tohmatsu]

Certified Public Accountants

Hong Kong

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards as issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“**Underlying Financial Statements**”).

The Historical Financial Information is presented in HK dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31,		
		2023	2024	2025
		HK\$'000	HK\$'000	HK\$'000
Revenue	6	357,545	474,477	501,816
Cost of sales		(157,615)	(192,100)	(212,421)
Gross profit		199,930	282,377	289,395
Other income	7	3,667	3,455	4,183
Other gains and losses, net	8	(9,709)	939	(4,316)
Selling and distribution costs		(30,316)	(40,208)	(61,437)
Administrative expenses		(64,498)	(90,509)	(99,109)
[REDACTED]		—	—	(19,765)
Finance costs	9	(2,024)	(1,635)	(1,485)
Profit before tax		97,050	154,419	107,466
Income tax expense	10	(17,325)	(28,378)	(25,665)
Profit for the year attributable to owners of the Company	11	79,725	126,041	81,801
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
(Reversal of impairment loss) impairment loss on trade receivables at				
fair value through other comprehensive income (“FVTOCI”), net .		(4)	26	(57)
Fair value change on trade receivables at FVTOCI		(2,235)	(849)	(4,480)
Reclassification adjustment on derecognition of trade receivables at				
FVTOCI		2,235	849	4,480
Exchange differences arising on translation of foreign operations . .		(1,419)	(2,499)	4,763
Total comprehensive income for the year attributable to owners				
of the Company		78,302	123,568	86,507
Earnings per share — basic	14	HK\$0.72	HK\$1.15	HK\$0.74

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP

	NOTES	As at December 31,		
		2023	2024	2025
		HK\$'000	HK\$'000	HK\$'000
Non-current assets				
Property, plant and equipment	15	25,382	28,668	75,123
Right-of-use assets	16	30,318	37,830	19,981
Investment property	17	11,114	8,828	7,756
Deferred tax assets	26	6	4	—
Other financial assets	18	11,108	11,446	11,794
Deposits	20	708	3,623	2,196
		<u>78,636</u>	<u>90,399</u>	<u>116,850</u>
Current assets				
Inventories	19	28,117	35,772	80,518
Trade and other receivables	20	21,046	35,545	100,376
Trade receivables at FVTOCI	21	116,958	156,546	62,116
Other financial assets	18	14,596	6,789	23,868
Amount due from a director	22	108,625	41,232	—
Amount due from a shareholder	22	—	4,866	—
Amounts due from related companies	22	2	114	—
Pledged bank deposits.	23	12,503	12,503	22,288
Cash and cash equivalents.	23	47,080	103,764	85,599
		<u>348,927</u>	<u>397,131</u>	<u>374,765</u>
Current liabilities				
Trade and other payables	24	62,341	75,368	104,096
Income tax payable		24,571	36,908	49,085
Amount due to a director	22	—	—	44,729
Borrowings	25	3,605	3,185	36,160
Lease liabilities	27	14,474	20,120	16,610
Dividend payables		1,750	44,276	62,612
		<u>106,741</u>	<u>179,857</u>	<u>313,292</u>
Net current assets		<u>242,186</u>	<u>217,274</u>	<u>61,473</u>
Total assets less current liabilities		<u>320,822</u>	<u>307,673</u>	<u>178,323</u>
Non-current liabilities				
Deferred tax liabilities	26	3,768	4,060	4,556
Lease liabilities	27	18,571	20,715	4,284
		<u>22,339</u>	<u>24,775</u>	<u>8,840</u>
Net assets		<u>298,483</u>	<u>282,898</u>	<u>169,483</u>
Capital and reserves				
Share capital	28	2,331	2,331	86
Share premium		—	—	151,728
Reserves		296,152	280,567	17,669
Total equity		<u>298,483</u>	<u>282,898</u>	<u>169,483</u>

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STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	As at December 31, 2025
		HK\$'000
Non-current asset		
Investment in a subsidiary	37	151,736
Current asset		
Amounts due from a director	22	78
Current liability		
Amount due to a subsidiary		—*
Net current assets		78
Net assets		151,814
Capital and total equity		
Share capital	28	86
Share premium		151,728
		151,814

* The amount is less than HK\$1,000.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	Share premium	Capital reserve (note i)	Statutory reserve (note ii)	Translation reserve	Financial instrument revaluation reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At January 1, 2023.	2,331	—	—	3,953	(4,468)	50	237,570	239,436
Profit for the year	—	—	—	—	—	—	79,725	79,725
Reversal of impairment loss on trade receivables at FVTOCI	—	—	—	—	—	(4)	—	(4)
Fair value change on trade receivables at FVTOCI	—	—	—	—	—	(2,235)	—	(2,235)
Reclassification adjustment on derecognition of trade receivables at FVTOCI	—	—	—	—	—	2,235	—	2,235
Exchange differences arising on translation of foreign operations	—	—	—	—	(1,419)	—	—	(1,419)
Total comprehensive (expense) income for the year	—	—	—	—	(1,419)	(4)	79,725	78,302
Transfer to statutory reserves	—	—	—	230	—	—	(230)	—
Dividend recognized as distribution (Note 13)	—	—	—	—	—	—	(19,255)	(19,255)
At December 31, 2023	2,331	—	—	4,183	(5,887)	46	297,810	298,483
Profit for the year	—	—	—	—	—	—	126,041	126,041
Provision of impairment loss on trade receivables at FVTOCI	—	—	—	—	—	26	—	26
Fair value change on trade receivables at FVTOCI	—	—	—	—	—	(849)	—	(849)
Reclassification adjustment on derecognition of trade receivables at FVTOCI	—	—	—	—	—	849	—	849
Exchange differences arising on translation of foreign operations	—	—	—	—	(2,499)	—	—	(2,499)
Total comprehensive (expense) income for the year	—	—	—	—	(2,499)	26	126,041	123,568
Transfer to statutory reserves	—	—	—	106	—	—	(106)	—
Dividend recognized a distribution (Note 13)	—	—	—	—	—	—	(139,153)	(139,153)
At December 31, 2024	2,331	—	—	4,289	(8,386)	72	284,592	282,898
Profit for the year	—	—	—	—	—	—	81,801	81,801
Reversal of impairment loss on trade receivables at FVTOCI	—	—	—	—	—	(57)	—	(57)
Fair value change on trade receivables at FVTOCI	—	—	—	—	—	(4,480)	—	(4,480)
Reclassification adjustment on derecognition of trade receivables at FVTOCI	—	—	—	—	—	4,480	—	4,480
Exchange differences arising on translation of foreign operations	—	—	—	—	4,763	—	—	4,763
Total comprehensive income (expense) for the year	—	—	—	—	4,763	(57)	81,801	86,507
Issuance of shares	78	—	—	—	—	—	—	78
Issuance of shares for group reorganization (Note 2)	8	151,728	(151,736)	—	—	—	—	—
Transfer upon group reorganization (Note 2)	(2,331)	—	2,331	—	—	—	—	—
Transfer to statutory reserves	—	—	—	60	—	—	(60)	—
Dividend recognized as distribution (Note 13)	—	—	—	—	—	—	(200,000)	(200,000)
At December 31, 2025	86	151,728	(149,405)	4,349	(3,623)	15	166,333	169,483

Notes:

- i. Capital reserve represented the difference between the issued share capital of CSW HK and the consideration shares issued by the Company under the share swap arrangement for the purpose of the group reorganization.
- ii. It represents the statutory reserve of companies in the People’s Republic of China (the “PRC”) now comprising the Group. Pursuant to applicable PRC regulations, PRC entity is required to appropriate 10% of its profit after tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of its registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders. Upon approval by relevant authorities, the statutory reserve can be utilised to offset the accumulated losses or to increase the paid-up capital of the relevant entity.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
OPERATING ACTIVITIES			
Profit before tax	97,050	154,419	107,466
Adjustments for:			
Depreciation of property, plant and equipment	1,817	2,006	2,623
Depreciation of investment property	269	259	214
Depreciation of right-of-use assets	2,176	2,193	2,264
Loss (gain) on disposals of property, plant and equipment	102	—	(380)
Gain from changes in fair value of financial assets at fair value through profit or loss (“FVTPL”)	(354)	(338)	(348)
Impairment loss on investment property	666	2,027	858
Net loss arising from changes in fair value of derivative financial instruments	9,353	1,320	—
Impairment losses under expected credit loss (“ECL”) model, net of reversal	(225)	1,148	193
Interest income	(916)	(812)	(1,096)
Finance costs	2,024	1,635	1,485
Gain on early termination of lease	—	(17)	(1,361)
Operating cash flows before movements in working capital	111,962	163,840	111,918
Decrease (increase) in inventories	22,520	14,113	(20,238)
Decrease (increase) in trade and other receivables	3,940	(18,610)	(57,527)
Decrease (increase) in trade receivables at FVTOCI	30,246	(39,588)	94,430
Increase in trade and other payables	6,948	13,027	26,065
Cash generated from operations	175,616	132,782	154,648
Income tax paid	(14,820)	(15,781)	(12,931)
NET CASH FROM OPERATING ACTIVITIES	160,796	117,001	141,717
INVESTING ACTIVITIES			
Interest received	916	812	1,096
Proceeds from redemption of unlisted bonds at amortized cost	13,493	14,710	6,789
Proceeds on disposal of property, plant and equipment	360	—	960
Purchases of unlisted bonds at amortized cost	(21,106)	(6,903)	(23,868)
Purchases of property, plant and equipment	(5,032)	(10,970)	(54,000)
Deposit paid for acquisition of property, plant and equipment	(222)	(148)	(260)
Payment on settlement of derivative financial instruments	(9,353)	(1,320)	—
Placement of pledged bank deposits	—	—	(9,785)
Advance to a director	(132,245)	(42,686)	(148,446)
Repayment from a director	10,491	15,202	33,391
Advance to a shareholder	—	(4,866)	—
Repayment from a shareholder	—	—	4,866
Advance to related companies	(2)	(112)	—
Repayment from related companies.	—	—	114
NET CASH USED IN INVESTING ACTIVITIES	(142,700)	(36,281)	(189,143)
FINANCING ACTIVITIES			
Dividends paid	(8,414)	(1,750)	(25,299)
Interest paid	(2,024)	(1,635)	(1,485)
Advance from a director.	—	—	44,729
Repayment to a director	(31,905)	—	—
Repayment of bank borrowing	(420)	(420)	(420)
Repayments of lease liabilities	(17,799)	(18,486)	(20,326)
New bank loans raised	—	—	33,395
Issue costs paid.	—	—	(3,352)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(60,562)	(22,291)	27,242
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(42,466)	58,429	(20,184)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	90,586	47,080	103,764
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(1,040)	(1,745)	2,019
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	47,080	103,764	85,599

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in Cayman Islands on March 20, 2025. The addresses of the registered office and the principal places of business of the Company are set out in the section headed “Corporate Information” to the Document. The Company’s ultimate controlling party is Mr. Lo Kingsley King Cheung (“**Mr. Lo**”).

The Group is engaged in manufacturing and trading of gardening-related products. The Company is an investment holding company and the Company became the holding company of the entities now comprising the Group upon completion of the Reorganization as defined and detailed in Note 2. Details of the principal activities and particular of the Company’s subsidiaries are set out in Note 36.

The functional currency of the Company is United States Dollar (“US\$”) while the Historical Financial Information is presented in HK\$, which the management of the Group considers is more beneficial for the users of the Historical Financial Information, as the Company proposes to [REDACTED].

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION AND GROUP REORGANIZATION

The Historical Financial Information has been prepared based on the accounting policies which conform with HKFRS Accounting Standards as issued by the HKICPA and conventions applicable for group reorganisation with details set out below.

Prior to the incorporation of the Company and the completion of the reorganization (the “**Reorganization**”), the principal operation of the Group has been operated CSW HK and its subsidiaries. In preparation for the [REDACTED] of the Company’s shares [REDACTED] (the “[REDACTED]”), the companies now comprising the Group underwent the Reorganization include the following major steps:

- (i) On March 20, 2025, the Company was incorporated in Cayman Islands as an exempted company with limited liability, and allotted and issued 7,820 shares, 810 shares, 810 shares and 560 shares to Mr. Lo, Yusan Industries Limited (“**Yusan Industries**”), China-Direct International Inc. (“**CDII**”) and Mr. Manenc Sebastien Etienne Gilbert (“**Mr. Manenc**”), respectively. As a result, the Company was held as to 78.2%, 8.1%, 8.1% and 5.6% by Mr. Lo, Yusan Industries, CDII and Mr. Manenc, respectively. The amount of the issued share capital is included in the amount due from a director and will be settled in full by Mr. Lo, a director of the Company.
- (ii) On March 20, 2025, CSW BVI was incorporated in British Virgin Islands (“**BVI**”) as an exempted company with limited liability, and allotted and issued one share to the Company. As a result, the Company became the sole shareholder of CSW BVI.
- (iii) On December 10, 2025, pursuant to the share swap agreement dated May 20, 2025 between the Company, CSW BVI, Mr. Lo, Yusan Industries, CDII and Mr. Manenc, CSW BVI acquired all the issued shares of CSW HK in consideration of the Company allotted and

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issued 780 shares, 80 shares, 80 shares and 60 shares to Mr. Lo, Yusan Industries, CDII and Mr. Manenc, respectively. As a result, CSW HK became a wholly-owned indirect subsidiary of the Company.

After completion of the above steps of Reorganization, the Company became the holding company of the Group on December 10, 2025.

As the shares are proportionately issued to the ordinary equity owners of the Company, which involves interspersing the Company and CSW BVI between CSW HK and its shareholders, the group comprising the Company, CSW BVI, CSW HK and its subsidiaries resulting from the Reorganization is regarded as a continuing entity throughout the Track Record Period, regardless of the actual dates when they legally form part of the Group.

Accordingly, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows have been prepared to include the financial performance, changes in equity and cash flows of the companies now comprising the Group for the Track Record Period as if the group structure upon completion of the Reorganization had been in existence throughout the Track Record Period, or since the respective date of establishment/incorporation of the relevant entity where this is a shorter period.

The consolidated statements of financial position of the Group at December 31, 2023, 2024 and 2025 have been prepared to present the carrying amount of the Group’s assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Reorganization had been in existence at those dates, taking into account the respective date of establishment/incorporation of the relevant entity, where appropriate.

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with HKFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2025 throughout the Track Record Period.

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

At the date of this report, the following new and amendments to HKFRS Accounting Standards have been issued which are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹

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Amendments to HKFRS

Annual Improvements to HKFRS Accounting Standards —
Volume 11²

Accounting Standards HKFRS 18

Presentation and Disclosure in Financial Statements³

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

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

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

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the Group’s financial position and performance in the foreseeable future.

HKFRS 18 *Presentation and Disclosure in Financial Statements*

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The directors of the Company anticipated that the application of HKFRS 18 will have no material impact on the Group’s financial position and performance in the future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

For the purpose of preparation of Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost convention except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

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

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. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if

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market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Historical Financial Information is determined on such a basis, except for leasing transactions that are accounted for within the scope of HKFRS 16 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs that are significant to the fair value measurement for the asset or liability.

Basis of consolidation

The Historical Financial Information incorporates 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.

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 statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

Investment in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment loss on the statement of financial position of the Company.

Revenue from contracts with customers

The Group recognizes 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 goods 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.

Revenue is recognized at a point in time when the customer obtains control of the distinct goods or service.

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

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, that better predicts the amount of consideration to which the Group will be entitled. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of each reporting period and the changes in circumstances during the Track Record Period.

Refund liabilities

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

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

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The Group as a lessee

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

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

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

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

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

The Group as a lessor

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

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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 recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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 re-translation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group’s operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, 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 recognized in other comprehensive income and accumulated in equity under the heading of translation reserves.

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

Borrowing costs

All borrowing costs not directly attributable to the acquisition or construction of qualifying assets are recognized in profit or loss in the period in which they are incurred. The Group has no qualifying assets during the Track Record Period.

Government grants

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

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

Employee benefits

Retirement benefits costs

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

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Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized 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 recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Taxation

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 profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized 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 recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize 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 realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each 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 each reporting period, to recover or settle the carrying amount of its assets and liabilities.

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For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use asset and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use asset or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

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 recognized in profit or loss.

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 statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets (other than construction in progress) 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.

Construction in progress are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from 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 recognized in profit or loss.

Investment property

An investment property is a property held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write off the cost of investment property over its estimated useful life and after taking into account of its estimated residual value, using the straight-line method.

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An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Impairment on property, plant and equipment, investment property and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment property 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, investment property 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 to which the asset belongs.

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

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 cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) 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 cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. 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 cash-generating units. 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 cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that

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would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

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

- (a) cash, which comprises of cash on hand and demand deposits; and
- (b) cash equivalents, which comprises of short-term time deposits (generally with original maturity of three months or less). Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the proposed of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale including costs to be incurred in selling and distribution.

Financial instruments

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

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

The effective interest method is a method of calculating the amortized 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.

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Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

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

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized 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.

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

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

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortized cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and trade receivables subsequently measured at FVTOCI. 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

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that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized 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 recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Trade receivables classified at FVTOCI

Subsequent changes in the carrying amounts for trade receivables classified at FVTOCI as a result of interest income calculated using the effective interest method are recognized in profit or loss. All other changes in the carrying amount of these trade receivables are recognized in other comprehensive income and accumulated under the heading of financial instrument revaluation reserve. Impairment allowances are recognized in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these receivables. When these trade receivables are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated 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 recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses, net” line item.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, trade receivables at FVTOCI, unlisted bonds at amortized cost, amounts due from a director, a shareholder and related companies, pledged bank deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognizes lifetime ECL for trade receivables and trade receivables at FVTOCI. The ECL on these assets are assessed individually based on internal credit rating.

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For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized 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 reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from financial analysts and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

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

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

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

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

(ii) Definition of default

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

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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 of default 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:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(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 recognized in profit or loss.

(v) Measurement and recognition of ECL

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

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

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

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Except for trade receivables that are measured at FVTOCI, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognized through a loss allowance account. For trade receivables that are measured at FVTOCI, the loss allowance is recognized in other comprehensive income without reducing the carrying amount of these receivables. Such amount represents the changes in relation to accumulated loss allowance.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost, exchange differences are recognized in profit or loss in the ‘Other gains and losses’ line item as part of the net foreign exchange gains (losses);
- For trade receivables measured at FVTOCI, exchange differences on the amortized cost of the trade receivables are recognized in profit or loss in the ‘Other gains and losses’ line item as part of the net foreign exchange gains (losses). As the foreign currency element recognized in profit or loss is the same as if it was measured at amortized cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognized in other comprehensive income in the FVTOCI;
- For financial assets measured at FVTPL, exchange differences are recognized in profit or loss in the ‘Other gains and losses’ line item as part of the gain (loss) from changes in fair value of financial assets.

Derecognition of financial assets

The Group derecognizes 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 amortized cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of trade receivables classified at FVTOCI, the cumulative gain or loss previously accumulated in the financial instrument revaluation reserve is reclassified to profit or loss.

Financial liabilities and equity instruments

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.

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Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables, amount due to a director and borrowings are subsequently measured at amortized cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the ‘Other gains and losses’ line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group’s obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

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Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized 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.

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

Assessment of the net realizable value of inventories

Inventories are stated at the lower of cost and net realizable values. The management of the Group is required to exercise judgment in identifying slow-moving and obsolete inventories and to determine the write-down of inventories based on the latest selling prices and market conditions at the end of each reporting period. The identification of slow-moving and obsolete inventories is based on the aged analysis of inventory and recent or subsequent usages/sales. Actual net realizable values being lower than expectation will impact the carrying amounts of inventories.

As at December 31, 2023, 2024 and 2025, the carrying amounts of inventories are HK\$28,117,000, HK\$35,772,000 and HK\$80,518,000, respectively. No allowance on net realizable value is recognized during the Track Record Period.

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6. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Types of goods or services			
Decorative planters products			
— Outdoor decorative planters	230,877	324,967	326,674
— Indoor decorative planters	79,477	87,660	102,962
Other gardening products	47,191	61,850	72,180
Total gardening-related products	357,545	474,477	501,816
Geographical markets			
United States of America (“US”)	338,994	443,832	469,045
Canada	7,071	7,947	8,375
Australia	3,496	5,665	4,558
Mexico	5,850	13,728	13,317
Other countries	2,134	3,305	6,521
Total	357,545	474,477	501,816
Timing of recognition			
A point in time	357,545	474,477	501,816

(ii) Performance obligations for contracts with customers

Gardening-related products

The Group is engaged in the manufacture and wholesale distribution of gardening-related products. Revenue is recognized when control of the goods is transferred to the customer, which occurs at the point when the goods arrived at the customer’s specific location (delivery). After the control of the goods is transferred, the customer of the Group has full discretion over the distribution method and pricing of the goods, assumes primary responsibility for resale, and bears the risks of obsolescence and loss in relation to the inventory. The Group provides various rebates to certain customers. These arrangements give rise to variable considerations and result in deductions to gross revenue. The Group uses its accumulated historical experience to estimate the amount of rebates, using expected value method and recognizes the amount as refund liabilities, as disclosed in Note 24. The standard credit terms granted to customers of the Group range from 30 to 165 days.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

Gardening-related products are delivered within a period of less than one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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Segment information

Information reported to the executive directors of the Company, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and performance assessment, focuses primarily on types of products revenue analysis derived from the trading of gardening-related products. No other discrete financial information is provided other than the Group’s results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

The geographical location of customers is based on the location at which the customer based. The revenue of the Group is derived from customers in the US, Canada, Australia, Mexico and other countries during the Track Record Period, as disclosed above.

The Group’s non-current assets are located within the PRC, Hong Kong and Cambodia. The geographical location of non-current assets is determined based on the physical location of the asset for property, plant and equipment, right-of-use assets and investment property, and on the location of the operation to which they are allocated for other non-current assets.

Information about the Group’s non-current assets other than financial instruments and deferred tax assets are presented below by geographical location of the assets:

	As at December 31,		
	2023	2024	2025
	HK\$’000	HK\$’000	HK\$’000
The PRC	50,689	56,117	80,334
Hong Kong	16,125	15,580	13,451
Cambodia	—	3,629	9,075
	<u>66,814</u>	<u>75,326</u>	<u>102,860</u>

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended December 31,		
	2023	2024	2025
	HK\$’000	HK\$’000	HK\$’000
Customer A	185,643	266,458	190,614
Customer B	116,090	114,726	153,101
Customer C	N/A*	48,533	N/A*
Customer D	<u>N/A</u>	<u>N/A*</u>	<u>54,654</u>

* The corresponding customer did not contribute over 10% of the total revenue of the Group during the year.

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7. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Interest income	916	812	1,096
Government subsidies (<i>Note</i>)	102	70	—
Rental income.	293	376	420
Sales of scrap materials	1,573	1,948	2,415
Others	783	249	252
	<u>3,667</u>	<u>3,455</u>	<u>4,183</u>

Note: The amount mainly represents various subsidies received from the PRC government authorities. Unconditional government grants are recognized in profit and loss when received.

8. OTHER GAINS AND LOSSES, NET

	Year ended December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Exchange gain (loss), net	1,627	2,753	(1,925)
(Loss) gain on disposal of property, plant and equipment	(102)	—	380
Gain from changes in fair value of financial assets at FVTPL	354	338	348
Loss on derecognition of trade receivables at FVTOCI	(2,235)	(849)	(4,480)
Net loss arising from changes in fair value of derivative financial instruments	(9,353)	(1,320)	—
Gain on early termination of lease	—	17	1,361
	<u>(9,709)</u>	<u>939</u>	<u>(4,316)</u>

9. FINANCE COSTS

	Year ended December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Interest on borrowings	206	198	167
Interest on lease liabilities	1,818	1,437	1,318
	<u>2,024</u>	<u>1,635</u>	<u>1,485</u>

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10. INCOME TAX EXPENSE

	Year ended December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Current tax:			
Hong Kong Profits Tax	15,750	22,475	22,753
PRC Enterprise Income Tax (“EIT”)	1,375	4,504	154
PRC withholding tax in respect of distribution of earnings of the PRC subsidiary	—	1,058	—
Under provision in prior years:			
PRC EIT	66	81	2,201
	17,191	28,118	25,108
Deferred tax (Note 26)	134	260	557
	17,325	28,378	25,665

PRC EIT

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries was 25% during the Track Record Period.

PRC Withholding Tax

Dividends distributed from the PRC subsidiaries are subject to withholding tax of 10%.

Hong Kong Profits Tax

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity is taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Cambodian Tax

Under the Law on Taxation of the Kingdom of Cambodia and its implementing regulations, profits generated by the Group’s operations in Cambodia were subject to a standard corporate income tax rate of 20% during the Track Record Period. The entity operating in Cambodia did not have any assessable profits during the Track Record Period.

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The income tax expense for each of the year presented is reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Profit before tax	97,050	154,419	107,466
Tax at the Hong Kong Profits Tax rate of 16.5%.	16,013	25,479	17,732
Tax effect of expenses not deductible for tax purpose. . .	398	789	4,098
Tax effect of income not taxable for tax purpose	(802)	(560)	(286)
Tax losses not recognized	673	490	3,896
Recognition of tax loss previously not recognized	—	(53)	—
Utilization of tax losses previously not recognized	—	(571)	(45)
Effect of different tax rates of subsidiaries operating in other jurisdictions	604	1,485	(1,207)
Provision (reversal) of withholding tax for income derived from the PRC subsidiary	541	346	(556)
PRC withholding tax in respect of distribution of earnings of the PRC subsidiary	—	1,058	—
Underprovision in prior years.	66	81	2,201
Others	(3)	(1)	(3)
Income tax at concessionary rate	(165)	(165)	(165)
Income tax expense for the year	17,325	28,378	25,665

11. PROFIT FOR THE YEAR

	Year ended December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Profit for the year is arrived at after charging (crediting):			
Auditor’s remuneration	141	78	127
Depreciation of property, plant and equipment	7,049	7,088	9,453
Depreciation of investment property	269	259	214
Depreciation of right-of-use assets	17,985	18,879	19,942
Total depreciation	25,303	26,226	29,609
Capitalized in inventories	(21,041)	(21,768)	(24,508)
	4,262	4,458	5,101
Directors’ emoluments (Note 12).	18,544	22,654	22,248
Other staff costs (excluding directors’ emoluments):			
Salaries and other benefits	48,434	63,718	87,279
Performance related incentive payments.	3,454	4,224	2,634
Contribution to retirement benefit schemes	3,482	3,779	4,682
Total staff costs.	73,914	94,375	116,843
Capitalized in inventories	(24,841)	(32,411)	(46,311)
	49,073	61,964	70,532
Impairment losses under ECL, net of reversal	(225)	1,148	193

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	Year ended December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Gross rental income from investment property	293	376	420
Less: direct operating expenses incurred for investment property that generated rental income during the year.	(25)	(68)	(24)
	<u>268</u>	<u>308</u>	<u>396</u>
Cost of inventories recognized as an expense.	<u>157,615</u>	<u>192,100</u>	<u>212,421</u>
Impairment loss of investment property	<u>666</u>	<u>2,027</u>	<u>858</u>
[REDACTED]	<u>—</u>	<u>—</u>	<u>19,765</u>

12. DIRECTORS’ EMOLUMENTS AND EMOLUMENTS OF EMPLOYEES

Directors’ emoluments

The emoluments paid or payable to the directors of the Company (including emoluments for the services as directors or employees of companies now comprising the Group prior to becoming the directors of the Company) by the companies now comprising the Group during the Track Record Period disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance were as follows:

	Directors’ fees	Salaries and other benefits	Performance related incentive payments	Contributions to retirement benefit schemes	Total emoluments
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Note)		
For the year ended December 31, 2023					
Executive directors					
Mr. Lo	2,229	2,229	10,827	18	15,303
Ms. Yip Shuk Man	—	880	830	18	1,728
Mr. Yuen Chi Ho.	—	1,280	215	18	1,513
	<u>2,229</u>	<u>4,389</u>	<u>11,872</u>	<u>54</u>	<u>18,544</u>
For the year ended December 31, 2024					
Executive directors					
Mr. Lo	3,600	3,600	11,281	18	18,499
Ms. Yip Shuk Man	—	1,135	1,726	18	2,879
Mr. Yuen Chi Ho	—	950	320	6	1,276
	<u>3,600</u>	<u>5,685</u>	<u>13,327</u>	<u>42</u>	<u>22,654</u>
For the year ended December 31, 2025					
Executive directors					
Mr. Lo	3,600	6,019	8,317	18	17,954
Ms. Yip Shuk Man	—	1,410	1,670	18	3,098
Mr. Yuen Chi Ho.	—	1,040	150	6	1,196
	<u>3,600</u>	<u>8,469</u>	<u>10,137</u>	<u>42</u>	<u>22,248</u>

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Note: Performance related incentive payments were determined having regard to the performance of directors and the Group’s operating results.

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

Mr. Lo was appointed as an executive director of the Company on March 20, 2025. Mr. Lo is also the chief executive officer of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive officer.

Ms. Yip Shuk Man and Mr. Yuen Chi Ho were appointed as the executive directors of the Company in December 4, 2025.

Dr. Lo Wing Yan, William, Mr. Tam King Ching, Kenny and Ms. Wong Ka Ki, Ada were appointed as the independent non-executive directors of the Company on [•] 2026 and no emoluments was paid to them during the Track Record Period.

There was no arrangement under which the chief executive officer or a director waived or agreed to waive any emoluments during the Track Record Period.

Five highest paid individuals

During the years ended December 31, 2023, 2024 and 2025, of the five individuals with the highest emoluments of the Group, three, two and two of them were directors of the Company whose emoluments are included above. The emoluments of the remaining two, three and three individuals for the years ended December 31, 2023, 2024 and 2025, respectively are disclosed as follows:

	Year ended December 31,		
	2023	2024	2025
	HK\$’000	HK\$’000	HK\$’000
Salaries and other benefits	1,720	3,949	4,067
Performance related incentive payments	207	479	548
Contributions to retirement benefit schemes	36	45	54
	<u>1,963</u>	<u>4,473</u>	<u>4,669</u>

	Year ended December 31,		
	2023	2024	2025
	Number of employees	Number of employees	Number of employees
Their emoluments were within the following bands:			
Nil to HK\$1,000,000	1	—	—
HK\$1,000,001 to HK\$1,500,000	1	2	1
HK\$1,500,001 to HK\$2,000,000	—	1	2
HK\$2,000,001 to HK\$2,500,000	—	—	—
	<u>2</u>	<u>3</u>	<u>3</u>

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No emoluments were paid by the Group to the chief executive officer or the directors or the above individuals as an inducement to join the Group or as a compensation for loss of office during the Track Record Period.

13. DIVIDENDS

CSW HK

For the year ended December 31, 2023

CSW HK declared dividends of an aggregate amount of HK\$19,255,000 in respect of the financial year and was recognized as dividend distributed to the shareholder. The amounts of HK\$17,505,000 and HK\$1,750,000 were paid or settled through the current account in the years of 2023 and 2024 respectively.

For the year ended December 31, 2024

CSW HK declared dividends of an aggregate amount of HK\$139,153,000 in respect of the financial year and was recognized as dividend distributed to the shareholder. The amounts of HK\$94,877,000 and HK\$25,299,000 were paid or settled through the current account in the year of 2024 and 2025 respectively.

For the year ended December 31, 2025

CSW HK declared dividends of an aggregate amount of HK\$200,000,000 in respect of the financial year and was recognized as dividend distributed to the shareholder. The amount of HK\$156,365,000 were paid or settled through the current account in the year of 2025.

The rate of dividends and number of shares ranking for the dividends are not presented as such information is not consider meaningful having regard to the purpose of this report.

The Company

No dividend was declared or paid by the Company since its incorporation.

14. EARNINGS PER SHARE

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

	Year ended December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Profit for the year attributable to owners of the Company			
for the purpose of basic earnings per share	79,725	126,041	81,801

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	Number of shares		
	Year ended December 31,		
	2023	2024	2025
	'000	'000	'000
Weighted average number of shares for the purpose of basic earnings per share	110,000	110,000	110,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the Track Record Period has been adjusted retrospectively for the effects in connection with (i) the Reorganization as set out in Note 2; and (ii) the effect of the share subdivision subsequent to the end of the reporting period as set out in Note 38, as if both the Reorganization and the share subdivision had been effective since January 1, 2023.

No diluted earnings per share for the Track Record Period is presented as there were no potential ordinary shares in issue during the Track Record Period.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost						
At January 1, 2023	1,140	11,944	19,632	4,507	—	37,223
Exchange realignment.	(8)	(242)	(387)	(14)	—	(651)
Additions	50	1,305	3,270	1,868	705	7,198
Transfers.	—	260	445	—	(705)	—
Disposals	(207)	(400)	(367)	(1,037)	—	(2,011)
At December 31, 2023	975	12,867	22,593	5,324	—	41,759
Exchange realignment.	(31)	(505)	(815)	(24)	—	(1,375)
Additions	680	3,314	5,797	1,401	—	11,192
At December 31, 2024	1,624	15,676	27,575	6,701	—	51,576
Exchange realignment.	204	1,163	1,865	37	180	3,449
Additions	5,576	11,237	13,175	2,385	21,775	54,148
Transfers.	577	6,417	6,347	—	(13,341)	—
Disposals	—	(282)	—	(1,393)	—	(1,675)
At December 31, 2025	7,981	34,211	48,962	7,730	8,614	107,498
DEPRECIATION						
At January 1, 2023	430	2,046	6,855	1,769	—	11,100
Exchange realignment.	(6)	(53)	(156)	(8)	—	(223)
Provided for the year	420	1,324	4,378	927	—	7,049
Eliminated on disposals.	(207)	(296)	(361)	(685)	—	(1,549)
At December 31, 2023	637	3,021	10,716	2,003	—	16,377
Exchange realignment.	(13)	(134)	(395)	(15)	—	(557)
Provided for the year	326	1,417	4,242	1,103	—	7,088
At December 31, 2024	950	4,304	14,563	3,091	—	22,908
Exchange realignment.	31	290	764	24	—	1,109
Provided for the year	553	2,916	4,715	1,269	—	9,453
Eliminated on disposals.	—	(190)	—	(905)	—	(1,095)
At December 31, 2025	1,534	7,320	20,042	3,479	—	32,375

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	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
CARRYING VALUES						
At December 31, 2023	338	9,846	11,877	3,321	—	25,382
At December 31, 2024	674	11,372	13,012	3,610	—	28,668
At December 31, 2025	6,447	26,891	28,920	4,251	8,614	75,123

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	10% – 20% or over the lease term, whichever is shorter
Plant and machinery	10% – 33%
Furniture, fixtures and office equipment	10% – 33%
Motor vehicles	20% – 33%

16. RIGHT-OF-USE ASSETS

	Leased properties
	HK\$'000
As at December 31, 2023	
Carrying amount	30,318
As at December 31, 2024	
Carrying amount	37,830
As at December 31, 2025	
Carrying amount	19,981
For the year ended December 31, 2023	
Depreciation charge	17,985
For the year ended December 31, 2024	
Depreciation charge	18,879
For the year ended December 31, 2025	
Depreciation charge	19,942

	Year ended December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Total cash outflow for leases	19,617	19,923	21,644
Additions to right-of-use assets	833	27,116	7,145

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During the Track Record Period, the Group leases various offices, factories, warehouses, and staff quarters for its operations. Lease contracts are entered into for fixed term of 2 years to 10 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the years ended December 31, 2023, 2024 and 2025, the Group had early terminated various lease contracts. The Group had derecognized right-of-use assets of nil, HK\$184,000 and HK\$6,035,000 respectively, and the related lease liabilities of nil, HK\$201,000 and HK\$7,396,000, respectively, resulting in a gain on early termination of lease of nil, HK\$17,000 and HK\$1,361,000, being recognized in profit or loss for the years ended December 31, 2023, 2024 and 2025, respectively.

17. INVESTMENT PROPERTY

The Group leases out an office under an operating lease with rental payable monthly. The lease of office contain lease payments that are fixed over the lease term. The lease typically run for a fixed period of three years during the years ended December 31, 2023, 2024 and 2025.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of companies now comprising the Group. The lease contracts do not contain residual value guarantee and/or lessee’s option to purchase the property at the end of lease term.

	HK\$’000
COST	
At January 1, 2023 and December 31, 2023, 2024 and 2025	14,000
DEPRECIATION AND IMPAIRMENT	
At January 1, 2023.	1,951
Provided for the year	269
Impairment loss recognized	666
At December 31, 2023.	2,886
Provided for the year	259
Impairment loss recognized	2,027
At December 31, 2024.	5,172
Provided for the year	214
Impairment loss recognized	858
At December 31, 2025.	6,244
CARRYING VALUE	
At December 31, 2023.	11,114
At December 31, 2024.	8,828
At December 31, 2025.	7,756

As at December 31, 2023, 2024 and 2025, all of the Group’s investment property have been pledged to secure banking facilities granted to the Group.

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The above investment property is depreciated on a straight-line basis on the following bases:

Land and building	Over the land lease term
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Impairment assessment

Due to a decline in the market value of investment property in recent years, the Group’s management identified indicators of impairment and conducted an impairment assessment as at December 31, 2023, 2024 and 2025 on investment property with carrying amounts after depreciation but before any impairment of HK\$13,467,000, HK\$13,208,000, and HK\$12,994,000, respectively. The recoverable amount for each investment property was determined individually, based on the higher of fair value less costs to sell and value in use. In estimating the fair value of the property, the highest and best use of the property is their current use.

The recoverable amounts were assessed based on fair value less costs of disposal. The Group employed the income approach to estimate this fair value, resulting in fair value measurements classified within Level 3 of the fair value hierarchy. Consequently, the carrying amounts of the relevant assets were reduced to their respective recoverable amounts of HK\$11,114,000, HK\$8,828,000, and HK\$7,756,000 as of December 31, 2023, December 31, 2024, and December 31, 2025. Impairment losses of HK\$666,000, HK\$2,027,000 and HK\$858,000 have been recognized in profit or loss in “administrative expenses” that is the relevant function to which the investment property relates during the years ended December 31, 2023, 2024 and 2025, respectively.

18. OTHER FINANCIAL ASSETS

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Other financial assets:			
Unlisted bonds at amortized cost (<i>note 1</i>).	14,596	6,789	23,868
Life insurance at FVTPL (<i>note 2</i>)	11,108	11,446	11,794
	<u>25,704</u>	<u>18,235</u>	<u>35,662</u>
Analyzed for reporting purpose as:			
Current assets	14,596	6,789	23,868
Non-current assets	11,108	11,446	11,794
	<u>25,704</u>	<u>18,235</u>	<u>35,662</u>

Note:

1) The balance represents the amortized cost of bonds issued by financial institutions.

The annual coupon rates and the maturity dates of the unlisted bonds are as follows:

As at	Annual coupon rates (per annum)	Maturity dates
December 31, 2023.	2.53% to 3.6%	February 16, 2024 to December 12, 2024
December 31, 2024.	3.03%	February 21, 2025
December 31, 2025.	1.91% to 2.28%	February 25, 2026 to December 3, 2026

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These bonds are held by the Group within a business model whose objective is to hold financial assets in order to collect their contractual cash flows, which are solely payments of principal and interest on the principal amount outstanding. Accordingly, the investments in unlisted bonds are subsequently measured at amortized cost. Details of impairment assessment on set out in Note 30.

As at December 31, 2025, the unlisted bonds at amortised costs with carrying amount of HK\$23,868,000 were pledged to secure banking facilities granted to the Group.

- 2) Life insurance at FVTPL represents the two life insurance contracts for assured sum of US\$1,000,000 (approximately HK\$7,780,000) and US\$3,000,000 (approximately HK\$23,340,000), respectively purchased by CSW HK in February 2013 and March 2022 respectively for Mr. Lo. The contracts will mature on the date when the insured party reaches the age of 100 or deceased. The beneficiary and policy holder of the life insurance contracts is a subsidiary of the Group. The Group can terminate the policies of any time and receive cash back at the surrender date, which is based on the pre-determined guarantee cash value of the policies. The Group paid total premium of approximately US\$1,556,000 (approximately HK\$12,106,000) of inception of the policies. The fair values of the life insurance at FVTPL are based on the cash surrender value of the life insurance contracts at the end of each reporting period.

19. INVENTORIES

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Raw materials and consumables	1,481	6,797	8,021
Work in progress	1,709	2,946	9,427
Finished goods	24,927	26,029	63,070
	<u>28,117</u>	<u>35,772</u>	<u>80,518</u>

20. TRADE AND OTHER RECEIVABLES

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Trade receivables from contracts			
with customers	13,041	27,337	73,790
Less: Allowance for credit losses.	(319)	(422)	(672)
	<u>12,722</u>	<u>26,915</u>	<u>73,118</u>
Other receivables	1,764	2,074	959
Other deposits.	4,004	5,666	7,865
Deposits paid for acquisition of property, plant and equipment.	222	148	260
Value added tax recoverable	2,010	3,519	13,441
Prepayments.	1,032	846	914
Deferred issue costs	—	—	6,015
	<u>9,032</u>	<u>12,253</u>	<u>29,454</u>
	<u>21,754</u>	<u>39,168</u>	<u>102,572</u>
Analyzed for reporting purpose as:			
Non-current assets	708	3,623	2,196
Current assets	21,046	35,545	100,376
	<u>21,754</u>	<u>39,168</u>	<u>102,572</u>

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The following is an aging analysis of trade receivables (net of allowance of credit losses) presented based on invoice date at the end of the reporting period:

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
0–30 days	3,803	19,854	31,270
31–60 days	1,731	3,556	21,785
61–90 days	7,188	3,080	8,385
Over 90 days	—	425	11,678
	<u>12,722</u>	<u>26,915</u>	<u>73,118</u>

Included in the above trade receivables is amount due from a related party of trade nature as follows:

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
A company controlled by			
Mr. Lo	630	1,158	—*
	<u>630</u>	<u>1,158</u>	<u>—</u>

* The related company ceased to be controlled by Mr. Lo since December 18, 2025.

The Group allows a credit term from 30 – 165 days. As at December 31, 2023, 2024 and 2025, included in the Group’s trade receivables balance at amortized cost are debtors with aggregate carrying amount of HK\$3,739,000, HK\$1,340,000 and HK\$13,630,000 respectively, which are past due as at the reporting date. As at December 31, 2023, 2024 and 2025, out of the past due balances of the Group, nil, nil and nil respectively had been past due 90 days or more.

Details of impairment assessment of trade and other receivables are set out in Note 30.

21. TRADE RECEIVABLES AT FVTOCI

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Trade receivables at FVTOCI	116,958	156,546	62,116
	<u>116,958</u>	<u>156,546</u>	<u>62,116</u>

As part of the Group’s cash flow management strategy, the Group has established a non-recourse receivables factoring arrangement with financial institutions, under which trade receivables may be sold prior to their due date. The contractual cash flows of these trade receivables meet the criteria for being solely payments of principal and interest on the outstanding principal amount.

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Given that the Group would transfer, on a non-recourse basis, substantially all risks and rewards associated with the receivables under this arrangement, they are only derecognized upon transfer to the financial institution or settled by the counterparties. The Group manages these trade receivables within a business model whose objective is achieved through both collecting contractual cash flows and selling financial assets. As a result, such trade receivables are classified and measured at FVTOCI upon initial recognition.

Trade receivables not part of this factoring arrangement are held within a business model whose objective is to hold financial assets to collect contractual cash flows and are therefore measured at amortized cost subsequent to initial recognition, as disclosed in Note 20.

The following is an aging analysis of trade receivables at FVTOCI presented based on invoice date at the end of the reporting period:

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
0–30 days	52,447	39,415	39,044
31–60 days	50,612	21,248	6,993
61–90 days	10,864	50,807	9,999
Over 90 days	3,035	45,076	6,080
	<u>116,958</u>	<u>156,546</u>	<u>62,116</u>

The Group allows a credit term from 30 – 165 days. As at December 31, 2023, 2024 and 2025, included in the Group’s trade receivables balance at FVTOCI are debtors with aggregate carrying amount of nil, HK\$7,648,000 and HK\$3,506,000 respectively, which are past due as at the reporting date. As at December 31, 2023, 2024 and 2025, out of the past due balances of the Group, nil, nil and nil, respectively had been past due 90 days or more.

Details of impairment assessment of trade receivables at FVTOCI are set out in Note 30.

22. AMOUNT(S) DUE FROM (TO) A DIRECTOR/A SHAREHOLDER/RELATED COMPANIES

The Group

Amounts due from a director and a shareholder

					Maximum accounts outstanding during		
	As at January 1,	As at December 31,			Year ended December 31,		
	2023	2023	2024	2025	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amount due from a director	—	108,625	41,232	—	108,625	108,625	86,455
Amount due from a shareholder	—	—	4,866	—	—	4,866	4,866

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Amounts due from related companies

At December 31, 2023, 2024 and 2025, the Group had balances with the following related companies:

	As at			Maximum accounts outstanding during		
	January 1,			Year ended December 31,		
	2023	2024	2025	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts due from related companies						
Companies controlled by						
Mr. Lo and his spouse	—	2	114	2	114	131

Amount due to a director

	As at January 1,	As at December 31,		
	2023	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amount due to a director	77,308	—	—	44,729

At December 31, 2023, 2024 and 2025, amounts due from (to) a director, a shareholder, and related companies are non-trade in nature, unsecured, interest-free and repayable on demand. [As represented by the directors of the Company, all outstanding balance with a director will be settled in full prior to the [REDACTED].]

The Company

Amounts due from a director

	As at December 31,			Maximum accounts outstanding during		
	Year ended December 31,			Year ended December 31,		
	2023	2024	2025	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts due from a director	—	—	78	—	—	78

At December 31, 2025, amount due from a director are non-trade in nature, unsecured interest-free and repayable on demand. [As represented by the directors of the Company, all outstanding balance with a director will be settled in full prior to the [REDACTED].]

23. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

The balances represent bank and cash balances and short-term bank deposits with an original maturity of three months or less and carry interest at prevailing market rates.

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The pledged bank deposits represented deposits pledged to banks to secure banking facilities of the Group.

Detail of impairment assessment of bank balances as at December 31, 2023, 2024 and 2025 are set out in Note 30.

24. TRADE AND OTHER PAYABLES

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Trade payable	40,751	47,184	58,763
Other payables	2,050	4,003	7,945
Accruals	7,854	8,888	18,067
Accrued [REDACTED]	—	—	8,001
Accrued issue costs	—	—	2,663
Refund liabilities (Note 6).	11,686	15,293	8,657
	<u>62,341</u>	<u>75,368</u>	<u>104,096</u>

The following is an aging analysis of trade payables and presented based on the invoice date at the end of each reporting period:

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
0–30 days	40,159	44,704	57,836
31–60 days	—	103	593
61–90 days	491	803	55
over 90 days	101	1,574	279
	<u>40,751</u>	<u>47,184</u>	<u>58,763</u>

The average credit period on purchases of goods of the Group and Company is 30 to 60 days.

25. BORROWINGS

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Secured and guaranteed	3,605	3,185	25,026
Unsecured and guaranteed.	—	—	11,134
	<u>3,605</u>	<u>3,185</u>	<u>36,160</u>

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The carrying amounts of the above borrowings are analyzed based on contractual repayment date as follows:

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
The carrying amounts of borrowings that contain a repayable on demand clause (shown under current liabilities) but repayable:			
Within one year.	420	420	33,815
Within a period of more than one year but not more than two years.	420	420	420
Within a period of more than two years but not more than five years.	1,260	1,260	1,260
Within a period of more than five years.	1,505	1,085	665
	<u>3,605</u>	<u>3,185</u>	<u>36,160</u>

At December 31, 2023, 2024 and 2025, the Group’s secured bank borrowing of HK\$3,605,000 and HK\$3,185,000 and HK\$2,765,000, respectively, is a floating-rate borrowing which carries interest at market rate at Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 1.3% per annum. The loan is guaranteed by Mr. Kingsley Lo and is secured by certain assets as set out in Note 35.

At December 31, 2025, the Group’s unsecured bank borrowings of HK\$11,134,000 are fixed rate borrowings which carry interest at 2.65% per annum. The loans are guaranteed by a subsidiary of the Group.

At December 31, 2025, the Group’s secured bank borrowings of HK\$22,261,000 are fixed rate borrowings which carry interest at 2.8% per annum. The loans are guaranteed by certain subsidiaries of the Group and Mr. Lo and secured by certain assets as set out in Note 35.

[As represented by the directors of the Company, the personal guarantee provided by Mr. Lo will be released prior to the **[REDACTED]**.]

26. DEFERRED TAX ASSETS (LIABILITIES)

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

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Deferred tax assets	6	4	—
Deferred tax liabilities	(3,768)	(4,060)	(4,556)
	<u>(3,762)</u>	<u>(4,056)</u>	<u>(4,556)</u>

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The following are the major deferred tax assets/(liabilities) recognized and movements thereon during the Track Record Period:

	Accelerated tax depreciation	Tax losses	Right-of-use assets	Lease liabilities	Distributable profits of subsidiaries	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At January 1, 2023	(362)	—	(11,772)	12,418	(3,910)	(3,626)
(Charge) credit to profit or loss . . .	(10)	372	4,174	(4,129)	(541)	(134)
Exchange adjustments	—	—	53	(55)	—	(2)
At December 31, 2023	(372)	372	(7,545)	8,234	(4,451)	(3,762)
(Charge) credit to profit or loss . . .	(52)	52	(1,714)	1,800	(346)	(260)
Exchange adjustments	—	—	238	(272)	—	(34)
At December 31, 2024	(424)	424	(9,021)	9,762	(4,797)	(4,056)
(Charge) credit to profit or loss . . .	(83)	(424)	4,532	(5,138)	556	(557)
Exchange adjustments	—	—	(288)	345	—	57
At December 31, 2025	(507)	—	(4,777)	4,969	(4,241)	(4,556)

At the end of December 31, 2023, 2024 and 2025, the Group has unused tax losses of HK\$6,939,000, HK\$5,497,000 and HK\$18,652,000, respectively, available for offset against future profits. A deferred tax asset has been recognized in respect of HK\$2,254,000, HK\$2,572,000 and nil, respectively, of such losses. No deferred tax asset has been recognized in respect of the remaining approximately HK\$4,685,000, HK\$2,925,000 and HK\$18,652,000, respectively, due to the unpredictability of future profit streams. As at December 31, 2023, 2024 and 2025, included in unrecognized tax losses are losses of nil, HK\$1,841,000, HK\$15,751,000, respectively, with expiry dates of nil, four years and five years, respectively. Other losses may be carried forward indefinitely.

The aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liability have been recognized was HK\$44,508,000, HK\$47,972,000 and HK\$42,414,000 as at December 31, 2023, 2024 and 2025, respectively.

27. LEASE LIABILITIES

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Lease liabilities payable:			
Within one year	14,474	20,120	16,610
Within a period of more than one year but not exceeding two years	6,977	16,467	2,825
Within a period of more than two years but not exceeding five years	11,594	4,248	1,459
	33,045	40,835	20,894
Less: Amount due for settlement within 12 months shown under current liabilities	(14,474)	(20,120)	(16,610)
Amount due for settlement after 12 months shown under non-current liabilities	18,571	20,715	4,284

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The weighted average incremental borrowing rates applied to lease liabilities at 4.44%, 4.28% and 3.94% per annum and range at 3.63% to 4.65%, 3.35% to 6.50% and 3.00% to 6.50% per annum during the years ended December 31, 2023, 2024 and 2025 respectively.

28. SHARE CAPITAL

The Group

For the purpose of the Historical Financial Information, share capital as at January 1, 2023, December 31, 2023 and 2024 represented the share capital of CSW HK at that dates and share capital as at December 31, 2025 represented the share capital of the Company.

The Company

On March 20, 2025, the Company was incorporated in Cayman as an exempted company with limited liability on March 20, 2025 with an authorized share capital of US\$50,000 divided into 50,000 shares with a par value of US\$1.00 each. On the date of incorporation, total of 10,000 shares was issued and allotted. On December 10, 2025, 1,000 shares was issued for the share swap for the purpose of the Reorganization as disclosed in Note 2. As at December 31, 2025, the share capital of the Company is US\$11,000 (approximately HK\$86,000).

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes lease liabilities and borrowings, net of cash and cash equivalents and equity. The management of the Group and the Company reviews the capital structure periodically and considers the cost of capital and the risks associated with the capital and balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debts.

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group			The Company
	As at December 31,			
	2023	2024	2025	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets				
At amortized cost	201,296	203,923	213,697	78
At FVTOCI	116,958	156,546	62,116	—
At FVTPL	11,108	11,446	11,794	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Financial liabilities				
At amortized cost	59,842	113,941	229,530	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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(b) Financial risk management objectives and policies

The Group’s major financial instruments include trade and other receivables, trade receivables at FVTOCI, unlisted bonds at amortized cost, life insurance at FVTPL, amounts due from (to) a director, a shareholder and related companies, pledged bank deposits, cash and cash equivalents, trade and other payables, lease liabilities and borrowings. The Company’s major financial instruments include the amount due from a director. Details of these financial instruments and lease liabilities are disclosed in respective notes. The risks associated with these financial instruments and 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.

Market risks

Currency risk

Several subsidiaries of the Company have foreign currency purchases which expose the Group to foreign currency risk.

The carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities which expose the Group to foreign currency risk at the end of each reporting period are as follows:

Assets

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
RMB			
Intra-group balances	—	—	6,273
Other monetary items	40,798	23,897	44,042
	<u>40,798</u>	<u>23,897</u>	<u>50,315</u>

Liabilities

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
RMB			
Intra-group balances	63,002	65,038	51,660
	<u>63,002</u>	<u>65,038</u>	<u>51,660</u>

Sensitivity analysis

The Group is mainly exposed to the fluctuations in the RMB. The foreign currency risk of the HK\$ is not significant as the HK\$ is pegged to the US\$.

The following table details the Group’s sensitivity to a 5% increase and decrease in the functional currency of the Company, US\$, against the relevant foreign currency. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents

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management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where US\$ strengthen 5% against the relevant currency. For a 5% weakening of US\$ against the relevant currency, there would be an equal and opposite impact on the profit and other comprehensive income and the amounts below would be negative.

	As at December 31,		
	2023	2024	2025
	HK\$’000	HK\$’000	HK\$’000
Impact on profit or loss			
— RMB.	927	1,718	56

In management’s opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the relevant year.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank balances at the prevailing market deposit rate and variable-rate bank borrowings. The management of the Group closely monitors interest rate movement and manages the potential risk. The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and lease liabilities. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the amount of variable-rate bank borrowings at the end of the reporting period was the amount outstanding for the whole year. The sensitivity analysis has excluded bank balances which are not interest sensitive.

	Year ended December 31,		
	2023	2024	2025
Reasonably possible change in			
interest rate	50 basis points	50 basis points	50 basis points
	HK\$’000	HK\$’000	HK\$’000
Decrease in post-tax income for the year as a result of			
an increase in the interest rate.	(15)	(13)	(12)
Increase in post-tax income for the year as a result of a			
decrease in the interest	15	13	12

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Credit risk and impairment assessment

Credit risk refers to the risk that the Group’s counterparties default on their contractual obligations resulting in financial losses to the Group. The Group’s credit risk exposures are primarily attributable to unlisted bonds at amortized cost, trade and other receivables at amortized cost, trade receivables at FVTOCI, cash and cash equivalents, amounts due from a director, a shareholder and related companies. The Company’s credit risk exposures are primarily attributable to the amount due from a director. The Group and the Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers at amortized cost and FVTOCI

Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer’s credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts.

The Group has concentration of credit risk on certain individual customers. At December 31, 2023, 2024 and 2025, trade receivables from the largest customer represents approximately 54%, 68% and 23% of the Group’s total trade receivables at amortized cost and FVTOCI, respectively. At December 31, 2023, 2024 and 2025, trade receivables from the five largest customers represent approximately 96%, 94% and 88% of the Group’s total trade receivables at amortized cost and FVTOCI, respectively. In view of their credit standings, good repayment record in the past and long term relationships with the Group and taking into consideration forward-looking information, the directors of the Company consider that the Group’s credit risk is not material. In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. In this regard, the directors of the Company consider that the Group’s credit risk is significantly reduced.

In addition, the Group performs impairment assessment under ECL model on trade receivables with significant balances and credit-impaired individually. Details of the quantitative disclosures are set out below in this note.

During the year ended December 31, 2023, ECL on trade receivables at amortized cost and trade receivables at FVTOCI of HK\$221,000 and HK\$4,000 is reversed, respectively.

During the year ended December 31, 2024, ECL on trade receivables at amortized cost and trade receivables at FVTOCI of HK\$103,000 and HK\$26,000 is recognized, respectively.

During the year ended December 31, 2025, ECL on trade receivables at amortized cost and trade receivables at FVTOCI of HK\$250,000 is recognized and HK\$57,000 is reversed, respectively.

Bank balances

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

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credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognized.

Other receivables and deposits

For other receivables and deposits, the management makes 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 management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended December 31, 2023 and 2025, the Group assessed the ECL for other receivables and deposits are insignificant and thus no loss allowance is recognized. Loss allowance of HK\$1,019,000 was recognized and written off during the year ended December 31, 2024.

Amounts due from a director, a shareholder and related companies

For amounts due from a director, a shareholder and related companies, the management makes periodic individual assessment on the recoverability of these balances based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. No loss allowance for impairment was made since the management of the Group considers that the probability of default is minimal after considering the counterparties’ repayment history.

Unlisted bonds at amortized cost

During the years ended December 31, 2023, 2024 and 2025, the Group’s unlisted bonds at amortized cost portfolio comprising unlisted bonds issued by issuers listed on the Stock Exchange which operating in the bank sectors.

The Group’s unlisted bonds at amortized cost mainly comprise instruments that have a low risk of default as the counterparties have a strong capacity to repay having taken into account the issuers have good credit history and repayment records. The Group assesses the financial strengths and performance of the issuers in satisfying the repayment of principal and interest as they fall due. The Group also closely monitors the changes in the credit ratings of the issuers and follows their market news for taking immediate actions if there is an indication of a deterioration of the repayment ability of the issuers. The Group determines individually whether the issuers of the unlisted bonds have been suffered from significant increase in credit risk since initial recognition by comparing the credit rating and other qualitative benchmarks that affect the credit quality of the issuers at initial recognition and at the end of each reporting period. As the issuers are engaging in businesses that are stable or growing and there are no downgrading in the credit rating, the loss allowances on individual bonds are measured on 12m ECL basis as the credit risk on financial instruments have not increased significantly since initial recognition.

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The Group’s internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables arising from contracts with customers at amortized cost and FVTOCI	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts; or, if past-due amounts exist, supported by reasonable and supportable information	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group and the Company has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below details the credit risk exposures of the Company’s and the Group’s financial assets:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount		
					At December 31,		
					2023	2024	2025
					HK\$'000	HK\$'000	HK\$'000
The Group							
Trade receivables — contracts with customers	20	N/A	Low risk	Lifetime ECL — not credit-impaired	13,041	27,337	73,790
Other receivables and deposits	20	N/A	Low risk	12m ECL	5,768	7,740	8,824
Trade receivables at FVTOCI	21	N/A	Low risk	Lifetime ECL — not credit-impaired	116,958	156,546	62,116
Unlisted bonds at amortized cost	18	N/A	Low risk	12m ECL	14,596	6,789	23,868

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	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount		
					At December 31,		
					2023	2024	2025
					HK\$'000	HK\$'000	HK\$'000
Amount due from a director	22	N/A	Low risk	12m ECL	108,625	41,232	—
Amount due from a shareholder	22	N/A	Low risk	12m ECL	—	4,866	—
Amounts due from related companies	22	N/A	Low risk	12m ECL	2	114	—
Pledged bank deposits	23	AA--A+	N/A	12m ECL	12,503	12,503	22,288
Bank balances	23	AA--A+	N/A	12m ECL	47,080	103,764	85,599
The Company							
Amount due from a director	22	N/A	Low risk	12m ECL	—	—	78

As part of the Group’s credit risk management, the Group applies internal credit rating for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed on individual assessment within lifetime ECL (not credit-impaired).

Internal credit rating	Average loss rate		Gross carrying amount		
			Trade debtors		Total
	Trade receivables at amortized cost	Trade receivables at FVTOCI	Trade receivables at amortized cost	Trade receivables at FVTOCI	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at December 31, 2023					
Low risk	2.45%	0.04%	13,041	116,958	129,999
As at December 31, 2024					
Low risk	1.54%	0.05%	27,337	156,546	183,883
As at December 31, 2025					
Low risk	0.91%	0.02%	73,790	62,116	135,906

The estimated loss rates are estimated based on external credit ratings granted by international rating agencies or internal assessed credit ratings of the debtors or the financial institutions for those under factoring arrangement as detailed in Note 21, and are adjusted for forward-looking information that is available without undue cost or effort.

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The movements in the loss allowance for impairment of trade receivables are as follows:

	Trade receivables at amortized cost	Trade receivables at FVTOCI	
	Lifetime ECL (not credit- impaired)	Lifetime ECL (not credit- impaired)	Total
	HK\$'000	HK\$'000	HK\$'000
At January 1, 2023	540	50	590
Impairment loss recognized	319	46	365
Impairment loss reversed	(540)	(50)	(590)
At December 31, 2023	319	46	365
Impairment loss recognized	422	72	494
Impairment loss reversed	(319)	(46)	(365)
At December 31, 2024	422	72	494
Impairment loss recognized	672	15	687
Impairment loss reversed	(422)	(72)	(494)
At December 31, 2025	672	15	687

The following table shows the movement in lifetime ECL that has been recognized for other receivables.

	HK\$'000
At January 1, 2023 and December 31, 2023	—
Impairment loss recognized	1,019
Written-off	(1,019)
At December 31, 2024 and 2025	—

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group’s operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group’s remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curve at the end of each reporting period.

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	Weighted average contractual interest rate	On demand or less than 1 month	1 month to 3 months	3 months to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amount
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At December 31, 2023							
Trade and other payables	N/A	54,487	—	—	—	54,487	54,487
Borrowings – variable rates	6.52	3,605	—	—	—	3,605	3,605
Dividend payables	N/A	1,750	—	—	—	1,750	1,750
Lease liabilities	4.44	1,635	3,270	10,659	19,742	35,306	33,045
		<u>61,477</u>	<u>3,270</u>	<u>10,659</u>	<u>19,742</u>	<u>95,148</u>	<u>92,887</u>
At December 31, 2024							
Trade and other payables	N/A	66,480	—	—	—	66,480	66,480
Borrowings — variable rates	5.90	3,185	—	—	—	3,185	3,185
Dividend payables	N/A	44,276	—	—	—	44,276	44,276
Lease liabilities	4.28	1,782	3,535	16,098	23,200	44,615	40,835
		<u>115,723</u>	<u>3,535</u>	<u>16,098</u>	<u>23,200</u>	<u>158,556</u>	<u>154,776</u>
At December 31, 2025							
Trade and other payables	N/A	86,029	—	—	—	86,029	86,029
Amount due to a director	N/A	44,729	—	—	—	44,729	44,729
Borrowings — fixed rates	2.75	33,395	—	—	—	33,395	33,395
Borrowings — variable rates	4.37	2,765	—	—	—	2,765	2,765
Dividend payables	N/A	62,612	—	—	—	62,612	62,612
Lease liabilities	3.94	1,813	3,626	11,749	4,711	21,899	20,894
		<u>231,343</u>	<u>3,626</u>	<u>11,749</u>	<u>4,711</u>	<u>251,429</u>	<u>250,424</u>

Bank borrowings with a repayment on demand clause are included in the “on demand or less than 1 month” time band in the above maturity analysis. As at December 31, 2023, 2024 and 2025, the aggregated undiscounted principal amounts of these bank borrowings amounted to HK\$3,605,000, HK\$3,185,000 and HK\$36,160,000, respectively. Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Less than 1 year	1 to 2 year	2 to 5 year	Over 5 years	Total undiscounted cash outflows	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
December 31, 2023.	<u>447</u>	<u>475</u>	<u>1,589</u>	<u>2,224</u>	<u>4,735</u>	<u>3,605</u>
December 31, 2024.	<u>445</u>	<u>470</u>	<u>1,557</u>	<u>1,523</u>	<u>3,995</u>	<u>3,185</u>
December 31, 2025.	<u>34,751</u>	<u>457</u>	<u>1,480</u>	<u>850</u>	<u>37,538</u>	<u>36,160</u>

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(c) Fair value measurements of financial instruments

(i) Fair values of the Group’s financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group’s financial assets 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.

	December 31, 2023 Level 3 <i>HK\$’000</i>	December 31, 2024 Level 3 <i>HK\$’000</i>	December 31, 2025 Level 3 <i>HK\$’000</i>	Valuation techniques and key inputs
Financial asset				
Life insurances at FVTPL	11,108	11,446	11,794	<i>Note</i>

Note: The fair value of the life insurance at FVTPL is determined by reference to the quotation of the life insurance policies from the insurance companies.

(ii) Reconciliation of level 3 fair value measurements

	Financial assets at FVTPL <i>HK\$’000</i>
At January 1, 2023	10,754
Gain from change in fair value	354
At December 31, 2023	11,108
Gain from change in fair value	338
At December 31, 2024	11,446
Gain from change in fair value	348
At December 31, 2025	11,794

During the Track Record Period, the following gains and losses from financial assets measured at FVTPL were recognized in profit or loss:

- A gain of HKD354,000 for the year ended December 31, 2023
- A gain of HKD338,000 for the year ended December 31, 2024
- A gain of HKD348,000 for the year ended December 31, 2025

These amounts correspond to financial assets at FVTPL held at the respective reporting dates. All fair value gains and losses on these assets are included in the line item ‘Other gains and losses, net’ within the consolidated statements of profit or loss and other comprehensive income.

If the quotation of the life insurance policies increased/decreased by 5% per annum, the Group’s consolidated profit or loss would be increased/decreased by approximately HK\$555,000, HK\$572,000, HK\$590,000 for the years ended December 31, 2023, 2024 and 2025, respectively.

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There were no transfers into or out of Level 3 during both years.

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

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

31. RETIREMENT BENEFITS SCHEMES

Employees of the Company and its subsidiaries in the PRC are covered by the retirement and pension schemes defined by local practice and regulations. The Company and subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement and pension schemes. The calculation of contributions for PRC eligible staff is based on certain percentage of the applicable payroll costs. The only obligation of the Group in respect to the retirement benefits scheme is to make the specified contribution.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. Under the scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The total expense recognized in profit or loss of HK\$3,536,000, HK\$3,821,000 and HK\$4,724,000 represents contributions payable to these plans by the Group at rates specified in the rules of the plans for the years ended December 31, 2023, 2024 and 2025 respectively.

32. OPERATING LEASING ARRANGEMENTS

The Group as lessor

The property held by the Group for rental purpose has committed lessee for the next two years, one year and two years as at December 31, 2023, 2024 and 2025 respectively. For those lease contracts with extension options, all of them contain market review clauses in the event that the lessee exercises its option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period.

Undiscounted lease payments receivable on leases are as follows:

	As at December 31,		
	2023	2024	2025
	HK\$’000	HK\$’000	HK\$’000
Within one year.	555	147	420
In the second year	147	—	147
	<u>702</u>	<u>147</u>	<u>567</u>

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33. CAPITAL COMMITMENTS

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	551	2,765	8,698

34. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Historical Financial Information, the Group entered into the following transactions with related parties:

Name of related party	Relationship	Nature of transaction	Year ended December 31,		
			2023	2024	2025
			HK\$'000	HK\$'000	HK\$'000
Urban Pottery Limited (“Urban Pottery”)*	Controlled by Mr. Lo	Sales revenue received	3,496	5,798	4,333
		Mold charge received	162	—	—

* The related company ceased to be controlled by Mr. Lo since December 18, 2025.

Compensation of key management personnel

The remuneration of directors and other members of key management were as follows:

	Year ended December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Short-term employee benefits	19,798	24,289	23,626
Post-employment benefits	72	60	60
	19,870	24,349	23,686

35. PLEDGE OF ASSET

At the end of each reporting period, the Group had the following assets pledged to bank to secure credit facilities granted to the Group:

	As at December 31,		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Investment property	11,114	8,828	7,756
Pledged bank balances	12,503	12,503	22,288
Other financial assets	—	—	23,868
	23,617	21,331	53,912

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36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statements of cash flows as cash flows from financing activities.

	Amount due to a director	Lease liabilities	Dividend payables	Borrowings	Accrued issue costs	Total
	HK\$'000 (Note 22)	HK\$'000 (Note 27)	HK\$'000	HK\$'000 (Note 25)	HK\$'000 (Note 24)	HK\$'000
At January 31, 2023	31,905	50,689	4,038	4,025	—	90,657
Financing cash flows	(31,905)	(19,617)	(8,414)	(626)	—	(60,562)
Dividend declared	—	—	19,255	—	—	19,255
Non-cash changes:						
Settlement made through current account	—	—	(13,129)	—	—	(13,129)
Finance costs	—	1,818	—	206	—	2,024
Exchange realignment	—	(678)	—	—	—	(678)
Addition of lease liabilities	—	833	—	—	—	833
At December 31, 2023	—	33,045	1,750	3,605	—	38,400
Financing cash flows	—	(19,923)	(1,750)	(618)	—	(22,291)
Dividend declared	—	—	139,153	—	—	139,153
Non-cash changes:						
Settlement made through current account	—	—	(94,877)	—	—	(94,877)
Finance costs	—	1,437	—	198	—	1,635
Exchange realignment	—	(639)	—	—	—	(639)
Addition of lease liabilities	—	27,116	—	—	—	27,116
Early termination of lease	—	(201)	—	—	—	(201)
At December 31, 2024	—	40,835	44,276	3,185	—	88,296
Financing cash flows	44,729	(21,644)	(25,299)	32,808	(3,352)	27,242
Dividend declared	—	—	200,000	—	—	200,000
Non-cash changes:						
Settlement made through current account	—	—	(156,365)	—	—	(156,365)
Finance costs	—	1,318	—	167	—	1,485
Issue costs recognized	—	—	—	—	6,015	6,015
Exchange realignment	—	636	—	—	—	636
Addition of lease liabilities	—	7,145	—	—	—	7,145
Early termination of lease	—	(7,396)	—	—	—	(7,396)
At December 31, 2025	44,729	20,894	62,612	36,160	2,663	167,058

37. PARTICULARS OF SUBSIDIARIES

As at the date of this report, the Company has direct and indirect shareholding/equity interests in the following subsidiaries:

Name of subsidiaries	Place the date of incorporation/ establishment	Issued and fully share capital/ registered capital	Shareholding/equity interest attributable to the Company as at				Principal activities	Notes
			December 31,			the date of this report		
			2023	2024	2025			
<i>Directly held:</i>								
CSW BVI.	BVI, March 20, 2025	US\$1	N/A	N/A	100%	[100%]	Investment holding	(a)

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Name of subsidiaries	Place the date of incorporation/ establishment	Issued and fully share capital/ registered capital	Shareholding/equity interest attributable to the Company as at				Principal activities	Notes
			December 31,			the date of this report		
			2023	2024	2025			
Indirectly held:								
Artistic Garden Products and Outdoor Living (Cambodia) Co., Limited.	Cambodia, December 10, 2024	US\$1,312,700	N/A	100%	100%	[100%]	Manufacturing of gardening-related products	(b)
CSW HK	Hong Kong, October 13, 2024	HK\$2,331,375	N/A	100%	100%	[100%]	Trading of gardening-related products	(c)
L & G Solutions, Limited	Hong Kong, June 15, 2010	US\$1	100%	100%	100%	[100%]	Trading of gardening-related products	(d)
L & G Solutions USA, Inc (“L&G USA”)	US, February 1, 2024	US\$1,000	N/A	100%	100%	[100%]	Trading of gardening-related products	(e), (k)
Mega Bloom Holdings Ltd..	Hong Kong, July 9, 2021	HK\$1	100%	100%	100%	[100%]	Property investment	(f)
Sunny Bloom Corporation Limited.	Hong Kong, December 9, 2022	HK\$1	100%	100%	100%	[100%]	Dormant	(g)
達峰塑膠製品(惠州) 有限公司 Dafeng Plastic Products (Huizhou) Co., Ltd.*	The PRC, June 21, 2021	US\$3,680,000	100%	100%	100%	[100%]	Manufacturing of gardening-related products	(h)
達峰園藝(惠州)有限公司 Dafeng Gardening (Huizhou) Co., Ltd.*	The PRC, December 21, 2012	US\$1,000,000	100%	100%	100%	[100%]	Manufacturing of gardening-related products	(h)
綠悠坊家居用品(惠州) 有限公司 Lvyoufang Home Products (Huizhou) Co., Ltd..	The PRC, October 11, 2024	At December 31, 2025: USD5,000,000 (At December 31, 2024: USD1,000,000)	N/A	100%	100%	[100%]	Manufacturing of gardening-related products	(i)
蝶翠園塑膠製品(惠州) 有限公司 Diecuiyuan Plastic Products (Huizhou) Co., Ltd. (“Diecuiyuan”)*	The PRC, August 13, 2024	RMB1,000,000	N/A	100%	100%	[100%]	Manufacturing of gardening-related products	(j), (l)

* English translated name for identification purpose only.

Save as disclosed below, all companies now comprising the Group are limited liability companies and have adopted December 31, as their financial year end date.

Notes:

- (a) No statutory audited financial statements have been prepared since its date of incorporation as they are incorporated in the jurisdiction where there are no statutory audit requirements.
- (b) No statutory audited financial statements have been prepared for the period from December 10, 2024 (date of incorporation) to December 31, 2025 as it is newly incorporated and the financial statements have not yet been due to issue.

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- (c) The statutory financial statements for each of the years ended July 31, 2023 and 2024 were prepared in accordance with HKFRS Accounting Standards issued by the HKICPA and were audited by McMiller Woods (Hong Kong) CPA Limited, certified public accountants registered in Hong Kong. The statutory financial statements have not yet been issued for the year ended July 31, 2025. The entity is currently assessing the potential realignment of its financial reporting period, with a view to adopting December 31, as its new financial year-end, to be effective prior to the proposed [REDACTED].
- (d) The statutory financial statements for each of the years ended July 31, 2023 and 2024 were prepared in accordance with HKFRS Accounting Standards issued by the HKICPA and were audited by McMiller Woods (Hong Kong) CPA Limited, certified public accountants registered in Hong Kong. The statutory financial statements have not yet been issued for the year ended July 31, 2025. The entity is currently assessing the potential realignment of its financial reporting period, with a view to adopting December 31, as its new financial year-end, to be effective prior to the proposed [REDACTED].
- (e) No statutory audited financial statements have been prepared for the period from February 1, 2024 (date of incorporation) to December 31, 2025 as it is newly incorporated and the financial statements have not yet been due to issue.
- (f) The statutory financial statements for each of the years ended July 31, 2023 and 2024 were prepared in accordance with HKFRS Accounting Standards issued by the HKICPA and were audited by McMiller Woods (Hong Kong) CPA Limited, certified public accountants registered in Hong Kong. The statutory financial statements have not yet been issued for the year ended July 31, 2025. The entity is currently assessing the potential realignment of its financial reporting period, with a view to adopting December 31, as its new financial year-end, to be effective prior to the proposed [REDACTED].
- (g) No statutory audited financial statements have been prepared since the date of incorporation.
- (h) The statutory financial statements for each of the years ended December 31, 2023 and 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by 惠州市恆正會計師事務所(普通合夥), certified public accountants registered in the PRC. No statutory financial statements have been prepared for the year ended December 31, 2025.
- (i) The statutory financial statements for the period from October 11, 2024 (date of incorporation) to December 31, 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by 惠州市恆正會計師事務所(普通合夥), certified public accountants registered in the PRC. No statutory financial statements have been prepared for the year ended December 31, 2025.
- (j) The statutory financial statements for the period from August 13, 2024 (date of incorporation) to December 31, 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by 惠州市恆正會計師事務所(普通合夥), certified public accountants registered in the PRC. No statutory financial statements have been prepared for the year ended December 31, 2025.
- (k) Since its incorporation, Mr. Jeffrey A. Scott (“**Mr. Scott**”) held 100% of the shares in L&G USA as nominee for CSW HK, to facilitate the establishment of a U.S. entity for client-related purposes. Under the nominee arrangement, CSW HK retained full beneficial ownership, including all rights to dividends and proceeds from disposal, and Mr. Scott acted solely on CSW HK’s instructions. CSW HK retained full beneficial ownership and shareholder’s right that enabled CSW HK to exercise control over the entity.
- (l) On July 30, 2024, CSW HK entered into a nominee shareholding agreement with Mr. Lu Xiguang (“**Mr. Lu**”), pursuant to which Mr. Lu held 100% of the equity interest in Diecuiyuan as nominee for CSW HK from incorporation. The arrangement was established for operational convenience, as Mr. Lu is the sole director and legal representative of the entity. CSW HK retained full beneficial ownership and shareholder’s right that enabled CSW HK to exercise control over the entity.

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38. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in the report, subsequent to the end of the Track Record Period, the following significant events took place:

- (i) On June 15, 2026, a special resolution is passed by the shareholders of the Company to change the name of the Company from “Consumer Solutions Worldwide (CSW), (Cayman) Limited” to “CSW Inc.”. The certificate of incorporation on change of name was issued by the Registry of Companies in the Cayman Islands on June 17, 2026 confirming the change of company name become effective.
- (ii) Immediately before the [REDACTED], pursuant to written resolutions passed by the shareholders of the Company, each issued share of the Company will be sub-divided into [10,000] shares, and the authorized share capital of the Company will be divided from [50,000] shares of US\$1.00 each into [500,000,000] shares of US\$0.0001 each.

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the companies now comprising the Group have been prepared in respect of any period subsequent to the end of the Track Record Period.