



**PHOENITRON**

**Phoenitron Holdings Limited**

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 8066)



ANNUAL REPORT  
**2025**

**SEEING FURTHER  
GOING FORWARD**

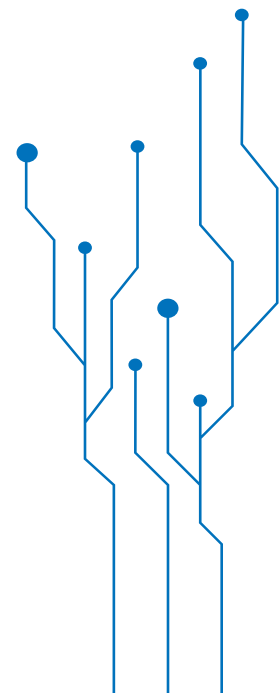
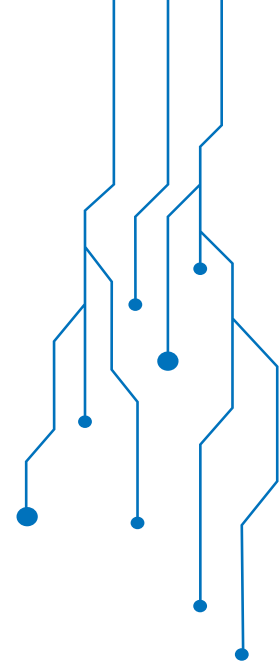
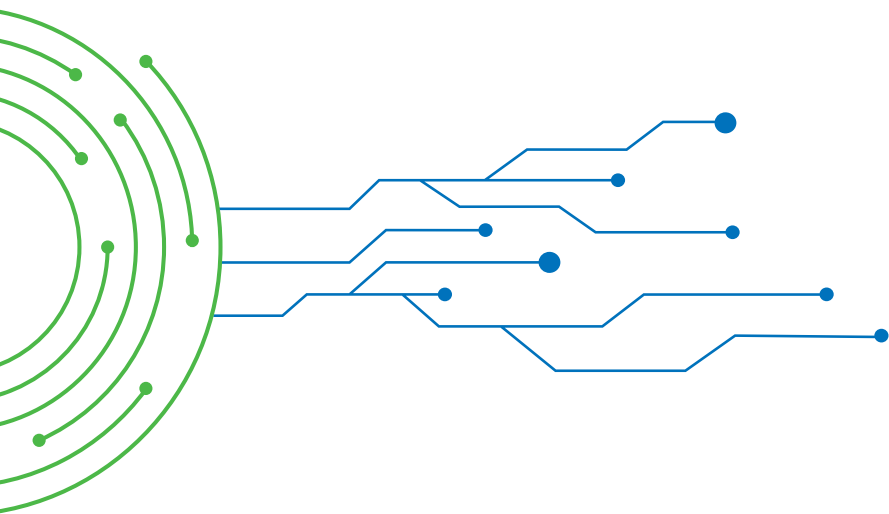
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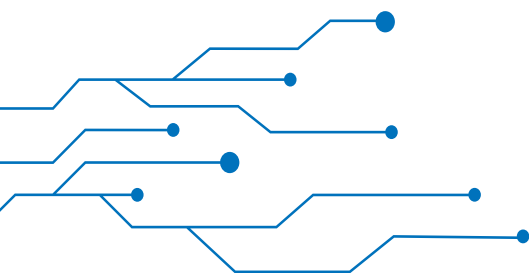
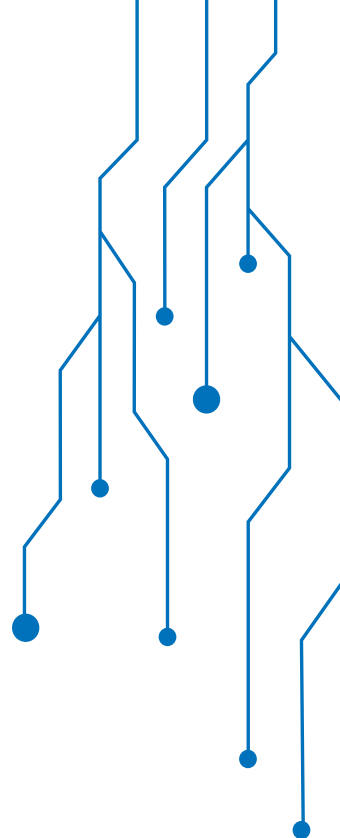
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# CONTENTS

Corporate Information	2
Financial Highlights	3
Chairman's Statement	4
Management Discussion and Analysis	14
Corporate Governance Report	18
Profiles of Directors and Senior Management	32
Directors' Report	34
Independent Auditor's Report	43
Consolidated Statement of Profit or Loss and Other Comprehensive Income	49
Consolidated Statement of Financial Position	50
Consolidated Statement of Changes in Equity	52
Consolidated Statement of Cash Flows	53
Notes to the Consolidated Financial Statements	55
Financial Summary	120



# Corporate Information

## DIRECTORS

### Executive Directors

Lily Wu (*Chairman, resigned as Chief Executive Officer on 17 April 2025*)

Guo Rongxiang

Chang Wei Wen (*appointed as Chief Executive Officer on 17 April 2025*)

Yang Meng Hsiu

### Independent non-executive Directors

Chan Siu Wing, Raymond

Wong Ka Wai, Jeanne

Yeung Man Chit, Daniel

## COMPLIANCE OFFICER

Lily Wu

## COMPANY SECRETARY

Ching Shuk Wah, Shirley (*ACG HKACG*)

## AUTHORISED REPRESENTATIVES

Lily Wu

Chang Wei Wen

## AUDIT COMMITTEE

Wong Ka Wai, Jeanne (*Chairman*)

Chan Siu Wing, Raymond

Yeung Man Chit, Daniel

## REMUNERATION COMMITTEE

Chan Siu Wing, Raymond (*Chairman*)

Chang Wei Wen

Lily Wu

Wong Ka Wai, Jeanne

Yeung Man Chit, Daniel

## NOMINATION COMMITTEE

Lily Wu (*Chairman*)

Chan Siu Wing, Raymond

Wong Ka Wai, Jeanne

Yang Meng Hsiu

Yeung Man Chit, Daniel

## REGISTERED OFFICE

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 710, 7th Floor, North Tower

World Finance Centre

Harbour City

Tsimshatsui, Kowloon

Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited

Suite 3204, Unit 2A, Block 3, Building D

PO Box 1586, Gardenia Court, Camana Bay

Grand Cayman KY1-1110, Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

## PRINCIPAL BANKER

Nanyang Commercial Bank Limited

## AUDITOR

Guangshen (Hong Kong) CPA Limited

*Registered Public Interest Entity Auditor*

Unit 602, Tower A,

Hunghom Commercial Centre

39 Ma Tau Wai Road

Kowloon

Hong Kong

## WEBSITE ADDRESS

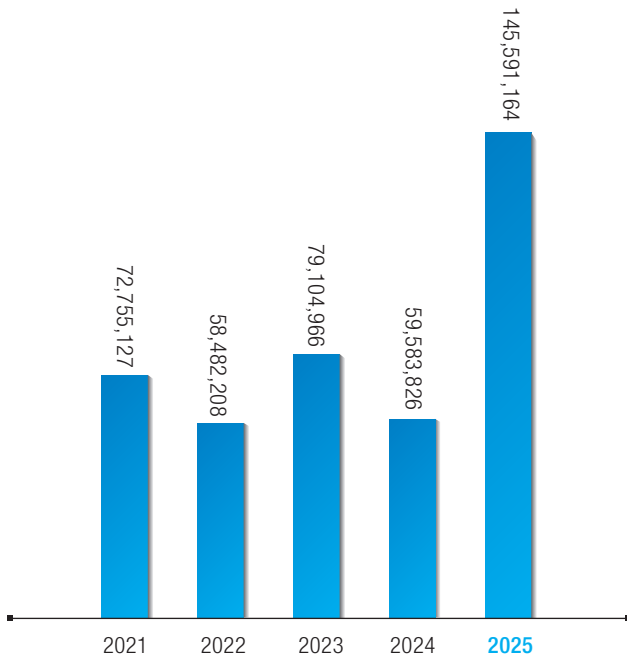
[www.phoenixtron.com](http://www.phoenixtron.com)

## STOCK CODE

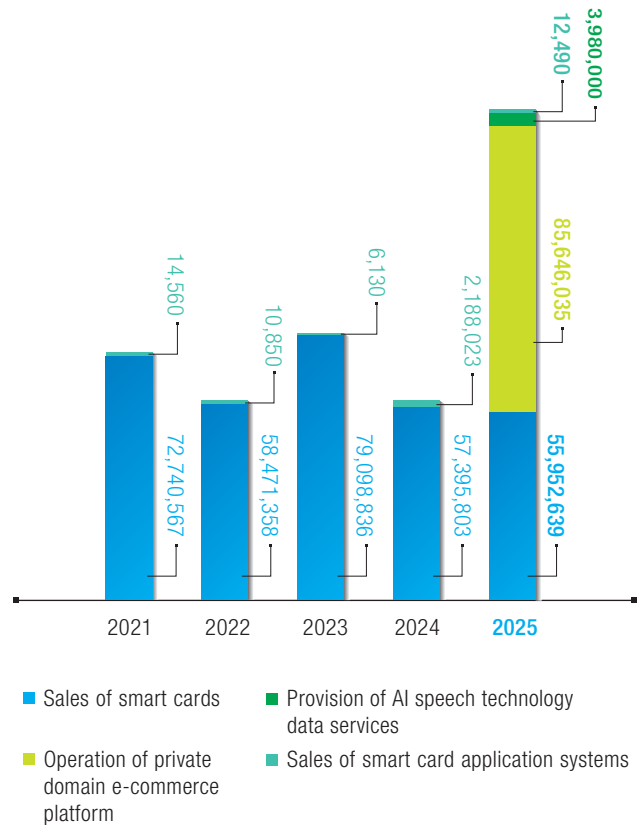
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# Financial Highlights

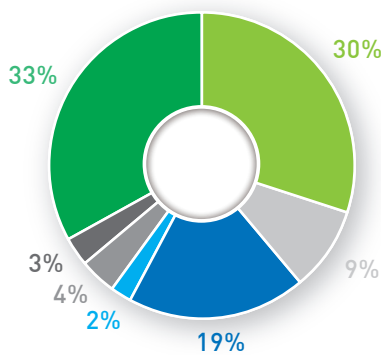
## TURNOVER



## TURNOVER BY SEGMENTS



## TOTAL ASSETS AT 31 DECEMBER 2025



- Cash and cash equivalents
- Intangible assets
- Investment in TV programmes
- Other assets
- Right-of-use assets
- Property, plant and equipment
- Trade and other receivables

# Chairman's Statement

## TO OUR SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present the results of Phoenitron Holdings Limited (the "Company") and its subsidiaries (together, the "Group" or "Phoenitron") for the financial year ended 31 December 2025 (the "Reporting Period").

## RESULTS

For the year ended 31 December 2025, the Company recorded a consolidated revenue of approximately HK\$145,591,000 (2024: approximately HK\$59,584,000) and profit attributable to owners of the Company of approximately HK\$12,482,000 (2024: approximately HK\$453,000).

## DIVIDEND

The Board of Directors (the "Board") of the Company does not recommend any payment of a final dividend for the Reporting Period.

## BUSINESS AND OPERATION REVIEW

During the Reporting Period, the Group's financial result was principally derived from the contract manufacturing and sales of smart cards, the operation of private domain e-commerce platform and the provision of artificial intelligence (A.I.) speech technology data services.

### Sales of smart cards and sales of smart cards application systems

#### (a) *Contract manufacturing and sales of smartcards*

The stability of the Group's existing operations serves as a fundamental pillar for its ongoing performance, ensuring continuity in revenue streams and operational efficiency. The smart card business is significant as a primary source of income, underpinning the Group's financial foundation.

The Group's smart card business specializes in the production, manufacturing, and global trade of telecom SIM (Subscriber Identity Module) cards, delivering high-quality, comprehensive smart card solutions. Its core operations encompass the full manufacturing process, including milling, embedding, punching, personalization, and packaging of SIM cards. It also provides eSIM personalization and value-added telecom card packaging services. Equipped with advanced, multi-process production facilities, the Group has a large-scale manufacturing capability, with an annual production capacity exceeding 300 million cards, effectively meeting the demands of global clients.

Ever since the establishment of the smart card business in 1995, the Group has focused on OEM (Original Equipment Manufacturer) SIM card manufacturing, serving prominent international clients such as Idemia, Valid, and G&D. Over nearly two decades, the Company has upheld a business philosophy of "Customer First, Top Quality, Timely Delivery, and Excellent Services". Having produced over 3 billion SIM cards, it has established a reputation for stable product quality, efficient delivery, and superior customer service, positioning itself as being competitive in the global SIM card OEM industry.

Building on its international business strengths, the Group has progressively expanded into the domestic market in recent years, securing partnerships with key clients such as Hengbao Co., Ltd.\* (恒寶股份有限公司), Wangao Intelligent Technology Co., Ltd.\* (萬高智能科技有限公司) and Shenzhen Zhida Intelligent Technology Co., Ltd.\* (深圳市志達智能技術有限公司).

\* The English translation of the Chinese name is for information purpose only, and should not be regarded as the official English translation of such name.

# Chairman's Statement

During the reporting period, the smart card market continued to face heightened challenges stemming from U.S. tariff policies. These measures increased order uncertainty and accelerated a structural shift in global supply chains, prompting many customers to transition toward more regionally distributed manufacturing arrangements, contributing to a more competitive and demanding operating environment for the Group compared to the corresponding period in 2024. Nevertheless, through continuous optimization of production processes, cost control, equipment upgrades, and the advancement of automation, the Shenzhen factory has effectively increased production capacity and delivery efficiency. As a result, it has been able to respond effectively to customer needs and, despite the trend toward regionalization of suppliers, has managed to secure some orders that might have otherwise been lost.

Notwithstanding these external pressures, the Group's Shenzhen production facility maintained strong operational resilience. Through continuous process optimization, cost control, equipment upgrades, and accelerated implementation of automation, the factory achieved meaningful improvements in production efficiency, capacity utilization, and delivery lead times. These enhancements enabled the Group to respond swiftly to customers' evolving requirements for shorter lead times and greater flexibility. In an increasingly regionalized supplier landscape, the Shenzhen facility's enhanced competitiveness allowed the Group to recapture a portion of orders that might otherwise have been permanently lost to local competitors.

For the reporting period, the contract manufacturing and sales of smart card business recorded revenue of approximately HK\$56,000,000, representing a decrease of approximately HK\$1,400,000, or 2.5%, from approximately HK\$57,400,000 in the same period of 2024. The principal cause was due to certain price adjustments made to customers in response to pricing pressure in the market. Affected by the aforementioned factors, this business segment recorded a profit of approximately HK\$4,800,000 (2024: approximately HK\$7,810,000). The decrease in profit was attributable not only to a decline in revenue of approximately HK\$1,400,000, but also to the fact that other miscellaneous income recorded in the same period of the previous year was approximately HK\$1,100,000 higher than in the current period.

The Company shall continue to focus on development opportunities in the eSIM field and as disclosed in the 2024 annual report of the Company, additional capital has been allocated to invest in a new Shenzhen-based factory specifically for the smart card business, which aims to meet the requirement for global Security Accreditation Scheme (SAS) standard certification and quality protocols for smart card production, thereby expanding opportunities to acquire new international clients.

(b) *Sales of smartcard application systems*

During the Reporting Period, the Group recorded revenue and profit generated from the sales of smartcard application systems of HK\$12,490 and HK\$1,434 respectively (same period in 2024: revenue of approximately HK\$2,190,000 and profit of approximately HK\$1,670,000 respectively).

#### Business Prospect

From an industry seasonality perspective, the first quarter is conventionally regarded as a low season for smart card businesses, influenced by extended holiday periods in January in key overseas markets and the Lunar New Year shutdown in February. However, the 2026 first quarter proved to be an exception to this pattern, with particularly strong momentum observed in March, providing a solid foundation for the new financial year.

# Chairman's Statement

Market feedback and current order visibility suggest that overall demand in the first half of 2026 is likely to remain relatively stable. While the ongoing trend toward regionalized production will continue to divert a portion of orders to in-country facilities, the Group retains meaningful advantages in production efficiency, cost competitiveness, and delivery reliability. Management therefore expects that major longstanding customers will continue to allocate a meaningful share of their requirements to the Group. At the same time, uncertainties surrounding geopolitical and war-related factors persist, the potential impact of which will be closely monitored.

Looking ahead, the Company will further increase its resource allocation to consolidate and strengthen its competitive advantages in the international telecommunications SIM card OEM business. Concurrently, the Company will deepen its market penetration and development efforts within the domestic Chinese market. In parallel, the Company will drive the coordinated and synergistic development of several complementary business areas, including the adoption and promotion of environmentally friendly materials, paper-based card packaging, IoT cards, and other related product lines. These concerted efforts will progressively enlarge the Company's overall business scale and increase its competitive influence in the market, thereby providing a robust support for strengthening and growing the smart card business.

## Investment in media and entertainment industry

In 2019, the Company invested in the production of a TV Play "Snow Leopard II" (the "TV Play") which was expected to be released in China in 2020. Due to outbreak of COVID-19, there was a substantial delay in film production of the TV Play, which was eventually completed in 2023. Due to prolonged and continuing delays in the production and broadcasting of the TV Play, which deferred potential revenue inflows, the Board considers it prudent to exit the investment at this juncture. On 29 December 2025, Kartop (Hong Kong) Limited ("Kartop HK") (being an indirectly wholly-owned subsidiary of the Company) and Nanjing Qichuang, an independent third party, entered into the transfer agreement (the "Transfer Agreement"), pursuant to which Kartop HK agreed to transfer its entire 30% investment rights and related obligations under the joint production agreement to Nanjing Qichuang for a consideration of RMB24,200,000 (equivalent to approximately HK\$26,593,800) (the "Disposal"). The Disposal enables the Group to recover RMB24,200,000 in cash (representing a modest premium of RMB200,000 over the original investment amount of RMB24,000,000) on structured terms that are secured by a pledge over the transferred rights, thereby providing greater certainty of cash recovery than retaining the investment.

The Directors consider that the terms of the Transfer Agreement and the pledge agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders. The Directors intend to utilise the proceeds from the Disposal with approximately 60% allocated to pursuing similar investment opportunities in the media and entertainment segment and the remaining 40% applies towards general working capital of the Group for the development of its existing businesses, of which approximately 10% will be used for salaries and staff costs, approximately 10% will be used for rental and office expenses, approximately 10% will be used for administrative and operational expenses, and approximately 10% will be used for marketing and business development. The proceeds will be utilized gradually based on the receipt of respective instalment of the consideration and the Group's actual operational needs.

For details regarding the Disposal, please refer to the announcements issued by the Company dated 29 December 2025 and 8 January 2026.

# Chairman's Statement

## The E-Commerce Businesses

In early 2025, the Group made an investment to expand the scope of its information technology and related business segments. Specifically, the Company invested in the development and launch of a private domain membership-based e-commerce platform, for which an operating team was hired. Over the course of approximately one year of active promotion and operational execution, the team successfully established a robust private domain membership community. This community has enabled the Company to diversify its revenue streams through multiple complementary business activities, including the provision of e-commerce services within the platform ecosystem; and agency services for game companies, facilitating the acquisition and monetization of paid memberships.

The e-commerce business segment of the Group is currently operating in two wholly-owned subsidiaries of the Group, namely Shanxi Dongchuang Digital Entertainment Technology Group Company Limited ("Dongchuang", and formerly known as "Hainan Dongchuang Digital Entertainment Technology Group Company Limited") and CyberMirage (HK) Limited ("CyberMirage", and formerly known as "PMIS Limited").

The success of Dongchuang's strategic value is reflected not only in growing revenue but, more importantly, from its base of over 200,000 registered users on the Platform. This user ecosystem is strategically shared with CyberMirage to serve as an important source for collecting customized voice data materials and content. The Platform enables the production of high-quality voice AI training databases, empowering the creation of intelligent agents optimized for diverse industry scenarios. This synergy between Dongchuang's user base and CyberMirage's data processing capabilities strengthens the Group's competitive positioning in the rapidly evolving AI speech technology landscape.

## Dongchuang

The business model of the Group's e-commerce business primarily conducted through a private domain e-commerce platform "Dongchuang Shuyu" ("Dongchuang Platform") that was launched in January 2025, which centers on social e-commerce driven by commission-based referrals, combined with services such as nationwide movie ticket bookings, local lifestyle consumption rebates, and distribution of memberships for video streaming applications. It is a membership-based entertainment e-commerce platform focused on private domain traffic. The Platform also offers thousands of stock keeping units (SKUs), covering a wide range of fast-moving consumer goods, beauty and personal care products, household goods, clothing and accessories, food and beverages, and electronic products, serving users nationwide.

Dongchuang Platform generates revenue primarily from (1) the profit sharing income from upstream supply chain partners, including (a) entertainment content providers, (b) ticketing agencies, (c) lifestyle merchants, such as KFC, Starbucks, McDonalds, Luckin Coffee, (d) external e-commerce platforms, such as Taobao, Tmall and JD.com and (e) technology vendors, such as Shandong Haiwei Huanuo Digital Technology Co., Ltd.\* (山東海威華諾數字科技有限公司) and Shenzhen Yunzhonghe Technology Co., Ltd.\* (深圳市雲中鶴科技股份有限公司); (2) profit sharing arrangement in respect of sales of self-operated items and (3) providing agency services to game companies for the development and recruitment of paid membership subscribers.

Please refer to the Company's interim report dated 29 August 2025 and the supplemental announcement dated 12 December 2025 for a detailed description of the business model.

During the Reporting Period, Dongchuang recorded revenue of approximately HK\$85,600,000 (1st half 2025: approximately HK\$54,900,000), a pre-tax profit of approximately HK\$42,200,000 (1st half 2025: approximately HK\$49,800,000) and profit after taxation of approximately HK\$27,800,000 (1st half 2025: approximately HK\$37,300,000) respectively.

\* The English translation of the Chinese name is for information purpose only, and should not be regarded as the official English translation of such name.

# Chairman's Statement

(a) *Analysis of Reasons for the Decline in E-commerce Business Revenue in the Second Half of 2025*

Although Phoenitron Holdings Limited (the "Company") achieved strong performance in its e-commerce business during the first half of 2025, recording revenue of approximately HK\$54,900,000 and profit before tax of approximately HK\$49,800,000, the second half of the year saw a decline in e-commerce revenue due to industry norms and the Company's strategic adjustments, which are as follows:

- 1. Intensified Market Competition and Industry Cyclicalities**  
Competition in the private domain e-commerce sector has become increasingly fierce, resulting in rising user acquisition costs. The e-commerce industry typically experiences more aggressive promotional competition in the second half of the year, pressuring profit margins.
- 2. Strategic Shift in Focus**  
On 31 December 2025, the Company announced the upgrade of "Dongchuang Shuyu" to Version 2.0, with a primary emphasis on transforming it into a global digital gaming platform. This strategic transformation has involved reallocating resources, which may have impacted short-term revenue growth in the core e-commerce business.
- 3. Slowdown in User Growth**  
The Dongchuang platform accumulated over 200,000 registered users in the first half of 2025. Once a user base reaches a certain scale, the rate of new user acquisition tends to naturally decelerate, thereby reducing the momentum for revenue expansion.
- 4. Impact of Macroeconomic Environment**  
Fluctuations in consumer demand and changes in purchasing power may have affected transaction activity levels on the e-commerce platform.

(b) *Analysis of Reasons for the Increase in Costs and Expenses in the E-commerce Business in the Second Half of 2025*

The increase in costs and expenses for the Company's e-commerce business in the second half of 2025 primarily arose from the following factors:

- 1. Platform Upgrade and International Deployment**  
The upgrade of the Dongchuang platform to Version 2.0 and its development into a global digital gaming platform entailed significant one-time expenditures, including system redevelopment, multi-language adaptation, compliance enhancements, and overseas market expansion initiatives.
- 2. Talent Acquisition and Team Expansion**  
To support the development of new business lines, the Company expanded its technical, operational, and international teams, leading to higher staff remuneration and welfare costs. This included a one-off share-based payments of approximately HK\$7,800,000 recognised in relation to the grant of share options to certain employees of Dongchuang.
- 3. Marketing and Promotion Expenses**  
To enhance platform visibility and user acquisition – particularly during the global market expansion phase – marketing and advertising expenditures are expected to rise.

# Chairman's Statement

(c) *Reasons for Upgrading the Dongchuang Platform to an International Version*

On 31 December 2025, the Company announced to upgrade the Dongchuang platform to an international version. This decision was driven by the following strategic considerations:

- Expansion into Global Market Growth Opportunities**

The domestic private domain e-commerce market has become increasingly saturated, whereas the global digital entertainment market offers substantial untapped potential. By upgrading to a global digital gaming platform operated by the Company's wholly-owned subsidiary, Nova Digital Labs Limited (formerly Hong Kong Dongchuang Digital Entertainment Technology Co., Ltd.), the Group is better positioned to enter the broader international internet digital gaming sector.
- Leveraging Hong Kong's Advantages as an International Financial Center**

Hong Kong's status as an international financial hub provides transparent policies, robust regulatory frameworks, free capital flows, low tax rates, and supportive attitudes toward innovative businesses in digital trade and digital assets. Operating international activities through a Hong Kong entity facilitates the attraction of global capital and strategic partners.
- Adapting to Changes in the Domestic Regulatory Environment**

Mainland China imposes clear and stringent regulatory requirements on digital assets and related circulation tools. Launching an international version will help ensure compliance in business operations.
- Enhancing Operational Efficiency and Synergies**

The international version enables multi-language support, globalized services. It also creates synergies with the existing AI speech technology business. User data from the Dongchuang platform can supply high-quality, diverse voice materials to CyberMirage, while advancements in AI technology can in turn enhance the user experience on the platform, forming a virtuous cycle of "data-driven technology and technology-empowered business."
- Building Technological Advantages**

The global emotion AI market is projected to exceed US\$50 billion by 2027. By collecting voice data from users worldwide through the international version of the platform, the Company can further strengthen its technological moat in the emotion voice database domain, positioning itself to seize early-mover advantages in high-growth sectors such as intelligent customer service, humanoid robotics, and mental health applications.

# Chairman's Statement

## CyberMirage

CyberMirage (formerly known as PMIS Limited) is a wholly owned subsidiary of the Company with over 20 years of operational history and was focused on the development and provision of smart card application systems.

In 2025, the Company increased its investment in artificial intelligence technologies, recruiting professional technical talents and establishing CyberMirage (HK) Company Limited, dedicated to providing artificial intelligence voice technology services. This subsidiary has filed a national invention patent application in respect of its artificial intelligence voice technology algorithms and has received preliminary approval. Leveraging its proprietary AI voice technology algorithms and its self-built AI computing power center, combined with the community ecosystem constructed by the Group, the Group is able to commence from its own proprietary data sources – including the collection of AI voice materials, data cleaning, standardization, and other in-house data processes. On this foundation, the Company conducts training and inference of speech recognition, voiceprint recognition, and speech synthesis models entirely within its own algorithm center, progressively building a distinctive suite of AI voice technology services.

While advancing its voice AI algorithm technology, CyberMirage has prioritized the end-to-end management of training data for speech technology, encompassing collection, cleaning, and annotation. This integrated approach enables CyberMirage to offer a comprehensive suite of services, including (a) personalized intelligent agent customization and data services tailored to specific application scenarios; (b) customized voice recognition development services; and (c) agent training services leveraging voice data with a particular focus on enhanced training using clients privatized data to optimize performance for their unique use cases.

To strengthen its training data capabilities, CyberMirage leverages synergies with Dongchuang. Dongchuang operates the Platform boasting over 200,000 registered individual users, whose engagement with the Platform creates an ideal ecosystem for voice data collection. Users are guided to participate in structured data collection activities, e.g. following prompted dialogues with predefined text and specified emotional tones, users upload voice data and provide explicit authorisation for its usage. After such data collection, these databases are customized by CyberMirage to address diverse characteristics, industry-specific terminology, and unique application environments.

CyberMirage's strategic objective is to establish a voice training database with emotional annotations. This innovation is designed to enable the development of voice recognition agents capable of detecting and responding to human emotions, which is a feature that significantly enhances user experience and practicality in real-world interactions, with an aim to solidifying its leading position in the competitive AI speech technology landscape.

During the reporting period, CyberMirage recorded revenue of approximately HK\$4,000,000 and segment loss of approximately HK\$1,100,000 (which included a one-off share-based payments of approximately HK\$2,000,000 recognised in respect of the grant of share options to certain employees of CyberMirage, as well as the filing expenses and maintenance costs associated with the invention patent application submitted by CyberMirage in relation to emotion voice database technology).

# Chairman's Statement

In 2026, the Company will intensify its investment in AI voice technology services. It will focus on actively following up with and securing ongoing discussions regarding personalized customization projects for AI voice technology services, with the aim of successfully landing large-scale customized service contracts in this field. At the same time, the Company will diligently complete the technical verification and qualification review processes currently under submission, with the strategic objective of becoming a core supplier of AI voice technology to national-level scientific research institutes in China and participating in national-grade AI voice technology service projects. Furthermore, the Company plans to engage in the application of AI voice technology within the national fire services sector. It will strive to secure construction projects for AI voice technology service modules as part of government-led smart system upgrade initiatives across various provinces in mainland China, as well as in Hong Kong, Macao, and other regions. Through these efforts, the Company seeks to contribute meaningfully to the nation's smart infrastructure development and modernization drive.

## BUSINESS SUMMARY FOR 2025

2025 marked a pivotal year of strategic transformation for Phoenixtron. The Group successfully evolved from a traditional smart card manufacturer into a technology enterprise driven by both AI technology and private domain e-commerce.

### Key Performance Highlights:

- *Fundamental Turnaround in Financial Performance:*  
During the Reporting Period, the Group's revenue recorded a substantial year-on-year increase of 144% to approximately HK\$145,600,000. Profit attributable to owners of the Company amounted to approximately HK\$12,500,000, successfully reversing previous losses into profitability.
- *New Businesses as Growth Engines:*  
The private domain e-commerce platform "Dongchuang Shuyu" contributed revenue of approximately HK\$85,600,000 and profit before tax of approximately HK\$42,200,000. The AI voice technology platform "CyberMirage" contributed revenue of approximately HK\$4,000,000.
- *Optimization of Business Structure:*  
Revenue from the e-commerce business accounted for approximately 58.8% of total Group revenue, while segment profit from this business represented approximately 115.8% of the Group's total profit, with an increase in the proportion of new business in respect of the Group's overall performance.

### Strategic Execution Achievements

1. *Successful Validation of the "Private Domain E-commerce + AI" Dual Business Model Drivers*  
The Dongchuang platform has effectively leveraged precise targeting through social networks to build a private domain traffic pool comprising over 200,000 registered users. Its innovative tiered membership system and asset-light commission-based monetization model have enabled a certain amount of revenue.
2. *Breakthrough in AI Voice Technology*  
CyberMirage has developed an industry-first "emotion voice database", collecting voice samples encompassing 12 core emotional dimensions through blockchain-based gaming scenarios. The relevant patent application received a preliminary examination qualification notice on 14 October 2025, marking the initial formation of a technological moat.
3. *Initial Establishment of Synergistic Ecosystem*  
The Dongchuang platform serves as a high-quality, fully authorized source of voice data for CyberMirage, while iterative advancements in AI technology in turn enhance the user experience within the e-commerce business. This creates a virtuous closed loop between data and operations.

# Chairman's Statement

#### 4. *Improvement in Capital Structure*

As at 31 December 2025, the Group's cash and cash equivalents stood at approximately HK\$41,900,000. The current ratio improved to 3.33 times, while the debt-to-capital ratio decreased to approximately 3.9%, reflecting a healthier and more robust financial position overall.

## 2026 WORK PLAN OF THE COMPANY

Building on the business foundation and strategic layout established in 2025, Phoenitron will focus its work in 2026 on the following key areas:

### 1. Fully Advancing the Operation and Service Business of the Global Digital Gaming Platform

- *Market Expansion:*  
With the newly established Nova Digital Labs Limited as the main operating entity, the Company will concentrate on the promotion and operation of a global internet digital gaming platform. Initial efforts will prioritize mature markets in Southeast Asia, Europe, and North America, with gradual expansion to cover major regions worldwide.
- *Product Localization:*  
The platform will undergo targeted adaptation for different regional markets, including localization of language, payment methods, cultural content, and compliance requirements.
- *Partnership Development:*  
The Company will actively seek strategic collaborations with global game developers, publishers, and payment providers to enrich the platform's content ecosystem and enhance user offerings.

### 2. Deepening Synergies between "AI + Private Domain Community" and Strengthening Technology Moats

- *Commercialization of the Emotion Voice Database:*  
The Company will accelerate the patent licensing process for its AI voice technology, which has already passed preliminary examination. It will carry out the development of proprietary algorithms, maintaining communication with three leading enterprises that have already entered substantive negotiations, with the goal of exploring the potential cooperation.
- *Optimization of the Data Closed Loop:*  
By leveraging the international version of the platform to collect more globally diverse and representative voice data, the Company will continue to expand and refine its emotion voice database, thereby consolidating its data advantage.
- *User Experience Enhancement:*  
Utilizing AI emotion recognition technology, the Company will provide Dongchuang platform users with more personalized and emotionally intelligent interactive experiences, thereby improving user stickiness and conversion rates.

# Chairman's Statement

## 3. Optimizing Cost Structure and Enhancing Operational Efficiency

- *Refined Resource Management:*  
The Company will introduce advanced project management tools to implement full-cycle cost control across software development and operational projects.
- *Technology Reuse and Automation:*  
A comprehensive code repository and component library will be established to encourage technology reuse. Automated testing and deployment tools will be adopted to reduce labor costs and minimize error rates.
- *Strategic Outsourcing:*  
Non-core business functions will be selectively outsourced, enabling the Group to concentrate resources on its core competencies in AI technology development and platform operations.

In summary, Phoenitron Holdings is transforming its business in 2025, establishing new private domain community and AI growth drivers. In 2026, the Company will continue its new business developments by pursuing internationalization of the Dongchuang platform, deeper commercialization of its AI technologies, and continuous improvement in operational efficiency. These initiatives are expected to supplement the Company's overall business development.

## Financing

On 10 February 2023, the Company, as issuer, and Mr. Guo Rongxiang, as subscriber, entered into the subscription agreement in relation to the issue of convertible bonds (the "Convertible Bonds"). Completion took place on 3 September 2024.

The gross proceeds from the issue of the Convertible Bonds totaled HK\$16,500,000. The net proceeds from the issue of the Convertible Bonds of approximately HK\$16,392,000 are intended to be used as general working capital of the Group as well as for the continuous development of the existing media and entertainment businesses (including e-commerce business) of the Group.

The Directors consider raising funds by issuing the Convertible Bonds is justifiable considering the then market conditions which represent an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position for the continuous development of the existing businesses of the Group. During the Reporting Period, the Convertible Bonds have been fully converted into 55,000,000 shares of the Company.

## ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to extend our gratitude to all members of the Board and staff for their dedication and contribution to the Group throughout the year 2025. I would also like to express my heartfelt appreciation to our shareholders, business partners, investors and customers for their continuous support.

**Lily WU**  
*Chairman*

Hong Kong, 31 March 2026

# Management Discussion and Analysis

## FINANCIAL REVIEW

For the year ended 31 December 2025 (the "Reporting Period"), the Group's financial result was principally derived from the contract manufacturing and sales of smart cards, the operation of private domain e-commerce platform and the provision of artificial intelligence (A.I.) speech technology data services.

### Revenue

#### *Operation of private domain e-commerce platform*

During the Reporting Period, the Group's revenue generated from operation of private domain e-commerce platform amounted to approximately HK\$85.65 million (2024: nil).

#### *Sales of smart cards and smartcard application systems*

During the Reporting Period, the Group's revenue generated from the sales of smartcard application systems amounted to HK\$12,490 (2024: approximately HK\$2.19 million) and the Group's revenue generated from sales of smart cards amounted to approximately HK\$55.95 million, representing a decrease of approximately HK\$1.45 million or 2.5% as compared to the corresponding period in 2024 of approximately HK\$57.40 million. The decline in revenue from sales of smart cards was primarily attributable to the price concessions granted to the Group's major customers in response to prevailing market pressures and competitive dynamics.

#### *Provision of AI speech technology data services*

During the Reporting Period, the Group's revenue generated from provision of AI speech technology data services amounted to approximately HK\$3.98 million (2024: nil).

### Cost of Sales ("COS") and Gross Profit

#### *Operation of private domain e-commerce platform*

During the Reporting Period, the Group recorded cost of sales for operation of private domain e-commerce platform amounted to approximately HK\$25.29 million (2024: nil).

#### *Sales of smart cards and smartcard application systems*

During the Reporting Period, the Group recorded cost of sales incurred for the sales of smartcard application systems amounted to HK\$11,056 (2024: approximately HK\$0.5 million) and the Group recorded cost of sales incurred for sales of smart cards amounted to approximately HK\$37.8 million, representing a slight increase of approximately HK\$0.7 million or 1.9% as compared to the corresponding period in 2024 of approximately HK\$37.1 million.

#### *Provision of AI speech technology data services*

During the Reporting Period, the Group recorded cost of sales for the provision of AI speech technology data services of approximately HK\$1.34 million (2024: nil), comprised of amortization costs of intangible assets and direct costs associated with the completed project.

### Gross Profit

Due to the aforesaid, the Group recorded a significant increase in gross profit of HK\$59.1 million, or 269%, during the Reporting Period, from the corresponding period in 2024 of approximately HK\$22.0 million, to approximately HK\$81.1 million.

### Other Income

Other income of HK\$173,741 consisted of bank interest income of HK\$19,883 and sundry income of HK\$153,858 (2024: approximately HK\$1.38 million, comprised of bank interest income of HK\$5,157, government subsidies of HK\$14,880 and sundry income of approximately HK\$1.36 million).

# Management Discussion and Analysis

## Other Gains (Losses), net

During the Reporting Period, other gains (net) amounted to approximately HK\$0.22 million which was attributable to the exchange gain arising from translating the carrying balance of investment in TV programme, but partly offset by the exchange losses arising from foreign currency-based transactions (2024: exchange losses (net) of approximately HK\$1.55 million).

## Selling and Distribution Costs

During the Reporting Period, selling expenses was wholly attributable to smart card businesses segment and amounted to approximately HK\$2.14 million, representing a modest increase of HK\$0.04 million, or 1.9%, compared to HK\$2.10 million in the corresponding period of 2024. The selling expenses remained broadly stable year-on-year, reflecting effective cost discipline and consistent marketing and distribution activities during the period.

## Administrative Expenses

Administrative expenses recorded a significant increase of approximately HK\$14.7 million, or 68.0%, during the Reporting Period, from approximately HK\$21.6 million for the corresponding period in 2024, to approximately HK\$36.3 million. The increase is primarily attributable to a number of factors: (i) due to the commencement of two new businesses during the Reporting Period, there was an increase of audit fee of approximately HK\$1.0 million year-on-year; (ii) excluding the factor mentioned in (i) above, administrative expenses for the two new businesses during the Reporting Period amounted to approximately HK\$11.1 million; and (iii) increases in other expenses like legal and professional fees and salaries and allowances of other business segments.

## Impairment Loss on Other Receivables

During the Reporting Period, an impairment loss on other receivables amounted to HK\$13,227 (2024: HK\$56,314).

## Share-Based Payments

During the Reporting Period, a one-off share option expense (non-cash) of approximately HK\$9.8 million was recognised in respect of the grant of share options to certain employees of Dongchuang and CyberMirage (2024: nil).

## Change in Fair Value of Investment in TV programmes

During the Reporting Period, a fair value loss on investment in TV programmes of approximately HK\$5.87 million (2024: gains of approximately HK\$2.88 million).

## Finance Costs

During the Reporting Period, the Group's finance costs amounted to approximately HK\$0.52 million which consists of interest charges on lease liabilities of approximately HK\$0.17 million, and interest charges on convertible bonds of approximately HK\$0.35 million (2024: approximately HK\$0.50 million, comprised solely of interest charges on lease liabilities of approximately HK\$0.23 million, and interest charges on convertible bonds of approximately HK\$0.27 million).

## Income Tax Expense

During the Reporting Period, PRC enterprise income tax expenses of approximately HK\$14.4 million was provided for in respect of the profit generated from the operation of private domain e-commerce platform business (2024: nil).

## Non-controlling Interest

During the Reporting Period, a loss of HK\$1,153 attributable to the non-controlling interests was recognised (2024: HK\$1,153).

As a result of the foregoing, profit attributable to owners of the Company for the Reporting Period amounted to approximately HK\$12.48 million (2024: approximately HK\$0.45 million).

# Management Discussion and Analysis

## LIQUIDITY AND FINANCIAL RESOURCES/CAPITAL STRUCTURE

During the Reporting Period, the Group financed its business operations and investments with cash, revenue generated from operating activities, convertible bonds and other borrowings. As at 31 December 2025, the Group had cash and bank balances of approximately HK\$41.9 million (2024: approximately HK\$13.8 million) and had no outstanding long-term convertible bonds (2024: approximately HK\$16.5 million).

As at 31 December 2025, the Group had current assets of approximately HK\$88.2 million (2024: approximately HK\$30.8 million) and current liabilities of approximately HK\$26.5 million (2024: approximately HK\$19.2 million). The current ratio, expressed as current assets over current liabilities, was approximately 3.3 (2024: approximately 1.6).

## EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2025, the Group employed a total of 138 employees (2024: 136 employees), of which 16 were located in Hong Kong and the rest were located in the PRC and Taiwan. Among them, around 37% of the workforce (including senior management) were female, and around 29% of the Group's senior management positions were held by female. The Company considers there is a balanced gender diversity in its workforce as a whole, and intends to maintain similar level of balance. To support diversity at different level of the Group, the Group is enhancing diversity awareness through employee networks, hiring and recruitment practices, and awareness raising promotions and training for all employees. The ESG report for 2025 sets out more information about the Group's workforce.

Employee cost, including Directors' remuneration and an one-off share option expenses, was approximately HK\$41.3 million (2024: approximately HK\$22.8 million) during the Reporting Period. The Group remunerates its employees based on their performance, experience and the prevailing industry practice. In addition to basic salaries and participation in mandatory provident fund scheme, staff benefits include bonus, training scheme, a medical scheme and share options.

## SIGNIFICANT INVESTMENTS

Save as disclosed in note 23 to the consolidated financial statements, there was no other significant investments for the year ended 31 December 2025.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2025.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the "Chairman's Statement" and "Management Discussion and Analysis" sections, there were no future plans for material investments or capital assets.

## CHARGE ON GROUP ASSETS

At 31 December 2025, there is no charge on assets of the Group (2024: nil).

## GEARING RATIO

The gearing ratio of the Group, expressed as a percentage of total borrowings including lease liabilities to total assets of the Group, was 3.9% (2024: 26.3%) as at 31 December 2025.

## CONTINGENT LIABILITIES

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

# Management Discussion and Analysis

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposures to currency risk arise from its investment in TV programmes and overseas sales and purchases, which are primarily denominated in Renminbi ("RMB") and United States Dollars ("USD"). These are not the functional currencies of the group entities to which these transactions relate.

To mitigate the Group's exposure to foreign currency risk, cash flows in foreign currencies are monitored in accordance with the Group's risk management policies. Generally, the Group's risk management procedures distinguish short term foreign currency cash flows (due within 6 months) from longer term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. The policy to manage foreign currency risk has been followed by the Group since prior periods and is considered to be effective.

## FINAL DIVIDEND

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

The Company was not aware of any shareholders that had waived or agreed to waive any dividend arrangement for the year ended 31 December 2025.

## COMPETING INTERESTS

As at 31 December 2025, none of the Directors or the management shareholders or any of its respective associates (as defined under the GEM Listing Rules) of the Company had any interest in a business that competed or might compete with the business of the Group directly or indirectly.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the Reporting Period.

## ANNUAL GENERAL MEETING

The annual general meeting (the "AGM") of the shareholders of the Company will be held at 10:00 a.m., on Thursday, 21 May 2026, at Pacific Room IV, 9/F, Towers Wing, Royal Pacific Hotel, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong and the notice of AGM will be published and dispatched to the shareholders in the manner as required by the GEM Listing Rules in due course.

## CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements to attend the AGM, the register of members of the Company will be closed from Monday, 18 May 2026 to Thursday, 21 May 2026 (both dates inclusive) during which period no transfer of shares of the Company will be registered. In order to qualify for attending the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Friday, 15 May 2026. The record date for the entitlement to AGM will be on Thursday, 21 May 2026.

# Corporate Governance Report

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2025.

## INTRODUCTION

The Board believes that good corporate governance practices are essential for effective management and enhancement of shareholder value and investor confidence. The Company has taken a proactive approach in strengthening corporate governance practices, increasing transparency and sustaining accountability to shareholders through effective internal controls, under the leadership of its experienced and committed Board.

The Company has applied the principles set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the GEM Listing Rules.

In the opinion of the Board, the Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 December 2025 with the exception of the code provision C.2.1 which requires that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Details relating to the foregoing deviation are summarised below.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2025.

## BOARD OF DIRECTORS

The Board is responsible for overseeing the management of the business and affairs of the Group with the overriding objective of enhancing share value. With delegating authorities from the Board, management of the Company is responsible for the day-to-day operations of the Group under the leadership of the Chief Executive Officer.

Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.

Ms. Lily Wu (“Ms. Wu”) serves as the Chairman of the Board since 1 April 2006 and was further appointed as the Chief Executive Officer on 23 March 2009. In the past, the reasons for not splitting the roles of chairman and chief executive officer are (i) the size of the Group is still relatively small and thus not justified in separating the roles of chairman and chief executive officer; and (ii) the Group has in place an internal control system to perform the check and balance function. Ms. Wu is primarily responsible for leadership of the Group and the Board, setting strategic direction, ensuring the effectiveness of management in execution of the strategy approved by the Board. Execution responsibilities lie with another executive Director and senior management of the Company.

# Corporate Governance Report

Due to the expansion of the Group's businesses during the Reporting Period, and in order to set out a clearer division of responsibilities at the board level and the management team to ensure a more proper segregation of the management of the board of the Company and the management of the Group's business, Ms. Wu resigned as the Chief Executive Officer of the Company (the "CEO") with effect from 17 April 2025 while remains as an executive Director of the Company and the chairman of the Board to provide her valuable insight and perspective to the Board. Mr. Chang Wei Wen ("Mr. Chang"), an executive Director of the Company, has been appointed as the CEO with effect on the same date, Mr. Chang is responsible for overseeing the strategic planning as well as the corporate development of the Group. Given Mr. Chang has been involved in the day-to-day management of various internal functions of the Company and actively participated in the strategic planning and corporate development of the Group, the Board believes that Mr. Chang possesses an in-depth understanding of the business operations and strategy of the Group, he has the right caliber to succeed Ms. Wu to act as the CEO.

## BOARD COMPOSITION

Up to the date of this annual report, the Board comprises seven Directors, including four executive Directors and three Independent non-executive Directors. Details of their composition by category are as follows:

### Executive Directors

Ms. Lily Wu (*Chairman, resigned as Chief Executive Officer on 17 April 2025*)

Mr. Guo Rongxiang

Mr. Chang Wei Wen (*appointed as Chief Executive Officer on 17 April 2025*)

Mr. Yang Meng Hsiu

### Independent non-executive Directors

Mr. Chan Siu Wing, Raymond

Ms. Wong Ka Wai, Jeanne

Mr. Yeung Man Chit, Daniel

Biographical details of Directors are set out on pages 32 to 33 of this annual report.

There are no financial, business, family or other material or relevant relationships between members of the Board.

The Directors, with relevant and sufficient experience and qualifications, have given sufficient time and attention to the affairs of the Group and have exercised due care and fiduciary duties to the significant issues of overall business planning, management and strategic development of the Group.

# Corporate Governance Report

## Board and general meetings

The Board conducts regular scheduled meetings. Ad-hoc meetings are convened when circumstances require. During the year ended 31 December 2025, there were seven board meetings and two general meetings held. The Directors can attend meetings in person or via telephone conference as permitted under the articles of association of the Company.

Details of individual attendance of all Directors at the board meetings and general meetings are as follows:

Name of Directors	Attendance of Board meetings	Attendance of general meetings
<b>Executive Directors</b>		
Ms. Lily Wu	7/7	1/2
Mr. Guo Rongxiang	5/7	0/2
Mr. Chang Wei Wen	7/7	2/2
Mr. Yang Meng Hsiu	7/7	0/2
<b>Independent Non-executive Directors</b>		
Mr. Chan Siu Wing, Raymond	7/7	2/2
Ms. Wong Ka Wai, Jeanne	7/7	2/2
Mr. Yeung Man Chit, Daniel	6/7	2/2

Information of material issues, due notice of meeting and minutes of each Directors' meeting have been sent to each of the Directors for their information, comment and review.

The Board is responsible to set strategic plans, formulates policies and provides effective oversight over the management on the operational affairs, and members of the Board are individually and collectively accountable to the shareholders of the Company. The management is responsible for the daily operations of the Group. For significant matters that are specifically delegated by the Board, the management must report back to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group.

# Corporate Governance Report

## Independent non-executive Directors

Each Director is required to keep abreast of his responsibilities as a director of the Company and of the Company's conduct, business activities and development. Given the essential unitary nature of the Board, independent non-executive Director has the same duties of care and skill and fiduciary duties as executive Directors. Independent non-executive Director brings a wide range of business and financial expertise, experience and independent judgment to the Board. Functions of independent non-executive Director include but should not be limited to the following:

- i. participating in Board meetings to bring independent judgment;
- ii. taking the lead where potential conflict of interests may arise;
- iii. serving on the audit, nomination and remuneration committees if invited; and
- iv. scrutinizing the Group's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

Pursuant to Rule 5.05 of the GEM Listing Rules, the Board has appointed three independent non-executive Directors and all of them have appropriate professional accounting qualifications or related experiences on financial management which is in compliance with Rule 5.05A and 5.05 of the GEM Listing Rules. Currently, there is no specific terms of service for each of Mr. Chan Siu Wing, Raymond, Ms. Wong Ka Wai, Jeanne and Mr. Yeung Man Chit, Daniel and the appointment may continue thereafter unless and until terminated by either the Company or each of Mr. Chan, Ms. Wong and Mr. Yeung by giving not less than one month's prior notice in writing and such appointment is subject at all times to the Articles of Association.

The Company strongly supports the principle of Board independence. Mr. Chan Siu Wing, Raymond and Ms. Wong Ka Wai Jeanne have been serving the Board as independent non-executive Directors for more than nine years and have consistently demonstrated their willingness to exercise independent judgments and provide objective challenges to management. They have actively participated in board meetings and board committee meetings held during the year and have shown themselves able to give constructive and independent advice to the Board over significant issues. Therefore, the Board considers that both of them remain independent, notwithstanding the length of their tenure as independent non-executive Directors. The Board has assessed the independence of all independent non-executive directors and considers that all of them are independent as required under the GEM Listing Rules. All independent non-executive Directors have also confirmed their independence pursuant to Rule 5.09 of the GEM Listing Rules by providing an annual confirmation of their independence.

# Corporate Governance Report

## Continuous Professional Development

Pursuant to Part 1 of Appendix C1 of the GEM Listing Rules, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all Directors have participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations.

The individual training record of each Director received for the year ended 31 December 2025 is summarised below:

Name of Directors	Attending seminar(s)/ Programme(s)/ relevant materials in relation to the business or Directors' duties
<b>Executive Directors</b>	
Ms. Lily Wu	Yes
Mr. Guo Rongxiang	Yes
Mr. Chang Wei Wen	Yes
Mr. Yang Meng Hsiu	Yes
<b>Independent non-executive Directors</b>	
Mr. Chan Siu Wing, Raymond	Yes
Ms. Wong Ka Wai, Jeanne	Yes
Mr. Yeung Man Chit, Daniel	Yes

All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training or reading relevant materials in order to develop and refresh their knowledge and skills.

# Corporate Governance Report

## BOARD COMMITTEES

### Audit committee

The audit committee currently comprises three independent non-executive Directors and is chaired by Ms. Wong Ka Wai, Jeanne. The rest of members are Mr. Chan Siu Wing, Raymond and Mr. Yeung Man Chit, Daniel. At the discretion of the audit committee, executive Directors and/or senior management personnel, overseeing the Group's finance and internal control functions, may be invited to attend meeting. The primary role and function of the audit committee are to review the Company's financial controls, internal control and risk management systems; to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; to review the Company's consolidated financial statements, annual reports, interim reports and quarterly reports (if any), and to provide advice and comment thereon to the Board.

The audit committee held four meetings to review the interim and annual results during the year ended 31 December 2025 as well as discussed and reviewed the Group's internal control and audit works with the auditor of the Group. Details of the attendance of the audit committee meetings are as follows:

Members	Attendance
Ms. Wong Ka Wai, Jeanne	4/4
Mr. Chan Siu Wing, Raymond	4/4
Mr. Yeung Man Chit, Daniel	4/4

The Group's unaudited interim results and annual audited results during the year ended 31 December 2025 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

### Nomination committee

The nomination committee comprises two executive Directors and three independent non-executive Directors and is chaired by Ms. Lily Wu. The rest of the members are Mr. Chan Siu Wing, Raymond, Ms. Wong Ka Wai, Jeanne, Mr. Yeung Man Chit, Daniel and Mr. Yang Meng Hsiu. The primary role and function of the nomination committee are to review and monitor the structure, size and composition of the Board at least once a year and make recommendations on any proposed changes to the Board to carry out the Company's corporate strategies; to assess the independence of independent non-executive Directors; and to make recommendations to the Board succession planning.

# Corporate Governance Report

## *Diversity of the Board*

The nomination committee is also responsible for the review of the Board's diversity policy, considering factors including but not limited to gender, age, cultural and educational background, ethnicity, industry experience, professional experience, skills, knowledge and length of service of Board members, and review the measurable objectives that the Board has set for implementing the Board's diversity policy, and monitor the progress on achieving the measurable objectives. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board.

As of the date of this report, the Board comprises both male and female (five male and two female), providing the Board with a direct and diversified channel of the opinion of both genders. The Directors believe that the composition of the Board reflects a balance of skills, experience and expertise appropriate for the requirements of the Company's business development and for effective leadership. All the executive Directors possess extensive experience in the Company's industry while the non-executive Directors (including independent non-executive Directors) possess professional knowledge and broad experience in diversified areas including the accounting, taxation, finance, trust, corporate affairs, financial management and company secretarial works, and cover different age group. The Directors are of the opinion that Board diversity (including gender diversity) has been achieved, and the present structure of the Board can ensure the independence and objectivity of the Board and provide a system of checks and balances.

The Board will continue to maintain Board diversity (including gender diversity), and maintain at least one female representation to ensure the opinions from different gender are well represented. If the Board determines that an additional or replacement Director is required, the Company will deploy multiple channels for identifying suitable director candidates, including without limitation, referral from Directors, shareholders, management, advisors of the Company, with regarding to the range of diversity perspectives set forth in the Board's diversity policy.

The Nomination Committee had reviewed and is satisfied with the current composition of the Board.

The nomination committee held one meeting during the year ended 31 December 2025. Details of the attendance of the nomination committee meetings are as follows:

Members	Attendance
Ms. Lily Wu	1/1
Mr. Chan Siu Wing, Raymond	1/1
Ms. Wong Ka Wai, Jeanne	1/1
Mr. Yang Meng Hsiu	1/1
Mr. Yeung Man Chit, Daniel	1/1

# Corporate Governance Report

## *Director's Nomination Policy*

The Nomination Committee shall assist the Company in nominating suitable candidates to the Board. The Board shall make recommendations to the Company's shareholders on the appointment of Directors and succession planning for Directors.

The director's nomination policy sets out the key selection criteria, procedures and principles adopted by the Nomination Committee in making any such recommendations.

## *Selection Criteria*

The Nomination Committee shall consider the following factors when assessing the suitability of a proposed candidate:

- (a) reputation for integrity;
- (b) accomplishment and experience in the business and industry;
- (c) commitment of the candidate to devote sufficient time and interest to carry out his/her duties;
- (d) diversity in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- (e) independence of the candidate;
- (f) for a proposed re-appointment of a Director, the number of years he/she has served the Company; and
- (g) other relevant factors considered by the Nomination Committee or the Board as appropriate.

## *Nomination Procedures*

Subject to provisions in the memorandum of association and Articles of Association, if the Board recognises the need to appoint or re-appoint a Director, the following procedures should be followed:

- (a) the secretary of the Nomination Committee shall convene a meeting of the Nomination Committee, and invite nominations of candidates from the Board, if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee shall also be entitled to put forward candidates who are not nominated by the Board;
- (b) the Nomination Committee shall identify or select candidates recommended to the Nomination Committee pursuant to criteria set out above;
- (c) the Nomination Committee shall be entitled to use any process it deems appropriate to evaluate candidates, including but not limited to personal interviews, background checks, presentations or written submissions by candidates and third party references;

# Corporate Governance Report

- (d) to fill casual vacancies, the Nomination Committee shall make recommendations for consideration and approval of the Board. To propose candidates to stand for election at a general meeting of the Company, the Nomination Committee shall make nominations for the Board's consideration and recommendation;
- (e) the Board shall deliberate and decide on the appointment based on the recommendation of the Nomination Committee;
- (f) appointments of Directors should be confirmed by a letter of appointment or Director service agreement, as appropriate, setting out the key terms and conditions of the appointment of Directors;
- (g) pursuant to Rule 17.46A of the GEM Listing Rules, where shareholders are required to vote on electing or re-electing Directors, the circular accompanying the notice of the relevant general meeting should include all information of the candidates required under Rule 17.50(2) of the GEM Listing Rules;
- (h) a shareholder shall be entitled to serve a notice to the company secretary within the lodgment period of its intention to propose a resolution to elect a person as a Director, without recommendation of the Board or nomination of the Nomination Committee, other than those candidates set out in the shareholder circular. The particulars of the candidates proposed shall be sent to all shareholders for information by a supplementary circular;
- (i) a candidate shall be entitled to withdraw his/her candidature at any time before the general meeting by serving a notice, in writing, to the company secretary; and
- (j) the Board shall have the final decision on matters relating to its recommendation of candidates to stand for election at any general meeting.

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in code provision A.2.1 of the Corporate Governance Code.

During the Reporting Period, the Board had reviewed the Company's corporate governance policies and practices, reviewed and monitored the training and continuous professional development of the Directors and senior management, reviewed and monitor the Company's policies and practices in compliance with legal and regulatory requirements, developed, reviewed and monitored the code of conduct and compliance manual applicable to employees and the Directors, and reviewed the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

# Corporate Governance Report

## Remuneration committee

The remuneration committee comprises two executive Directors and three independent non-executive Directors and is chaired by Mr. Chan Siu Wing, Raymond. The rest of the members are Mr. Chang Wei Wen, Ms. Lily Wu, Ms. Wong Ka Wai, Jeanne and Mr. Yeung Man Chit, Daniel. The primary role and function of the remuneration committee are to review and make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration; and to review and make recommendations to the Board the remuneration packages of all Directors and senior management.

The remuneration committee held three meetings during the year ended 31 December 2025. Details of the attendance of the remuneration committee meetings are as follows:

Members	Attendance
Mr. Chan Siu Wing, Raymond	3/3
Mr. Chang Wei Wen	3/3
Ms. Lily Wu	3/3
Ms. Wong Ka Wai, Jeanne	3/3
Mr. Yeung Man Chit, Daniel	2/3

## Compliance Officer

Ms. Lily Wu was appointed as the Compliance Officer of the Company on 28 December 2005. Details of her qualifications and experience are set out in the section headed "Profiles of Directors and Senior Management" on page 32 of this annual report.

## Company Secretary

Ms. Ching Shuk Wah, Shirley ("Ms. Ching") was the Company Secretary of our Company. Details of Ms. Ching's qualifications and experience are as below:

Ms. Ching, aged 53, has over 28 years' experience in corporate secretarial services, administration and management, international trade and trade financing. She joined SWCS Corporate Services Group (Hong Kong) Limited ("SWCS", a corporate service provider) in January 2020 and is currently an assistant manager of SWCS, responsible for assisting in providing company secretarial services. Ms. Ching holds a bachelor degree in Business Administration from the University of Western Sydney and master degree in Corporate Governance from the Hong Kong Metropolitan University (formerly "The Open University of Hong Kong"), is a Chartered Secretary, a Chartered Governance Professional and a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Ching had taken no less than 15 hours of relevant professional training during the year ended 31 December 2025.

During the Reporting Period, the main contact person of Ms. Ching in the Company is Mr. Chang Wei Wen, an executive Director.

# Corporate Governance Report

## Directors' and auditor's responsibilities for the consolidated financial statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the consolidated financial statements for the year ended 31 December 2025, the Board has selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements of the Group on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 43 to 48. The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

## AUDITOR'S REMUNERATION

During the year ended 31 December 2025, the fees paid/payable to the auditor of the Company in respect of audit and non-audit services provided by the auditor of the Company were as follows:

Nature of services	Amount HK\$'000
Audit services	1,750
Non-audit services (Tax compliance services)	–

## INTERNAL CONTROL AND RISK MANAGEMENT

The Directors are responsible for the internal control of the Group and for reviewing its effectiveness.

The internal control system of the Group comprises of a comprehensive organisational structure and delegation of authorities assigned to individuals based on experience and business need.

Control procedures have been designed to safeguard assets against unauthorised use and disposition; ensure compliance with relevant laws, rules and regulations; ensure proper maintenance of accounting records for provision of reliable financial information used within the business or for publication; and to provide reasonable assurance against material misstatement, loss or fraud.

The overall risk management functions of the Group are under responsibility of management comprising the executive director, and management team. There are established control procedures to identify, assess, control and report to each of the four major types of risks consisting of business and market risk, compliance risk, financial and treasury risk and operational risk.

# Corporate Governance Report

The Group has engaged an independent professional advisor (the “Internal Control Advisor”) to carry out the internal audit functions by performing an independent appraisal of the adequacy and effectiveness of the Group’s internal control systems.

The Internal Control Advisor is independent of the Group’s daily operation and carries out appraisal of the internal control systems by conducting interviews, walkthroughs and tests of operational effectiveness of the procedures, systems and controls established by the Group including various operational cycles of the Group such as the revenue and receipts, purchase and payments, fixed assets and capital expenditure management, financial reporting, payroll and human resource management.

The Board, through its annually review and the review made by the Audit Committee, concluded that the internal control systems and risk management for the year ended 31 December 2025 were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

## Principal risks and uncertainties

A number of factors may affect the results and business operations of the Group, major risks are summarised below.

### *Reliance on limited number of customers*

The Group derived a significant portion of our revenue from a limited number of customers. For the year ended 31 December 2025, the five largest customers of the Group contributed 97% of total revenue to the Group. There is no assurance that these significant customers will continue their business relationship with the Group or that the revenue generated from the customers will increase or be maintained in the future. The Group will continue to expand the customer base to mitigate the risk.

## Handling and Dissemination of Inside Information

The Company has established and maintained the procedures and internal controls for the handling and dissemination inside information. The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. The Group has strictly prohibited unauthorised use of confidential or inside information or any use of such information for the advantage of himself or others. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and for the Board to decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the GEM Listing Rules will be announced on the respective websites of GEM and the Company in due course.

# Corporate Governance Report

## SHAREHOLDERS' RIGHTS

### Convening of extraordinary general meeting

Pursuant to article 58 of the articles of association of the Company (the "Articles of Association"), the Directors of the Company, notwithstanding anything in its bye-laws shall, on the requisition of Shareholders of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting ("EGM") of the Company.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the Company Secretary at the Company's principal place of business in Hong Kong, and may consist of several documents in like form each signed by one or more requisitionists.

The request will be verified with the Company's Share Registrars and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board of Directors to include the resolution in the agenda for the EGM.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists may themselves convene a meeting.

### Enquiries put to the Board

The enquiries must be in writing with contact information of the requisitionists and deposited at the Company Secretary at the Company's principal place of business in Hong Kong.

### Procedures for putting forward proposals at shareholders' meetings

Pursuant to article 59(1) of the Articles of Association, in order to put forward proposals at an annual general meeting ("AGM"), or EGM, the Shareholders should submit a written notice of those proposals with the detail contact information to the Company Secretary at the Company's principal place of business in Hong Kong. The request will be verified with the Company's Share Registrars and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the proposal raised by the Shareholders concerned at the shareholders' meetings are as follows:

- An AGM must be called by notice in writing of not less than twenty-one (21) clear days
- All other general meetings (including EGMs) must be called by notice in writing of not less than fourteen (14) clear days

# Corporate Governance Report

## INVESTOR RELATIONS

The Company has formulated the shareholders' communication policy and established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the websites of GEM and the Company; (iv) the Company's website offering communication channel between the Company and its shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the shareholders in respect of all share registration matters.

The Company aims to provide its shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to shareholders through the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements.

During the Reporting Period, the Company had reviewed its shareholders' communication policy and examined the implementation and effectiveness of the shareholders' communication policy. The Company believes that the shareholders' communication policy is still appropriate and effective in providing a channel for shareholders to communicate on various matters affecting the Company, as well as the Company to solicit and understand the opinions of shareholders and stakeholders.

### Significant Changes in Constitutional Documents

The Stock Exchange of Hong Kong Limited has published conclusions on April 2024 to introduce a new treasury share regime under the GEM Listing Rules. The proposed GEM Listing Rules amendments include, among other things, the removal of the requirement to cancel repurchased shares, and the adoption of a framework in the GEM Listing Rules that governs the resale of treasury shares. In order to (i) reflect and align with the latest regulatory requirement allowing the Company to hold treasury shares; (ii) provide shareholders with an option to send communications (including proxy instruments) to the Company electronically; (iii) align with other relevant requirements of the GEM Listing Rules; and (iv) making consequential and housekeeping amendments (collectively, the "Proposed Amendments"), the Company has proposed the amendments to the Articles of Association in the extraordinary general meeting of the Company held on 10 April 2025 and such changes have been approved by the Shareholders by way of special resolution on that meeting. The current version of Articles of Association was amended on 10 April 2025 following such approval by the Shareholders. Details of the amendment are set out in the circular of the general meeting of the Company dated 21 March 2025.

The latest version of the Articles of Association is available on the Company's website and the website of the Stock Exchange.

Save as aforesaid, there were no significant changes in the constitutional documents of the Company for the year ended 31 December 2025.

# Profiles of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Lily WU**, aged 63, is an executive Director and the Chairman of the Company. She was appointed as Director of the Company in June 2005. Ms. Wu has 39 years of experience in the technology sector investment research and industry analysis. She is currently an independent investment analyst on technology companies for private equity firms, and has previously worked as a director in equity research for Salomon Smith Barney, and as a vice president in equity research for Bankers Trust. Ms. Wu earned a Bachelor of Science degree with Honors in Engineering from the California Institute of Technology.

**GUO Rongxiang**, aged 64, is an executive Director. He has more than 20 years of experience in the information technology industry, especially in businesses relating to operating of online trading platforms. Mr. Guo is currently the chairman of State Energy Musheep (Shanghai) Technology Development Co., Ltd.\* (國能木羊(上海)科技發展有限公司), a company mainly engages in the business of research and development, industry design, investment and production organisation of new energy storage equipment; planning, design and system integration of new energy storage system etc. Further, Mr. Guo is also a licensed fund practitioner in the PRC and has over 8 years of experience in compliance and risk management, with his latest position being the director of risk management of Guangdong Zheda Yueke Century Investment Management Co., Ltd.\* (廣東浙大粵科世紀投資管理有限公司) since March 2019. Mr. Guo has obtained his master degree in engineering at The Naval University of Engineering (海軍工程大學) of the PRC in 1987 and his bachelor degree in the professional engineering in shipping powerplant design at The Naval University of Engineering (海軍工程大學) of the PRC in 1983.

**CHANG Wei Wen**, aged 49, is an executive Director. He was appointed as a non-executive Director of the Company in May 2006 and was re-designated as an executive Director of the Company in December 2006 when he assumed key management and operating responsibilities for the Group. He formerly worked as an assistant to directors of a Taiwan company, which is principally engaged in international trade and wholesale of information software and electronic materials. Mr. Chang obtained a Bachelor of Organization Management degree from Patten University.

**YANG Meng Hsiu**, aged 49, is an executive Director. He was appointed as Director of the Company in March 2011. Mr. Yang graduated from The Leader University of Taiwan (currently known as The University of Kang Ning) with a bachelor degree in leisure management. Mr. Yang had more than 19 years of experience in product planning and brand name marketing business.

# Profiles of Directors and Senior Management

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**CHAN Siu Wing, Raymond**, aged 61, is an independent non-executive Director. He is the chairman of the remuneration committee and one of the members of the audit committee and the nomination committee of the Company. Mr. Chan has over 35 years of experience in the field of accounting, taxation, finance and trust. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a founding member of the Macau Society of Certified Practising Accountants. Mr. Chan holds a Bachelor of Economics degree from the University of Sydney. Mr. Chan was formerly an independent non-executive director of Quali-Smart Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange, and has resigned with effect from 30 January 2026. Mr. Chan joined the Company in February 2007.

**WONG Ka Wai, Jeanne**, aged 61, is an independent non-executive Director. She is the chairman of the audit committee and one of the members of the remuneration committee and the nomination committee of the Company. Ms. Wong has over 36 years of experience in finance, accounting, taxation and corporate affairs. Ms. Wong is a member of the Institute of Chartered Accountants of Australia, a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong and a member of the Society of Trust and Estate Practitioners. She holds a Bachelor Degree in Economics from the University of Sydney, Australia. Ms. Wong is currently the Managing Director of Wellex Consultancy Limited as well as the Chief Financial Officer of a local law firm. Ms. Wong is also an independent non-executive director of Good Fellow Healthcare Holdings Limited, a company whose shares are listed on GEM of the Stock Exchange. Ms. Wong joined the Company in September 2001.

**YEUNG Man Chit, Daniel**, aged 52, is an independent non-executive Director. He is one of the members of each of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Yeung has over 30 years of experience in accounting, financial management and company secretarial works. Mr. Yeung is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He holds a Bachelor of Arts (Hons) Degree in Accountancy from The Hong Kong Polytechnic University. Mr. Yeung is the financial controller and company secretary of Chaoda Modern Agriculture (Holdings) Limited (stock code: 682), a company listed on the Main Board of the Stock Exchange. Mr. Yeung has not held any other directorship in the last three years in other public company. Mr. Yeung joined the Company in December 2022.

# Directors' Report

The Directors have pleasure in submitting the annual report of the Company together with its audited consolidated financial statements for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. Details of the principal activities of its subsidiaries are set out in note 33 to the consolidated financial statements.

The revenue of the Group is derived principally from the contract manufacturing and sales of smart cards, the operation of private domain e-commerce platform and the provision of artificial intelligence (A.I.) speech technology data services.

## RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 49.

## BUSINESS REVIEW

A business review as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group, can be found in the Management Discussion and Analysis and Corporate Governance Report set out on pages 14 to 17 and pages 18 to 31 of this annual report, respectively.

## DIVIDEND POLICY

The Company has adopted a general dividend policy that aims to provide shareholders of the Company out of the Group's profit attributable to shareholders in any financial year. In proposing any dividend payout, the Board shall take into account, inter alia, the following factors:

- the Group's actual and expected financial performance;
- shareholders' interests;
- retained earnings and distributable reserves of the Company and each of the other members of the Group;
- the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject;
- possible effects on the Group's creditworthiness;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- the Group's expected working capital requirements and future expansion plans;
- liquidity position and future commitments at the time of declaration of dividend;

# Directors' Report

- taxation considerations;
- statutory and regulatory restrictions;
- general business conditions and strategies;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems appropriate.

The payment of dividend is also subject to any restrictions under the applicable laws, the Company's Memorandum and Articles of Association.

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

## RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 52 and note 31 to the consolidated financial statements respectively.

## DIRECTORS

The Directors who held office during the financial year and up to the date of this report were:

### Executive Directors

Lily Wu (*Chairman and resigned as Chief Executive Officer on 17 April 2025*)

Guo Rongxiang

Chang Wei Wen (*appointed as Chief Executive Officer on 17 April 2025*)

Yang Meng Hsiu

### Independent non-executive Directors

Chan Siu Wing, Raymond

Wong Ka Wai, Jeanne

Yeung Man Chit, Daniel

In accordance with Article 87(1) of the Articles of Association, Ms. Lily Wu, Mr. Chang Wei Wen and Mr. Chan Siu Wing, Raymond retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

# Directors' Report

## PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 18 to the consolidated financial statements.

## DONATIONS

During the Reporting Period, the Company did not make any donation.

## DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

## MANAGEMENT CONTRACTS

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

## DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Except for note 34 to the consolidated financial statements of this annual report, no other transaction, arrangement or contracts of significance (as defined in rule 18.25 of the GEM Listing Rules) to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## SHARE CAPITAL AND SHARE OPTIONS

Details of the movement in the Company's authorised and issued share capital and share option scheme during the year are set out in notes 29 and 30 to the consolidated financial statements.

## DISTRIBUTABLE RESERVES

The Company's reserve available for distribution represents the contributed surplus, share premium, other reserves and accumulated losses. At the balance sheet date, the Company had no reserves available for distribution.

# Directors' Report

## CONVERTIBLE BONDS

On 3 September 2024, the Company issued the 3-year convertible bonds in the aggregate principal amount of HK\$16,500,000 with interest rate of 5% per annum to Mr. Guo Rongxiang, an executive Director, which upon exercise of the conversion rights under the conversion bonds in full, the convertible bonds are converted into 55,000,000 shares of the Company at an initial conversion price of HK\$0.30 per conversion share (subject to adjustments).

During the year ended 31 December 2025, all convertible bonds were fully converted into 55,000,000 shares of the Company by Mr. Guo Rongxiang.

The gross proceeds and net proceeds from the subscription amount for the convertible bonds by Mr. Guo Rongxiang (the "Subscription") are approximately HK\$16.5 million and HK\$16.4 million, respectively. During the Reporting Period, the Company applied the net proceeds from the Subscription as follows:

	Business Segment	Planned use of proceeds HK\$ 'million	Actual use of proceeds during year ended 31 December 2024 HK\$'million	Unutilised net proceeds as at 31 December 2024 and 1 January 2025 HK\$'million	Actual use of proceeds during year ended 31 December 2025 HK\$'million	Unutilised net proceeds as at 31 December 2025 HK\$'million
Development of the existing media and entertainment businesses (including E-commerce business)	E-commerce business	8.9	5.2	3.7	3.7	–
General working capital of the Group	–	7.5	4.8	2.7	2.7	–
<b>Total</b>		<b>16.4</b>	<b>10.0</b>	<b>6.4</b>	<b>6.4</b>	<b>–</b>

Save as disclosed above, there were no other conversion bonds issued by the Company during the reporting period.

# Directors' Report

## CONNECTED/CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had certain connected/continuing connected transactions which qualified for the de minimis exemption under Rule 20.74(1) of the GEM Listing Rules and were therefore fully exempt from all disclosure, announcement, annual review, and independent shareholders' approval requirements.

### Partially-exempt Connected Transactions

The following transaction constitutes connected transaction, which was exempt from circular and shareholders' approval requirements and was only subject to the reporting and announcement requirements under Rule 20.74(2) of the GEM Listing Rules.

During the Reporting Period, 山西動創數娛科技有限公司 (Shanxi Dongchuang Digital Entertainment Technology Company Limited\* or "Shanxi Dongchuang"), a wholly-owned subsidiary of the Company, entered into a loan agreement (the "Loan Agreement") with 杭州中科中創企業管理有限公司 (Hangzhou Zhongke Zhongchuang Enterprise Management Co., Ltd.\*; or "Hangzhou Zhongke"), pursuant to which Shanxi Dongchuang provided a short-term advance of RMB3,750,000 to Hangzhou Zhongke. The Advance is guaranteed by an irrevocable personal guarantee provided by Mr. Guo. The Advance bears interest at 4% per annum (the "Advance") and is repayable on 30 April 2026.

As Hangzhou Zhongke is 90% owned by Mr. Guo Rongxiang (an executive Director), Hangzhou Zhongke is a connected person of the Company under the GEM Listing Rules and that the transaction contemplated under the Advance constituted a connected transaction of the Company.

This connected transaction was subject to the reporting and announcement requirements under Rule 20.74(2) of the GEM Listing Rules, and the Company failed to comply with the relevant rules of Chapter 20 of the GEM Listing Rules timely in connection with the Advance. The Company has taken remedial measures. The Board wishes to clarify that the aforesaid breach of the GEM Listing Rules was inadvertent and unintentional. The Company regrets such inadvertent and unintentional breach of the GEM Listing Rules and reiterates its belief that continuing compliance with the GEM Listing Rules and other applicable regulatory requirements is of utmost importance.

For more information on this Advance, please refer to the Company's announcement dated 16 April 2026 titled "Connected transaction in relation to the provision of financial assistance".

Save as disclosed in note 34 to the consolidated financial statements in respect of related party transactions in the ordinary course of business, none of the related party transactions constituted a disclosable connected transaction or continuing connected transaction under the relevant rules.

The independent non-executive directors have reviewed the related party transactions and confirmed that they were conducted on normal commercial terms (or better) and in the ordinary course of business of the Group.

\* The English translation of the Chinese name is for information purpose only, and should not be regarded as the official English translation of such name.

# Directors' Report

## DIRECTORS' INTERESTS AND CHIEF EXECUTIVES' INTERESTS IN SHARE CAPITAL AND OPTIONS

As at 31 December 2025, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which would be required pursuant to section 352 of the SFO or to be entered in the register as referred to therein, or otherwise required to be notified to the Company and the Stock Exchange pursuant to Model Code, were as follows:

Name of Director	Nature of interest	Long/short position	Number of shares of the Company	Number of Underlying shares of the Company	Approximate percentage of interest in the Company's issued share capital
<b>Executive Director</b>					
Lily Wu ( <i>Note 1</i> )	Beneficial owner	Long	100,000	4,500,000	0.69
Guo Rongxiang	Beneficial owner	Long	55,785,000	–	8.39
Chang Wei Wen	Beneficial owner	Long	5,025,000	–	0.75
Yang Meng Hsiu	Beneficial owner	Long	8,250,000	–	1.24
<b>Independent non-executive Director</b>					
Chan Siu Wing, Raymond ( <i>Note 2</i> )	Beneficial owner	Long	–	450,000	0.06
Wong Ka Wai, Jeanne ( <i>Note 2</i> )	Beneficial owner	Long	–	450,000	0.06

*Notes:*

- These include 4,500,000 Share Options conferring rights to subscribe for 4,500,000 Shares.
- These include 450,000 Share Options conferring rights to subscribe for 450,000 Shares.

Save as disclosed above, as at 31 December 2025, none of the Directors nor chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which was required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which was required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

# Directors' Report

## SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, as far as is known to the Directors, the persons (other than Directors or chief executive of the Company) or corporations who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholders	Type of interests	Long/short position	Number of shares of the Company	Approximate percentage of Interests
Golden Dice Co., Ltd ( <i>Note 1</i> )	Beneficial	Long	111,872,512	16.85
Best Heaven Limited ( <i>Note 1</i> )	Beneficial	Long	31,586,500	4.75
Mr. Tsai Chi Yuan ( <i>Note 1</i> )	Interests in controlled company	Long	143,459,012	21.60

*Note:*

- Mr. Tsai Chi Yuan is deemed to be a substantial shareholder of the Company by virtue of his 100% beneficial interest in Golden Dice Co., Ltd and Best Heaven Limited.

Save as disclosed above, as at 31 December 2025, the Directors and the chief executive of the Company were not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## SENIOR MANAGEMENT

The Group regards the executive Directors and independent non-executive Directors as members of the senior management team.

The emoluments paid or payable to members of senior management were within the following bands:

Emolument bands	Number of individuals	
	2025	2024
Nil – HK\$1,000,000	6	6
HK\$1,000,001 – HK\$1,500,000	1	1

The biographies of members of the senior management team at the date of this annual report are disclosed in the section headed "Profiles of Directors and Senior Management" in this annual report.

# Directors' Report

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report of the Company prepared in accordance with Appendix C2 to the GEM Listing Rules will be published on the Stock Exchange's website and the Company's website at [www.phoenixtron.com](http://www.phoenixtron.com) at the same time as the publication of the annual report of the Company.

## EVENT AFTER THE REPORTING PERIOD

There is no other material event after the Reporting Period.

## EQUITY LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Scheme", no equity-linked agreements were entered into by the Company at any time during the year ended 31 December 2025 or subsisted at the end of the year.

## Compliance with Relevant Laws and Regulations

The Group recognises the importance of compliance with legal and regulatory requirements and the risk of non-compliance with such requirements. The Group conducts on-going reviews of newly enacted/revised laws and regulations affecting its operations. The Company is not aware of any non-compliance in any material respect with the relevant laws and regulations that have a significant impact on the business and operation of the Group for the year ended 31 December 2025.

## Relationship with Employees, Suppliers, Customers and Other Stakeholders

The Group understands that the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

## MAJOR CUSTOMERS AND SUPPLIERS

Information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

### Sales

– the largest customer	33%
– five largest customers in aggregate	97%

### Purchases

– the largest supplier	21%
– five largest suppliers in aggregate	57%

At no time during the year have the Directors, their associates or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital, excluding treasury shares (if any)) had an interest in the Group's five largest suppliers or customers during the year.

# Directors' Report

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association, or the laws and regulations of the Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

## PERMITTED INDEMNITY PROVISIONS

The Articles provide that every Director shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses, whatsoever which they or any of them may incur as a result of any act or failure to act in carrying out their functions other than such liability (if any) that they may incur by reason of their own actual fraud or willful defaults.

The Company has arranged for appropriate insurance coverage in respect of potential legal actions against its Directors and senior management.

## SUFFICIENCY OF PUBLIC FLOAT

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

## FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 120 of the annual report.

## INDEPENDENT AUDITOR

The consolidated financial statements for the years ended 31 December 2023 and 31 December 2024 were audited by Moore CPA Limited. Moore CPA Limited has resigned as auditor of the Company on 30 December 2025. Following the resignation of Moore CPA Limited, the Board has resolved, with the recommendation of the Audit Committee, to appoint Guangshen (Hong Kong) CPA Limited as the new auditor of the Company with effect from 31 December 2025 to fill the casual vacancy following the resignation of Moore CPA and to hold office until the conclusion of the forthcoming annual general meeting of the Company.

The consolidated financial statements of the Company for the Reporting Period have been audited by Guangshen (Hong Kong) CPA Limited which will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM. Having approved by the Board upon the Audit Committee's recommendation, a resolution to re-appoint Guangshen (Hong Kong) CPA Limited and to authorise the Directors to fix its remuneration will be proposed at the forthcoming AGM.

**For and on behalf of the Board**  
**Lily Wu**  
*Chairman*

Hong Kong, 31 March 2026

# Independent Auditor's Report



廣深(香港)會計師事務所有限公司  
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## Independent Auditor's Report to the Shareholders of Phoenitron Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Phoenitron Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 49 to 119, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# Independent Auditor's Report

## KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### Revenue from operation of private domain e-commerce platform

Refer to note 6 to the consolidated financial statements relating to revenue from operation of private domain e-commerce platform.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>For the year ended 31 December 2025, the Group's revenue arising from referral fee income from the operation of private domain e-commerce platform amounted to HK\$85,646,035.</p> <p>We have identified the revenue recognition from referral fee income from a private domain e-commerce platform as a key audit matter because revenue is processed through IT systems and automated interfaces, which requires significant auditor attention to evaluate system controls and revenue recognised.</p> <p>In addition, revenue from operation of private domain e-commerce platform is different from the Group's traditional revenue stream. We dedicated substantial time and resources to our procedures in this area.</p>	<p>Our key procedures to address the matter included:</p> <ul style="list-style-type: none"> <li>We understood, evaluated and tested relevant internal controls related to the revenue recognition under different business models;</li> <li>We engaged IT audit specialists to assess the information technology general controls supporting the business systems and relevant application controls related to revenue recognition;</li> <li>We evaluated the appropriateness of accounting treatment of revenue recognition through inquiries with management and review of customer contracts and e-commerce platforms on a sample basis; and</li> <li>We performed sample test of sales transactions against relevant supporting documents, including sales orders, delivery records on e-commerce platforms, as well as subsequent payments from customers.</li> </ul>

# Independent Auditor's Report

## Estimation of fair value of investment in TV programmes

Refer to notes 2.10 and 23 to the consolidated financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The group holds an investment in TV programmes which is measured at a fair value of HK\$26,593,407 as at 31 December 2025. The fair value of the investment in TV programmes is determined with reference to the relevant sales agreement and is estimated based on the discounted cash flows prepared by the management.</p> <p>Significant judgement and estimation are required by management, and accordingly by the audit team, in determining the appropriateness of using the sales agreement as the basis for fair value measurement, as well as in assessing the assumptions applied in estimating the future cash flows and discount rate. Given the uncertainty associated with the future instalment arrangements, the audit team involved technical specialists to assist in evaluating the reasonableness of the fair value determination.</p>	<p>Our key procedures to address the matter included:</p> <ul style="list-style-type: none"> <li>Assessed the methodologies and assumptions adopted in the valuation for estimating the fair value of the investment in TV programmes;</li> <li>Evaluated the management's key inputs adopted in the valuation for estimating the fair value of the investment in TV programmes and inspected underlying documents or data to support those key inputs;</li> <li>Appointed an auditor's expert to review the valuation for estimating the fair value of the investment in TV programmes; and</li> <li>Assessed the reasonableness of management's fair value estimate of the investment in TV programmes by evaluating management's cash flow forecasts, the third-party bid quotation and transaction evidence arising from recent transactions.</li> </ul>

# Independent Auditor's Report

## OTHER MATTER

The consolidated financial statements for the year ended 31 December 2024 were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements on 20 March 2025.

## INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2025 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

## RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The audit committee of the Company assists the directors of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

# Independent Auditor's Report

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

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

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

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

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

# Independent Auditor's Report

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

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

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

## **Guangshen (Hong Kong) CPA Limited**

*Certified Public Accountants*

## **CHENG, Chok Yan**

Practising Certificate Number: P06445

Hong Kong, 31 March 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 HK\$	2024 HK\$
<b>Revenue</b>	6	<b>145,591,164</b>	59,583,826
Cost of sales		<b>(64,464,684)</b>	(37,591,717)
<b>Gross profit</b>		<b>81,126,480</b>	21,992,109
Other income	7	<b>173,741</b>	1,381,652
Other gains/(losses), net	8	<b>224,072</b>	(1,547,036)
Selling and distribution costs		<b>(2,140,048)</b>	(2,103,180)
Administrative expenses		<b>(36,345,543)</b>	(21,589,589)
Impairment loss on other receivables		<b>(13,227)</b>	(56,314)
Share-based payments	30	<b>(9,773,278)</b>	–
Change in fair value of investment in TV programmes	23	<b>(5,865,609)</b>	2,878,465
Finance costs	9	<b>(524,036)</b>	(504,299)
<b>Profit before income tax</b>	10	<b>26,862,552</b>	451,808
Income tax expense	11	<b>(14,381,991)</b>	–
<b>Profit for the year</b>		<b>12,480,561</b>	451,808
<b>Other comprehensive profit/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		<b>1,036,320</b>	(96,002)
<b>Other comprehensive profit/(loss) for the year, net of income tax</b>		<b>1,036,320</b>	(96,002)
<b>Total comprehensive income for the year</b>		<b>13,516,881</b>	355,806
<b>Profit for the year attributable to:</b>			
Owners of the Company		<b>12,481,714</b>	452,961
Non-controlling interests		<b>(1,153)</b>	(1,153)
		<b>12,480,561</b>	451,808
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>13,518,034</b>	356,959
Non-controlling interests		<b>(1,153)</b>	(1,153)
		<b>13,516,881</b>	355,806
<b>Earnings per share attributable to owners of the Company</b>	13	<b>HK cents</b>	HK cents
Basic		<b>2.168</b>	0.086
Diluted		<b>2.138</b>	0.086

# Consolidated Statement of Financial Position

As at 31 December 2025

	<i>Notes</i>	2025 HK\$	2024 HK\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	18	4,287,415	3,539,720
Intangible assets	19	12,610,016	4,706,589
Right-of-use assets	20	5,322,602	3,776,663
Other receivables, deposits and prepayments	22	1,457,904	308,454
Prepayments for acquisition of property, plant and equipment	22	209,193	597,850
Investment in TV programmes	23	26,593,407	31,663,113
Prepayment for acquisition of an associate	22	–	2,746,482
		<b>50,480,537</b>	47,338,871
<b>Current assets</b>			
Inventories	21	514,179	2,104,154
Trade and other receivables, deposits and prepayments	22	45,608,180	14,868,358
Tax prepaid		163,170	–
Cash and cash equivalents	24	41,877,803	13,822,703
		<b>88,163,332</b>	30,795,215
<b>Current liabilities</b>			
Trade and other payables	25	12,221,265	16,370,775
Lease liabilities	26	3,361,213	2,803,989
Tax payable		10,886,666	–
		<b>26,469,144</b>	19,174,764
<b>Net current assets</b>		<b>61,694,188</b>	11,620,451
<b>Total assets less current liabilities</b>		<b>112,174,725</b>	58,959,322
<b>Non-current liabilities</b>			
Lease liabilities	26	2,063,474	1,167,085
Convertible bonds	27	–	16,540,273
Defined benefit plan obligations	17	327,338	327,338
		<b>2,390,812</b>	18,034,696
<b>Net assets</b>		<b>109,783,913</b>	40,924,626

# Consolidated Statement of Financial Position

As at 31 December 2025

	<i>Notes</i>	2025 HK\$	2024 HK\$
<b>EQUITY</b>			
Share capital	29	132,825,350	105,069,500
Deficit in reserves	31	(23,268,648)	(64,373,238)
<hr/>			
Equity attributable to owners of the Company		109,556,702	40,696,262
Non-controlling interests		227,211	228,364
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<b>Total equity</b>		<b>109,783,913</b>	40,924,626

The consolidated financial statements on the pages 49 to 119 were approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by:

**Lily Wu**  
Director

**Chang Wei Wen**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company										Total equity HK\$
	Share capital HK\$ (note 29)	Share premium* HK\$ (note 31)	Contributed surplus* HK\$ (note 31)	Share option reserve* HK\$ (note 31)	Convertible bonds reserve* HK\$ (note 27)	Other reserves* HK\$	Translation reserve* HK\$ (note 31)	Accumulated losses* HK\$	Total HK\$	Non-controlling interests HK\$	
Balance at 1 January 2024	105,069,500	363,340,792	13,985,669	3,299,070	-	7	9,960,197	(455,444,932)	40,210,303	229,517	40,439,820
Profit/(loss) for the year	-	-	-	-	-	-	-	452,961	452,961	(1,153)	451,808
Other comprehensive loss											
– Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	(96,002)	-	(96,002)	-	(96,002)
Total comprehensive (loss)/income for the year	-	-	-	-	-	-	(96,002)	452,961	356,959	(1,153)	355,806
Issue of convertible bonds (note 27)	-	-	-	-	129,000	-	-	-	129,000	-	129,000
<b>Balance at 31 December 2024 and 1 January 2025</b>	<b>105,069,500</b>	<b>363,340,792</b>	<b>13,985,669</b>	<b>3,299,070</b>	<b>129,000</b>	<b>7</b>	<b>9,864,195</b>	<b>(454,991,971)</b>	<b>40,696,262</b>	<b>228,364</b>	<b>40,924,626</b>
Profit/(loss) for the year	-	-	-	-	-	-	-	12,481,714	12,481,714	(1,153)	12,480,561
Other comprehensive profit											
– Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	1,036,320	-	1,036,320	-	1,036,320
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,036,320</b>	<b>12,481,714</b>	<b>13,518,034</b>	<b>(1,153)</b>	<b>13,516,881</b>
Conversion of convertible bonds	11,000,000	5,895,778	-	-	(129,000)	-	-	129,000	16,895,778	-	16,895,778
Exercise of share options	16,755,850	11,917,500	-	(12,548,816)	-	-	-	12,548,816	28,673,350	-	28,673,350
Lapse of share options	-	-	-	(44,367)	-	-	-	44,367	-	-	-
Equity-settled share-based payments (note 30)	-	-	-	9,773,278	-	-	-	-	9,773,278	-	9,773,278
<b>Balance at 31 December 2025</b>	<b>132,825,350</b>	<b>381,154,070</b>	<b>13,985,669</b>	<b>479,165</b>	<b>-</b>	<b>7</b>	<b>10,900,515</b>	<b>(429,788,074)</b>	<b>109,556,702</b>	<b>227,211</b>	<b>109,783,913</b>

\* The total of these accounts as at the reporting date represents deficit in reserves of HK\$23,268,648 (2024: HK\$64,373,238) in the consolidated statement of financial position.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	<i>Notes</i>	2025 HK\$	2024 HK\$
<b>Cash flows from operating activities</b>			
Profit before income tax		26,862,552	451,808
Adjustments for:			
Depreciation of property, plant and equipment	10	1,715,703	2,126,346
Depreciation of right-of-use assets	10	3,261,642	3,319,762
Amortisation of intangible assets	10	1,075,372	–
Finance costs	9	524,036	504,299
Interest income	7	(19,883)	(5,157)
Written-off of property, plant and equipment	10	–	26,301
Impairment loss on other receivables	10	13,227	56,314
Change in fair value of investment in TV programmes	23	5,865,609	(2,878,465)
Net foreign exchange loss arising from translation of investment in TV programmes	23	(795,903)	951,035
Share-based payments	30	9,773,278	–
Operating cash flows before working capital changes		48,275,633	4,552,243
Decrease/(Increase) in inventories		1,560,785	(1,002,556)
(Increase)/decrease in trade and other receivables, deposits and prepayments		(26,425,706)	3,993,544
Decrease in trade and other payables		(5,627,819)	(5,008,947)
Cash generated from operating activities		17,782,893	2,534,284
Income tax paid		(3,773,162)	–
Net cash generated from operating activities		14,009,731	2,534,284

# Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	<i>Notes</i>	2025 HK\$	2024 HK\$
<b>Cash flows from investing activities</b>			
Interest received		19,883	5,157
Net cash outflow arising on acquisition of assets through acquisition of a subsidiary	37	–	(2,303,700)
Prepayment for acquisition of property, plant and equipment		(209,193)	(450,196)
Refund of/(prepayment for) acquisition of an associate		2,746,482	(2,746,482)
Purchase of property, plant and equipment ( <i>note</i> )		(1,725,134)	(1,252,186)
Acquisition of intangible assets	19	(8,978,799)	–
Advance to related parties	34	(4,917,127)	–
Net cash used in investing activities		(13,063,888)	(6,747,407)
<b>Cash flows from financing activities</b>			
Repayments of shareholder's loan	36	–	(987,342)
Proceeds from other loans	36	1,000,000	325,000
Repayments of other loans	36	(1,000,000)	(318,902)
Advance from related parties	34	1,600,000	–
Proceeds from convertible bonds	36	–	15,500,000
Proceeds from issue of shares		28,673,350	–
Payment of capital element of lease liabilities	36	(3,354,769)	(3,267,581)
Payment of interest element of lease liabilities	36	(168,531)	(227,180)
Net cash generated from financing activities		26,750,050	11,023,995
<b>Net increase in cash and cash equivalents</b>		<b>27,695,893</b>	<b>6,810,872</b>
<b>Cash and cash equivalents at 1 January</b>		<b>13,822,703</b>	<b>7,224,481</b>
Effect of foreign exchange rate changes		359,207	(212,650)
<b>Cash and cash equivalents at 31 December</b>		<b>41,877,803</b>	<b>13,822,703</b>

## Major non-cash transactions:

During the year, additions of property, plant and equipment of HK\$478,639 (2024: HK\$1,894,279) were prepaid in prior year and the amounts were transferred from prepayments for acquisition of property, plant and equipment.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

Phoenitron Holdings Limited (the “Company”) is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is located at Suite 710, 7th Floor, North Tower, World Finance Centre, Harbour City, Tsimshatsui, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (the “Group”) are manufacturing and sales of smart cards, provision of customised smart card application systems, provision of financial and management consultancy services, sales and trading of scrap metals and investment in media and entertainment industry. During the year, the Group also extended its businesses into the operations of private domain e-commerce platform and provision of AI speech technology data services.

The consolidated financial statements for the year ended 31 December 2025 were approved for issue by the Board of Directors on 31 March 2026.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

### 2.1 Basis of preparation

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

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company.

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impacts on the Group’s consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis, except for investment in TV programmes, which was measured at fair value. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates and assumptions are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

### 2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation on property, plant and equipment is provided to write off the costs less their residual values over their estimated useful lives, using the straight-line method, at the rate of 20% per annum.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.3 Property, plant and equipment (Continued)

The gain or loss arising on retirement or disposal of an asset is determined as the difference between the sales proceeds and the net carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

### 2.4 Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and accumulated impairment losses, if any. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

### 2.5 Leases

The Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.5 Leases (Continued)

#### *Measurement and recognition of leases as a lessee*

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

The right-of-use asset is adjusted for any remeasurement of lease liabilities.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

Refundable rental deposits paid are accounted for under HKFRS 9 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.6 Financial instruments

#### Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within other income and finance costs, respectively.

#### Debt investments – Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and other receivables and deposits and cash and cash equivalents, fall into this category of financial instruments.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.6 Financial instruments (Continued)

#### Financial assets (Continued)

##### Debt investments – Financial assets at FVTPL

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

#### Financial liabilities

The Group’s financial liabilities include trade and other payables, lease liabilities and other borrowings.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included within finance costs or other gains/(losses), net.

Accounting policies of lease liabilities are set out in note 2.5.

##### Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

##### Other borrowings

Other borrowings are recognised initially at fair value, net of transaction costs incurred. Other borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Other borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.6 Financial instruments (Continued)

#### Financial liabilities (Continued)

##### Convertible bonds

The component parts of the convertible bonds are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity and closely related derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to retained earnings or accumulated loss. Where the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

### 2.7 Impairment of financial assets

HKFRS 9's impairment requirements use forward-looking information to recognise expected credit loss ("ECL") - the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables recognised and measured under HKFRS 15.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.7 Impairment of financial assets (Continued)

#### Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

#### Other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables and deposits and bank balances equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets 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.

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; or
- 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.7 Impairment of financial assets (Continued)

#### Other financial assets measured at amortised cost (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

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 collateral held by the Group).

Detailed analysis of the ECL assessment of trade receivables, contract assets and other financial assets measured at amortised cost are set out in note 38.2.

### 2.8 Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis and, in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads. It excludes borrowing costs.

### 2.9 Revenue recognition

Revenue arises mainly from sales of smart cards and related application systems, the operation of private domain e-commerce platform and provision of artificial intelligence (AI) speech technology data services.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods to its customers.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.9 Revenue recognition (Continued)

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

#### *Revenue from contracts with customers*

- (i) Revenue from sales of smart cards and related application systems for which control of assets is transferred at a point in time is recognised when the goods are delivered to customers. The Group does not provide any sales-related warranties. There is no right of return by customers under the Group's standard contract terms.
- (ii) Revenue from provision of smart card technical advisory and consultancy services are recognised in accordance with terms of respective agreements over the relevant period in which the services are rendered. Revenue from provision of smart card technical advisory and consultancy services is recognised over time as the customer simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs.
- (iii) Revenue from providing operation of private domain e-commerce platform is recognised at a point in time when the membership is subscribed or when a specified amount of money is reloaded by the customer.

The Group provides private domain e-commerce operating services to the customers. Revenue from referral services is the referral fee as set out in the contract, which was calculated based on a pre-determined formula. The Group recognizes referral service fees as revenue in the consolidated statement of profit or loss and other comprehensive income at the point in time when the membership is subscribed and paid or when a specified amount of money is reloaded by the member referred by the Group to the customer. All direct costs that the Group incurs in the provision of online operating services are classified as cost of sales in the consolidated statement of profit or loss and other comprehensive income.

- (iv) Revenue from AI speech technology data services is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The Group provides customised AI speech technology development services, which comprise the design and development of an AI speech recognition service platform in accordance with the customer's specified technical requirements. The Group generally allocates all revenue to the single performance obligation identified under its contracts with customers. As there is only one performance obligation, the entire transaction price is allocated to that performance obligation.

#### *Revenue from other source*

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.10 Investment in TV programmes

The Group's investment in TV programmes which entitles the Group to share certain percentage of income to be generated from the related TV programmes based on the Group's investment portion as specified in respective TV programmes investment agreement but the Group has no control, significant influence or joint control over the investment. Investment in TV programmes are carried at fair value and recognised as financial asset at FVTPL.

### 2.11 Impairment of non-financial assets

Intangible asset with indefinite useful life is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. Property, plant and equipment, intangible assets, right-of-use assets, prepayment for acquisition of property, plant and equipment, interests in subsidiaries (recognised in the Company's statement of financial position) are subject to impairment testing whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

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

Impairment losses is charged pro rata to the assets in the cash generating unit, except that the carrying amount of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of such impairment is credited to profit or loss in the period in which it arises unless that asset is carried at revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for the revalued amount.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.12 Employee benefits

#### Defined benefit plan

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan). Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.12 Employee benefits (Continued)

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by HKAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with HKAS 19 paragraph 70.

For long service payment ("LSP") obligation, the Group accounts for the employer Mandatory Provident Fund ("MPF") contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

#### Defined contribution plan

The Group operates a defined contribution MPF retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the People's Republic of China (the "PRC") and Taiwan are required to participate in various defined contribution plans operated by the relevant authorities. These subsidiaries are required to contribute specified percentage of its payroll costs in accordance with the local practice and regulations.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

There were no forfeited contributions utilised by the Group to reduce existing level of contributions for each of the years.

#### Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### 2.13 Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the share option reserve in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to retained earnings or accumulated loss. When the vested share options are later forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

## 3. ADOPTION OF NEW AND AMENDED HKFRSS

### (a) Amended HKFRSS

In the preparation of the consolidated financial statements for the year ended 31 December 2025, the Group has applied the following amendments to HKFRSS, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2025:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to HKFRSS in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. ADOPTION OF NEW AND AMENDED HKFRSS (Continued)

### (b) New and amendments to HKFRSSs not yet adopted

The Group has not applied the following new and amendments to HKFRSSs, which have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>2</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
Amendments to HKAS 21	The Effects of Changes in Foreign Exchange Rates <sup>3</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

Except for the new HKFRSSs mentioned below, the directors of the Company anticipate that the application of all new and amendments to HKFRSSs will have no material impact on the consolidated financial statements in the foreseeable future.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 3. ADOPTION OF NEW AND AMENDED HKFRSS (Continued)

### (b) New and amendments to HKFRSSs not yet adopted (Continued)

#### *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*. Whilst many of the requirements will remain consistent, the new standard introduces new requirements to present specified categories and defined subtotals in the income statement; 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 primary financial statements and the notes. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted, and will be applied retrospectively. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and disclosures in the future financial statements. The Group is still currently assessing the impact that HKFRS 18 will have on the Group's consolidated financial statements.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 4.1 Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Provision for impairment of trade and other receivables and deposits within the scope of ECL under HKFRS 9*

The Group makes allowances on items subjects to ECL (including trade and other receivables and deposits) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period as set out in note 2.7. As at 31 December 2025, the carrying amounts of (i) trade receivables amounted to HK\$6,570,075 without any ECL allowance (2024: HK\$10,386,299 without any ECL allowance) and (ii) other receivables and deposits (excluding prepayments) amounted to HK\$14,233,772 (net of ECL allowance of HK\$578,478) (2024: HK\$4,088,778 (net of ECL allowance of HK\$683,165)).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

### 4.1 Estimation uncertainty (Continued)

#### *Estimation of fair value of investment in TV programmes*

The Group's investment in TV programmes is classified as a financial asset and is measured at fair value in accordance with HKFRS 9. As the transfer of the investment did not meet the derecognition criteria under HKFRS 9, the investment continues to be recognised and measured at fair value. As at 31 December 2025, the fair value of the investment in TV programmes amounted to HK\$26,593,407 and was determined with reference to the offered price set out in the relevant sales agreement. Management applies judgement in assessing the appropriateness of using the offered price in the sales agreement as the basis for fair value measurement. For further information, please refer to note 23.

### 4.2 Critical accounting judgements

#### *Determination of the lease term in lease contracts and discount rate*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Factors considered include:

- contractual terms and conditions for the optional periods compared with market rates (e.g. whether the amount of payments in the optional periods is below the market rates);
- the extent of leasehold improvements undertaken by the Group; and
- costs relating to termination of the lease (e.g. relocation costs, costs of identifying another underlying asset suitable for the Group's needs).

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), which in turn affect the carrying amounts of lease liabilities and corresponding right-of-use assets.

During the years ended 31 December 2025 and 2024, all extension options in leases of properties have not been included in the lease liabilities because the Group could replace the assets without significant cost or business disruption.

In determining the discount rate, the Group is required to determine by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. The Group exercises considerable judgement in relation to determining the incremental borrowing rate taking into account the nature of the underlying assets and the terms and conditions of the leases, at both the commencement date and effective date of the modification. The weighted average incremental borrowing rates applied to the lease liabilities range from 4.1% to 5.9% (2024: 2.7% to 5.9%) per annum.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. SEGMENT INFORMATION

The operating segments are reported in a manner consistent with the way in which information is reported internally to the chief operating decision makers (i.e. executive directors of the Company) for the purposes of resources allocation and assessment of segment performance. The business components in the internal reporting to the executive directors of the Company, the chief operating decision makers, are determined following the Group's major product and service lines. For the year ended 31 December 2025, the Group is currently organised into the following six operating segments:

- Sales of smart cards;
- Sales of smart card application systems, including relevant services;
- Operation of private domain e-commerce platform, including referral services;
- Provision of artificial intelligence (A.I.) speech technology data services;
- Sales and trading of scrap metals; and
- Media and entertainment.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches.

Revenue and expenses are allocated to the reportable segments with reference to sales generated and the expenses incurred by those segments. The measurement of segment profit/(loss) before income tax is the same as those used in preparing these consolidated financial statements under HKFRSs except that finance costs, impairment loss on other receivables, exchange losses, net and corporate expenses, net not directly attributable to business activities of the operating segments are not included in arriving at the operating results of the operating segments.

Segment assets include all assets with the exception of assets which are not attributable to the business activities of the operating segments and other assets which are managed on a group basis such as cash and cash equivalents.

Segment liabilities include all liabilities except for tax payable, liabilities which are not attributable to the business activities of the operating segments and other liabilities which are managed on a group basis such as convertible bonds and other borrowings.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. SEGMENT INFORMATION (Continued)

### Segment revenue, segment results, segment assets and segment liabilities

Information regarding the Group's reportable segments including the reconciliation to revenue, profit before income tax, total assets, total liabilities and other segment information are as follows:

2025

	Sales of smart cards HK\$	Sales of smart card application systems HK\$	Operation of private domain e-commerce platform HK\$	Provision of AI speech technology data services HK\$	Sales and trading of scrap metal HK\$	Media and entertainment HK\$	Unallocated HK\$	Consolidated HK\$
<b>Reportable segment revenue</b>	55,952,639	12,490	85,646,035	3,980,000	-	-	-	145,591,164
<b>Reportable segment profit/(loss)</b>	4,796,286	1,434	42,168,366	(1,096,063)	(3,580,686)	(5,868,214)	-	36,421,123
Finance costs								(524,036)
Impairment loss on other receivables								(13,227)
Exchange gains, net								224,072
Corporate expenses, net								(9,245,380)
Profit before income tax								26,862,552
<b>Reportable segment assets</b>	20,450,498	-	34,200,169	10,663,718	243,219	26,593,407	4,451,885	96,602,896
Tax prepaid								163,170
Cash and cash equivalents								41,877,803
Total consolidated assets								138,643,869
<b>Reportable segment liabilities</b>	11,107,523	-	2,172,791	187,709	119,452	-	4,385,815	17,973,290
Tax payable								10,886,666
Total consolidated liabilities								28,859,956
<b>Other information</b>								
Depreciation of property, plant and equipment	1,519,112	-	4,237	6,999	77,001	-	108,354	1,715,703
Depreciation of right-of-use assets	2,181,353	-	16,828	-	-	-	1,063,461	3,261,642
Amortisation of intangible assets	-	-	931,944	143,428	-	-	-	1,075,372
Interest income	5,530	-	6,785	-	7,405	-	163	19,883
Additions to non-current segment assets during the year	5,045,479	-	642,826	8,989,895	-	-	1,583,710	16,261,910

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. SEGMENT INFORMATION (Continued)

### Segment revenue, segment results, segment assets and segment liabilities (Continued)

2024

	Sales of smart cards HK\$	Sales of smart card application systems HK\$	Operation of private domain e-commerce platform HK\$	Provision of AI speech technology data services HK\$	Sales and trading of scrap metal HK\$	Media and entertainment HK\$	Unallocated HK\$	Consolidated HK\$
<b>Reportable segment revenue</b>	57,395,803	2,188,023	–	–	–	–	–	59,583,826
<b>Reportable segment profit/(loss)</b>	7,810,979	1,671,039	–	–	(3,156,951)	2,875,860	–	9,200,927
Finance costs								(504,299)
Impairment loss on other receivables								(56,314)
Exchange losses, net								(1,547,036)
Corporate expenses, net								(6,641,470)
Profit before income tax								451,808
<b>Reportable segment assets</b>	21,408,662	1,066,098	7,147,357	–	349,545	31,663,113	2,676,608	64,311,383
Cash and cash equivalents								13,822,703
Total consolidated assets								78,134,086
<b>Reportable segment liabilities</b>	15,489,006	12,000	2,097,175	–	116,845	–	2,954,161	20,669,187
Convertible bonds								16,540,273
Total consolidated liabilities								37,209,460
<b>Other information</b>								
Depreciation of property, plant and equipment	2,051,021	–	–	–	75,325	–	–	2,126,346
Depreciation of right-of-use assets	2,475,941	–	–	–	–	–	843,821	3,319,762
Interest income	3,557	19	–	–	1,394	–	187	5,157
Additions to non-current segment assets during the year	4,077,861	–	7,033,071	–	–	–	–	11,110,932

There has been no inter-segment sales between different business segments during the years.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 5. SEGMENT INFORMATION (Continued)

### Geographical information

The following table presents the revenue from external customers for the reporting period and the specified non-current assets by geographical locations as at the reporting date.

	Revenue from external customers		Specified non-current assets	
	2025	2024	2025	2024
	HK\$	HK\$	HK\$	HK\$
The PRC	90,360,757	9,096,932	18,904,283	12,305,809
Europe	51,154,823	50,182,344	–	–
Asia, excluding the PRC, Hong Kong and Taiwan	23,764	81,870	–	–
Hong Kong	4,051,820	222,680	3,374,602	2,840,585
Taiwan	–	–	150,341	220,910
	<b>145,591,164</b>	59,583,826	<b>22,429,226</b>	15,367,304

The Company is an investment holding company incorporated in the Cayman Islands where the Company does not have activities. Since the major operations of the Group are conducted in the PRC, which is considered as the Group's country of domicile for the disclosure purpose of HKFRS 8 *Operating Segments*.

Specified non-current assets include property, plant and equipment, intangible assets, right-of-use assets, prepayments for acquisition of property, plant and equipment and prepayment for acquisition of an associate only.

The geographical location of customers is based on the principal place of business of the customers. The geographical location of the specified non-current assets is based on the location of assets.

### Information about major customers

Revenue from each of the major customers during the reporting period is as follows:

	2025	2024
	HK\$	HK\$
Customer A – Operation of private domain e-commerce platform	48,631,045	N/A (note)
Customer B – Operation of private domain e-commerce platform	37,014,990	N/A (note)
Customer C – Sales of smart cards	34,893,113	39,276,670

Note: These customers did not contribute any revenue to the Group during the year ended 31 December 2024.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. REVENUE

The Group's principal activities are disclosed in note 1. The Group's revenue is analysed as follows:

	2025 HK\$	2024 HK\$
<b>Revenue from contracts with customers within the scope of HKFRS 15 recognised at a point in time:</b>		
Sales of smart cards	55,952,639	57,395,803
Sales of smart card application systems	12,490	2,600
Operation of private domain e-commerce platform – referral service fee	85,646,035	–
	<b>141,611,164</b>	57,398,403
<b>Revenue from contracts with customers within the scope of HKFRS 15 recognised over time:</b>		
Sales of smart card application systems relevant services		
– Revenue from smart card technical advisory and consultancy services	–	2,185,423
Provision of AI speech technology data services	3,980,000	–
	<b>3,980,000</b>	2,185,423
	<b>145,591,164</b>	59,583,826

	Sales of smart cards HK\$	Sales of Smart card application system HK\$	2025 Operation of private domain e-commerce platform HK\$	Provision of AI speech technology data services HK\$	Total HK\$
<b>Geographical markets by segments</b>					
The PRC	4,714,722	–	85,646,035	–	90,360,757
Europe	51,154,823	–	–	–	51,154,823
Asia, excluding the PRC, Hong Kong and Taiwan	23,764	–	–	–	23,764
Hong Kong	59,330	12,490	–	3,980,000	4,051,820
<b>Total</b>	<b>55,952,639</b>	<b>12,490</b>	<b>85,646,035</b>	<b>3,980,000</b>	<b>145,591,164</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 6. REVENUE (Continued)

	Sales of smart cards HK\$	Sales of Smart card application system HK\$	2024 Operation of private domain e-commerce platform HK\$	Provision of AI speech technology data services HK\$	Total HK\$
<b>Geographical markets by segments</b>					
The PRC	6,911,509	2,185,423	–	–	9,096,932
Europe	50,182,344	–	–	–	50,182,344
Asia, excluding the PRC, Hong Kong and Taiwan	81,870	–	–	–	81,870
Hong Kong	220,080	2,600	–	–	222,680
<b>Total</b>	<b>57,395,803</b>	<b>2,188,023</b>	<b>–</b>	<b>–</b>	<b>59,583,826</b>

## 7. OTHER INCOME

	2025 HK\$	2024 HK\$
Bank interest income	19,883	5,157
Government subsidies ( <i>note i</i> )	–	14,880
Sundry income ( <i>note ii</i> )	153,858	1,361,615
	<b>173,741</b>	<b>1,381,652</b>

*Notes:*

- i. The government subsidies recognised for the year ended 31 December 2024 were the approved subsidies for staff costs from the PRC government. There are no unfulfilled conditions or other contingencies attached to these subsidies.
- ii. For the year ended 31 December 2024, the sundry income included in trade and other payables amounted to RMB1,029,172 (equivalent to HK\$1,109,613) to be offset by the supplier.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 8. OTHER GAINS/(LOSSES), NET

	2025 HK\$	2024 HK\$
Exchange gains/(losses), net	224,072	(1,547,036)

## 9. FINANCE COSTS

	2025 HK\$	2024 HK\$
Interest charges on lease liabilities	168,531	227,180
Interest charges on convertible bonds	355,505	277,119
	524,036	504,299

## 10. PROFIT BEFORE INCOME TAX

	2025 HK\$	2024 HK\$
Profit before income tax is arrived at after charging/(crediting):		
Auditor's remuneration	1,750,000	730,000
Short-term leases	595,831	261,931
Variable lease payments not included in the measurement of lease liabilities ( <i>note 26</i> )	1,866,158	1,649,965
Cost of inventories recognised as an expense ( <i>note</i> )	37,834,174	37,591,717
Cost of sales from e-commerce	25,288,825	–
Cost of sales from AI speech technology data service	1,341,685	–
Impairment loss on other receivables ( <i>note 38.2(ii)</i> )	13,227	56,314
Written-off of property, plant and equipment ( <i>note 18</i> )	–	26,301
Depreciation		
– Property, plant and equipment ( <i>note 18</i> )	1,715,703	2,126,346
– Right-of-use assets ( <i>note 20</i> )	3,261,642	3,319,762
Amortisation of intangible assets ( <i>note 19</i> )	1,075,372	–
Share-based payments ( <i>note 30</i> )	9,773,278	–
Employee benefit expenses – Sales of smart cards	19,876,847	20,362,689
Employee benefit expenses – Sales from e-commerce	6,551,692	–
Employee benefit expenses – Sales from AI speech technology data service	1,500,000	–
Employee benefit expenses – Sales and trading of scrap metals and others	3,608,947	2,459,202

Note:

Cost of inventories recognised as an expense of HK\$16,107,760 (2024: HK\$17,345,124) includes depreciation of property, plant and equipment amounted to HK\$836,566 (2024: HK\$1,480,315), depreciation of right-of-use assets amounted to HK\$1,679,652 (2024: HK\$1,761,550), and employee benefit expenses amounted to HK\$11,734,812 (HK\$12,442,327).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 11. INCOME TAX EXPENSE

	2025 HK\$	2024 HK\$
Current tax		
PRC Enterprise Income Tax:		
Provision for the year	14,381,991	–

Reconciliation between income tax expense and profit before income tax at applicable tax rates is as follows:

	2025 HK\$	2024 HK\$
Profit before income tax	26,862,552	451,808
Income tax at Hong Kong Profits Tax rate of 16.5% (2024: 16.5%)	4,432,320	74,548
Effect of different tax rates of subsidiaries operating in other jurisdictions	3,786,797	(55,673)
Tax effect of non-deductible expenses	5,676,619	777,023
Tax effect of non-taxable income	(10,425)	(475,601)
Tax effect of tax losses not recognised	940,296	722,497
Utilisation of tax losses previously not recognised	(354,332)	(1,037,909)
Tax effect of other temporary differences not recognised	(89,284)	(4,885)
Income tax expense	14,381,991	–

Notes:

### (a) Hong Kong

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2,000,000 of profits of qualifying group entity will be taxed at 8.25%, and the profits above HK\$2,000,000 will be taxed at 16.5%. The profits of entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. No Hong Kong Profits Tax has been provided for the year ended 31 December 2025, as the Group did not generate any estimated profits in Hong Kong (2024: the Group has sufficient tax losses brought forward to set off against assessable profits in Hong Kong).

### (b) PRC

The PRC Enterprise Income Tax has been calculated at 25% (2024: 25%) on the estimated assessable profits for the year based on the existing legislation, interpretations and practices in respect thereof. PRC Enterprise tax of HK\$14,381,991 has been provided for the year ended 31 December 2025 (2024: the Group did not generate any assessable profits in the PRC).

### (c) Other jurisdictions

Pursuant to the rules and regulations of the Cayman Islands, the British Virgin Islands (the "BVI") and Taiwan, the Group is not subject to any income tax or did not generate any assessable profits in the Cayman Islands, the BVI and Taiwan (2024: nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 12. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend in respect of the year ended 31 December 2025 (2024: nil).

## 13. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period, calculated as follows:

	2025	2024
Profit attributable to owners of the Company (HK\$)	12,481,714	452,961
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	575,773,343	525,347,500
Basic earnings per share ( <i>expressed in HK cents per share</i> )	2.168	0.086
<b>Number of shares</b>		
Issued ordinary shares at the beginning of the year	525,347,500	525,347,500
Effect of conversion of convertible bonds	32,849,315	–
Effect of exercise of share options	17,576,528	–
Weighted average number of ordinary shares for the year	575,773,343	525,347,500

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 13. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (Continued)

### (b) Diluted earnings per share

	2025	2024
Adjusted profit attributable to owners of the Company (HK\$) for the purpose of calculating diluted earnings per share	12,837,219	452,961
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	600,356,597	525,347,500
Diluted earnings per share (expressed in HK cents per share)	2.138	0.086
<b>Adjusted profit attributable to the owners of the Company</b>		
Profit attributable to owners of the Company	12,481,714	452,961
Interest savings upon conversion of convertible bonds	355,505	–
Adjusted profit attributable to owners of the Company (HK\$) for the purpose of calculating diluted earnings per share	12,837,219	452,961
<b>Number of shares</b>		
Weighted average number of ordinary shares for the year	575,773,343	525,347,500
Adjustment for exercisable share options (note)	2,432,569	–
Adjustment for convertible bonds converted (note)	22,150,685	–
	600,356,597	525,347,500

*Note:*

The diluted earnings per share for the year ended 31 December 2024 was the same as the basic earnings per share, as the share options and the convertible bonds outstanding during the year ended 31 December 2024 were anti-dilutive and were therefore excluded from the calculation of diluted earnings per share. Details of the share options and the convertible bonds are set out in note 30 and note 27 to the consolidated financial statements, respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 14. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' REMUNERATION)

	2025 HK\$	2024 HK\$
Salaries, wages and other benefits	30,028,251	21,650,558
Contributions to defined contribution retirement plans	1,509,235	1,171,333
Share-based payments ( <i>note 30</i> )	9,773,278	–
	<b>41,310,764</b>	<b>22,821,891</b>

## 15. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' remuneration for the years ended 31 December 2025 and 2024 are as follows:

### For the year ended 31 December 2025

	Fee HK\$	Salaries, allowances and benefits in kind HK\$	Discretionary bonus HK\$	Contributions to defined contribution retirement plans HK\$	Total HK\$
<i>Executive directors:</i>					
Ms. Lily Wu ( <i>note (i)</i> )	–	470,400	–	17,520	487,920
Mr. Chang Wei Wen ( <i>note (ii)</i> )	–	985,790	75,000	38,316	1,099,106
Mr. Yang Meng Hsiu	–	280,790	–	15,066	295,856
Mr. Guo Rongxiang	–	180,000	–	9,000	189,000
	–	1,916,980	75,000	79,902	2,071,882
<i>Independent non-executive directors:</i>					
Mr. Chan Siu Wing, Raymond	168,000	–	–	–	168,000
Ms. Wong Ka Wai, Jeanne	168,000	–	–	–	168,000
Mr. Yeung Man Chit, Daniel	168,000	–	–	–	168,000
	504,000	–	–	–	504,000
	504,000	1,916,980	75,000	79,902	2,575,882

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 15. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

For the year ended 31 December 2024

	Fee HK\$	Salaries, allowances and benefits in kind HK\$	Discretionary bonus HK\$	Contributions to defined contribution retirement plans HK\$	Total HK\$
<i>Executive directors:</i>					
Ms. Lily Wu ( <i>note (i)</i> )	–	340,798	–	17,040	357,838
Mr. Chang Wei Wen	–	938,595	75,000	35,934	1,049,529
Mr. Yang Meng Hsiu	–	278,595	–	14,934	293,529
Mr. Guo Rongxiang ( <i>note (iii)</i> )	–	55,000	–	1,500	56,500
	–	1,612,988	75,000	69,408	1,757,396
<i>Independent non-executive directors:</i>					
Mr. Chan Siu Wing, Raymond	168,000	–	–	–	168,000
Ms. Wong Ka Wai, Jeanne	168,000	–	–	–	168,000
Mr. Yeung Man Chit, Daniel	168,000	–	–	–	168,000
	504,000	–	–	–	504,000
	504,000	1,612,988	75,000	69,408	2,261,396

### Notes:

- (i) On 17 April 2025, Ms. Lily Wu resigned as the chief executive officer of the Company and her emoluments disclosed above include those for services rendered by her as the chief executive officer for the years ended 31 December 2025 and 2024.
- (ii) On 17 April 2025, Mr. Chang Wei Wen was appointed as chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer for the year ended 31 December 2025.
- (iii) On 11 September 2024, Mr. Guo Rongxiang was appointed as executive director of the Company.

Salaries, allowances and benefits in kind, discretionary bonus and contributions to defined contribution retirement plans paid to or for the executive directors of the Company are generally emoluments paid or payable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

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

During the years ended 31 December 2025 and 2024, no remuneration has been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office. There were no directors of the Company have waived any remuneration during the years ended 31 December 2025 and 2024.

During the year, no share options were granted to the directors or chief executive officer of the Company in respect of their services to the Group (2024: nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 16. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals do not include any director (2024: one) of the Company. The aggregate emoluments of the five (2024: four) highest paid individuals are as follows:

	2025 HK\$	2024 HK\$
Salaries, share options and allowances	5,321,612	2,339,326
Discretionary bonus	3,750,000	108,600
Contributions to defined contribution retirement plans	10,450	141,916
	<b>9,082,062</b>	<b>2,589,842</b>

The emoluments fell within the following band:

	Number of individuals	
	2025	2024
Emolument band		
Nil – HK\$1,000,000	–	4
HK\$1,000,001 to HK\$2,000,000	5	–

During the years ended 31 December 2025 and 2024, no remuneration has been paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

## 17. RETIREMENT SCHEMES

### Defined contribution retirement plans

Under the Mandatory Provident Fund Schemes Ordinance regulated by the Mandatory Provident Fund Schemes Authority in Hong Kong, the Group participates in a MPF Scheme operated by an approved trustee in Hong Kong and makes contributions for its eligible employees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income. The cap of monthly relevant income is HK\$30,000 (2024: HK\$30,000) during the year. Contributions to the scheme vest immediately.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefits scheme being operated by the local PRC government. The subsidiaries are required to contribute a specified percentage of the average basic salary to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 17. RETIREMENT SCHEMES (Continued)

### Defined contribution retirement plans (Continued)

Pursuant to the labour regulations of Taiwan, the Group joined defined contribution retirement plans for its employees. The Group is required to make contributions to the retirement plans at the applicable rates of 6% (2024: 6%) based on the eligible employees' salaries.

During the year ended 31 December 2025, the aggregate amount of employer's contribution made by the Group is HK\$1,509,235 (2024: HK\$1,171,333).

### Defined benefit retirement plans and LSP obligations

Hong Kong employees that have been employed continuously for at least five years are entitled to long service payments in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at HK\$22,500) and the years of service, with an overall cap of HK\$390,000 per employee, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF Scheme. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligation.

In June 2022, the Government of the Hong Kong Special Administrative Region of the PRC (the "Government") gazetted the amendment ordinance, which will eventually abolish the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF Scheme. The Government has subsequently announced that the amendment ordinance will come into effect from 1 May 2025 (the "Transition Date"). Separately, the Government's commitment for the LSP subsidy was approved on 22 November 2024.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date; in addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The Group has determined that the amendment ordinance cause immaterial impacts to the Group's LSP obligation with respect to Hong Kong employees. In the opinion of the directors of the Company, there is no significant actuarial assumption for determination of the LSP obligation.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 18. PROPERTY, PLANT AND EQUIPMENT

	Printing and testing equipment HK\$	Office equipment HK\$	Furniture and fixtures HK\$	Leasehold improvement HK\$	Motor vehicles HK\$	Total HK\$
<b>At 1 January 2024</b>						
Cost	21,207,561	1,259,431	1,567,460	963,471	1,167,408	26,165,331
Accumulated depreciation	(19,045,624)	(1,144,943)	(1,439,428)	(667,435)	(1,167,408)	(23,464,838)
<b>Net carrying amount</b>	<b>2,161,937</b>	<b>114,488</b>	<b>128,032</b>	<b>296,036</b>	<b>–</b>	<b>2,700,493</b>
<b>Year ended 31 December 2024</b>						
Opening net carrying amount	2,161,937	114,488	128,032	296,036	–	2,700,493
Additions	397,986	260,656	112,463	2,375,360	–	3,146,465
Depreciation	(1,480,380)	(82,302)	(23,000)	(540,664)	–	(2,126,346)
Written-off	(26,301)	–	–	–	–	(26,301)
Exchange realignment	(65,486)	(9,614)	(3,240)	(76,251)	–	(154,591)
<b>Closing net carrying amount</b>	<b>987,756</b>	<b>283,228</b>	<b>214,255</b>	<b>2,054,481</b>	<b>–</b>	<b>3,539,720</b>
<b>At 31 December 2024 and 1 January 2025</b>						
Cost	20,391,986	1,474,232	1,633,714	3,249,534	1,146,888	27,896,354
Accumulated depreciation	(19,404,230)	(1,191,004)	(1,419,459)	(1,195,053)	(1,146,888)	(24,356,634)
<b>Net carrying amount</b>	<b>987,756</b>	<b>283,228</b>	<b>214,255</b>	<b>2,054,481</b>	<b>–</b>	<b>3,539,720</b>
<b>Year ended 31 December 2025</b>						
Opening net carrying amount	987,756	283,228	214,255	2,054,481	–	3,539,720
Additions	466,671	292,373	186,338	564,944	812,658	2,322,984
Depreciation	(836,566)	(98,995)	(26,580)	(645,208)	(108,354)	(1,715,703)
Written-off	–	–	–	–	–	–
Exchange realignment	47,670	9,440	2,848	80,456	–	140,414
<b>Closing net carrying amount</b>	<b>665,531</b>	<b>486,046</b>	<b>376,861</b>	<b>2,054,673</b>	<b>704,304</b>	<b>4,287,415</b>
<b>At 31 December 2025</b>						
Cost	21,607,868	1,787,741	1,854,394	3,925,723	1,982,193	31,157,919
Accumulated depreciation	(20,942,337)	(1,301,695)	(1,477,533)	(1,871,050)	(1,277,889)	(26,870,504)
<b>Net carrying amount</b>	<b>665,531</b>	<b>486,046</b>	<b>376,861</b>	<b>2,054,673</b>	<b>704,304</b>	<b>4,287,415</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 18. PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year ended 31 December 2024, certain printing and testing equipment with net carrying amount of HK\$26,301 were written-off due to reallocation of factory.

As at 31 December 2025, certain items of property, plant and equipment were fully depreciated but are still in use, the gross carrying amounts before deducting accumulated depreciation of those assets amounted to HK\$21,003,680 (2024: HK\$16,687,940).

## 19. INTANGIBLE ASSETS

	PRC driving Licence HK\$	Digital platform HK\$	Artificial intelligence HK\$	Total HK\$
<b>Year ended 31 December 2024</b>				
Opening net carrying amount	420,000	–	–	420,000
Acquisition of a subsidiary (note 37)	–	4,286,589	–	4,286,589
Closing net carrying amount	420,000	4,286,589	–	4,706,589
<b>At 31 December 2024</b>				
Cost and net carrying amount	420,000	4,286,589	–	4,706,589
<b>Year ended 31 December 2025</b>				
Opening net carrying amount	420,000	4,286,589	–	4,706,589
Additions	–	373,134	8,605,665	8,978,799
Amortisation	–	(931,944)	(143,428)	(1,075,372)
Closing net carrying amount	420,000	3,727,779	8,462,237	12,610,016
<b>At 31 December 2025</b>				
Cost	420,000	4,659,723	8,605,665	13,685,388
Accumulated amortisation	–	(931,944)	(143,428)	(1,075,372)
<b>Net carrying amount</b>	<b>420,000</b>	<b>3,727,779</b>	<b>8,462,237</b>	<b>12,610,016</b>

The PRC driving licence is considered to have an indefinite economic life as there is no foreseeable limit on the period of time over which the driving licence is expected to generate economic benefit to the Group and the licence is renewable at minimal cost. Accordingly, it is not amortised.

The digital platform represents a pan-entertainment digital ecosystem membership e-commerce platform – Dongchuang E-Commerce App Service Platform of 山西動創數娛科技集團有限公司 (Shanxi Dongchuang Digital Entertainment Technology Group Company Limited\*) (“Shanxi Dongchuang”, and formerly known as 海南動創數娛科技集團有限公司 (Hainan Dongchuang Digital Entertainment Technology Group Company Limited\*)), which was acquired as part of the Group’s acquisition of Shanxi Dongchuang during the year ended 31 December 2024 (note 37). The digital platform is amortised on straight-line basis over 5 years.

The artificial intelligence represents an AI speech data cleaning model, which was acquired during the year ended 31 December 2025. The AI model is amortised on straight line basis over 5 years.

\* The English translation of the Chinese name is for information purpose only, and should not be regarded as the official English translation of such name.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 20. RIGHT-OF-USE ASSETS

	HK\$
<b>Net carrying amount at 1 January 2024</b>	6,681,880
Additions	481,200
Depreciation	(3,319,762)
Exchange realignment	(66,655)
<b>Net carrying amount at 31 December 2024 and 1 January 2025</b>	<b>3,776,663</b>
Additions	<b>4,750,934</b>
Depreciation	<b>(3,261,642)</b>
Exchange realignment	<b>56,647</b>
<b>Net carrying amount at 31 December 2025</b>	<b>5,322,602</b>

The Group leases a factory, office, warehouse and certain staff quarters. Rental contracts are typically made for fixed periods of 2 to 4.3 years (2024: 2 to 3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

	Net carrying amount at		Depreciation for the year	
	31 December		ended 31 December	
	2025	2024	2025	2024
	HK\$	HK\$	HK\$	HK\$
Factory	2,512,680	1,047,888	1,288,081	1,350,886
Office	1,111,054	1,747,017	855,400	843,821
Warehouse	208,411	89,031	107,977	112,452
Staff quarters	1,490,457	892,727	1,010,184	1,012,603
<b>Total</b>	<b>5,322,602</b>	3,776,663	<b>3,261,642</b>	3,319,762

The details in relation to these leases are set out in note 26.

## 21. INVENTORIES

	2025	2024
	HK\$	HK\$
Raw materials	334,195	570,933
Work-in-progress	178,357	396,825
Finished goods	1,627	1,136,396
	<b>514,179</b>	2,104,154

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 22. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 HK\$	2024 HK\$
Trade receivables (note (a))	6,570,075	10,386,299
Other receivables, deposits and prepayments	41,283,680	8,818,010
Less: ECL allowance (note 38.2(ii))	(578,478)	(683,165)
Other receivables, deposits and prepayments, net (note (b))	40,705,202	8,134,845
Total trade and other receivables, deposits and prepayments	47,275,277	18,521,144
Less: Non-current other receivables, deposits and prepayments	(1,457,904)	(308,454)
Less: Non-current prepayments for acquisition of property, plant and equipment (note (c))	(209,193)	(597,850)
Less: Non-current prepayment for acquisition of an associate (note (d))	–	(2,746,482)
Current trade and other receivables, deposits and prepayments	45,608,180	14,868,358

As at 31 December 2025, trade receivables from contracts with customers amounted to HK\$6,570,075 (net of ECL allowance of nil) (2024: HK\$10,386,299 net of ECL allowance of nil).

### Notes:

- (a) The credit term granted by the Group to its trade customers normally ranges from 30 days to 90 days (2024: 30 days to 90 days). Based on the invoice dates, the ageing analysis of the Group's trade receivables (net of ECL allowance) is as follows:

	2025 HK\$	2024 HK\$
0 – 30 days	6,336,956	3,002,212
31 – 90 days	87,157	7,260,739
Over 90 days	145,962	123,348
Less: ECL allowance	–	–
	6,570,075	10,386,299

As at 31 December 2024, trade receivables included smart card technical advisory and consultancy services fee with gross carrying amount of RMB1,000,000 (equivalent to HK\$1,066,098) due from a related company, of which Mr. Guo Rongxiang, an executive director of the Company, has the equity interest in and is the managing director and legal representative. The amounts due were unsecured, interest free and with a credit term of 90 days.

- (b) Included in the Group's other receivables, deposits and prepayments, net of ECL allowance contains other tax recoverable of HK\$5,238,801 (2024: HK\$2,949,063), rental and utilities deposits of HK\$1,052,676 (2024: HK\$1,025,430) respectively. Included in prepayments are amounts mainly paid to 杭州天魁勝科技有限公司 (Hangzhou Tiankuisheng Technology Co., Ltd.\*) in respect of AI model development costs, AI speech embedded development costs and digital platform upgrade development costs amounting to HK\$18,391,160 (2024: nil). Among these, prepayments for AI model development costs amounted to HK\$15,241,989, AI speech embedded development costs amounted to HK\$552,486, and digital platform upgrade development and maintenance costs amounted to HK\$2,596,685. For further details on the AI model development costs, please refer to the announcement dated 14 November 2025. The other receivable includes loan receivable with gross carrying amount of HK\$4,917,127 (2024: nil) with interest bearing at 4% annually. Further details are set out in note 34.

Subsequent to the date of reporting period, the Group entered into a supplementary agreement with 杭州天魁勝科技有限公司 to rearrange the payment method, and accordingly, the prepayment of HK\$15,241,989 was fully refunded to the Group by several installments in January 2026.

- (c) The balance represents the prepayment paid to the suppliers for acquisition of property, plant and equipment for the Group's operation.
- (d) The balance represents the prepayment paid to 杭州大品微揚科技有限公司 (Hangzhou Dapin Weiyang Technology Co., Ltd.\*) ("Hangzhou Dapin") for proposing subscription of its new registered capital. As at 31 December 2024, the due diligence review on Hangzhou Dapin was still conducting by the Group and the formal agreement was not entered. In February 2025, the Group decided not to carry out the proposed subscription of the registered capital of Hangzhou Dapin. The prepayment for acquisition of an associate was fully refunded to the Group subsequently. Further details are set out in the Company's announcements dated 25 August 2024, 29 November 2024 and 3 March 2025 respectively.

\* The English translation of the Chinese name is for information purpose only, and should not be regarded as the official English translation of such name.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 23. INVESTMENT IN TV PROGRAMMES

	HK\$
<b>Balance at 1 January 2024</b>	29,735,683
Total losses included in profit or loss:	
Fair value change	2,878,465
Exchange difference arising from translation, included in other gains/(losses), net	(951,035)
<b>Balance at 31 December 2024 and 1 January 2025</b>	<b>31,663,113</b>
Total gains/(losses) included in profit or loss:	
Exchange difference arising from translation, included in other gains/(losses), net	<b>795,903</b>
Fair value change	<b>(5,865,609)</b>
<b>Balance at 31 December 2025</b>	<b>26,593,407</b>

During the year ended 31 December 2019, the Group entered into a joint production agreement and supplemental agreement (collectively, the "Joint Production Agreement") with 浙江優盛影視文化有限公司 (Zhe Jiang You Sheng Ying Shi Wen Hua Company Limited\*) ("Zhe Jiang You Sheng"), an independent TV programmes producer, pursuant to which the Group agreed to invest Renminbi ("RMB") 24,000,000 (equivalent to HK\$26,850,000) in the production of TV programmes "Snow Leopard II", representing 30% of the budgeted production costs. In accordance with the Joint Production Agreement, the Group has no control, significant influence or joint control over the investment.

Pursuant to the Joint Production Agreement, if the actual production costs exceed the budgeted production costs, Zhe Jiang You Sheng would bear all addition costs. The Group is not liable and does not bear any additional costs and the interests in the investment in TV programmes would still be maintained at 30%.

The Group is entitled to 30% of net profit generated by the TV programmes for five years, after obtained broadcasting approval from the PRC government authority.

During the year ended 31 December 2023, the production of the TV programmes was completed. The management of Zhe Jiang You Sheng had decided to defer the broadcasting timetable due to the poor economic environment in the PRC. As at 31 December 2023, with reference to the broadcast progress provided by Zhe Jiang You Sheng, the directors of the Company revisited the broadcasting timetable with Zhe Jiang You Sheng and tentatively expected the TV programmes to be released in the PRC and the net profit distribution to be received during the year ending 31 December 2025. Therefore, the investment in TV programmes was classified as non-current assets as at 31 December 2023.

During the year ended 31 December 2025, the management of Zhe Jiang You Sheng is under negotiation with television station in relation to the broadcast details and no agreement was concluded. During the year ended 31 December 2025, with reference to the broadcast progress provided by Zhe Jiang You Sheng, the directors of the Company further revisited the broadcasting timetable with Zhe Jiang You Sheng and tentatively expected the TV programmes to be released in the PRC before the mid of 2025 and the net profit distribution to be received by the end of the third quarter of 2026. In the opinion of the directors, since the exact timetable for recovering the carrying amount remains uncertain and beyond twelve months after the end of reporting period, the investment in TV programmes is classified as non-current assets as at 31 December 2025.

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# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 23. INVESTMENT IN TV PROGRAMMES (Continued)

The Group's investment in TV programmes is measured at fair value in the consolidated statement of financial position on a recurring basis, categorised into three levels of a fair value hierarchy. The levels are based on the observability of significant inputs to the measurements, as follows:

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

The level in the fair value hierarchy within which the investment in TV programmes is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The fair value of the investment in TV programmes is level 3 (2024: level 3) fair value measurement. There was no transfer between Levels 1, 2 and 3 during the year (2024: nil).

### Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments by adopting an income approach based on discounted cash flow.

### Fair value measurements using significant unobservable inputs (level 3)

The above movement presents the changes in level 3 item for the year ended 31 December 2025.

Significant unobservable inputs	Unobservable inputs	Relationship of unobservable inputs to fair value
Discount rate	21.31% (2024: 21.29%)	The higher/lower the discount rate, the lower/higher the fair value.
Estimated revenues generated by the TV programmes	RMB210,000,000 (2024: RMB210,000,000)	The higher/lower the estimated revenue generated by the TV programmes, the higher/lower the fair value.

During the year ended 31 December 2025, should the discount rate increase or decrease by 3% respectively, the fair value of the investment in TV programmes would be decreased by HK\$1,275,037 or increased by HK\$1,373,251, respectively. Should the estimated revenues generated by the TV programmes increase or decrease by 10% respectively, the fair value of the investment in TV programmes would be increased or decreased by HK\$2,740,884 and HK\$2,607,182, respectively.

During the year ended 31 December 2025, the Group transferred its entire 30% investment rights and related obligations under the Joint Production Agreement to a third-party, Nanjing Qichuang, at the consideration of RMB24,200,000 (equivalent to approximately HK\$26,593,800). The consideration of RMB24,200,000 (equivalent to approximately HK\$ 26,593,800) is payable in three instalments: 5% within 30 days from the effective date of the agreement, 10% on or before 30 April 2026, and the remaining balance payable in instalments, with all amounts to be fully settled no later than two years from the effective date of the agreement. As the Group has not transferred the significant risks and rewards of the TV programmes, the transfer did not meet the derecognition criteria under HKFRS 9, the instrument continues to be recognised as financial asset measured at FVTPL. Further details are set out in the Company's announcement dated 29 December 2025. Correspondingly, the investment in TV programmes is measured at a fair value of HK\$26,593,407 (2024: HK\$31,663,113).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 24. CASH AND CASH EQUIVALENTS

	2025 HK\$	2024 HK\$
Cash at banks and in hand	41,877,803	13,822,703
Denominated in:		
RMB	18,467,670	6,733,492
HK\$	6,141,369	884,374
United States dollars ("US\$")	14,979,075	1,657,799
New Taiwan dollars ("NTD")	2,289,689	4,547,038
	<b>41,877,803</b>	<b>13,822,703</b>

As at 31 December 2025, bank balances of the Group denominated in RMB amounted to HK\$18,457,110 (2024: HK\$6,305,160) are deposits with banks in the PRC. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

## 25. TRADE AND OTHER PAYABLES

	2025 HK\$	2024 HK\$
Trade payables ( <i>note</i> )	2,882,447	7,392,585
Other payables and accrual	9,338,818	8,978,190
	<b>12,221,265</b>	<b>16,370,775</b>

Included in other payables and accrual of the Group are mainly audit fee payable, legal and professional fee payables, variable lease payable, salaries and wages payables, and other tax payables.

As at 31 December 2024, other payables and accrual also include payable for acquisition of intangible asset in relation to the acquisition of Shanxi Dongchuang (note 37) with carrying amount of RMB1,560,000 (equivalent to HK\$1,663,113) due to a related company, of which Mr. Guo Rongxiang, an executive director of the Company, has the equity interest in and is the managing director and legal representative.

As at 31 December 2025, included in other payables is an amount of HK\$1,600,000 due to a related party, Golden Dice Co. Ltd. The amount represents a non-interest-bearing loan with no fixed term of repayment and is provided for revolving working capital purposes. The balance is unsecured and set out in note 34.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 25. TRADE AND OTHER PAYABLES (Continued)

Note:

Credit periods granted by suppliers normally range from 30 days to 90 days (2024: 30 days to 90 days). Based on the invoice date, the ageing analysis of the trade payables is as follows:

	2025 HK\$	2024 HK\$
0 – 30 days	1,365,906	1,179,900
31 – 60 days	814,373	1,936,419
61 – 90 days	494,075	2,198,257
Over 90 days	208,093	2,078,009
	<b>2,882,447</b>	<b>7,392,585</b>

## 26. LEASE LIABILITIES

	2025 HK\$	2024 HK\$
Total minimum lease payments:		
Due within one year	3,546,071	2,917,652
Due over one year but within five years	2,113,735	1,196,262
	<b>5,659,806</b>	<b>4,113,914</b>
Future finance charges on leases liabilities	(235,119)	(142,840)
	<b>5,424,687</b>	<b>3,971,074</b>
Present value of minimum lease payments:		
Due within one year	3,361,213	2,803,989
Due over one year but within five years	2,063,474	1,167,085
	<b>5,424,687</b>	<b>3,971,074</b>
Less: Portion due within one year included under current liabilities	(3,361,213)	(2,803,989)
	<b>2,063,474</b>	<b>1,167,085</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 26. LEASE LIABILITIES (Continued)

During the year, the total cash outflows for the leases including short-term leases are HK\$7,511,811 (2024: HK\$4,532,200).

The weighted average incremental borrowing rates applied to lease liabilities range from 4.1% to 5.9% (2024: 2.7% to 5.9%) per annum.

During the years ended 31 December 2025 and 2024, the Group has lease contracts for printing and testing equipment that contain variable payments based on the number of smart card produced. The following provides information on the Group's variable lease payments, included the magnitude in relation to fixed payments:

	Fixed payments HK\$	Variable payments HK\$	Total HK\$
Variable rent with minimum payment			
<b>For the year ended 31 December 2025</b>	–	<b>1,866,158</b>	<b>1,866,158</b>
For the year ended 31 December 2024	–	1,649,965	1,649,965

The Group has several lease contracts that include extension and termination options. In opinion of the directors of the Company, these options would provide with the Group flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised and these termination options are reasonably certain not to be exercised, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2025, there is no such triggering event (2024: nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 26. LEASE LIABILITIES (Continued)

### Extension and termination options

As at 31 December 2025, the Group has entered into leases for a factory, an office, a warehouse and certain staff quarters.

Types of right-of-use assets	Number of leases	Range of remaining lease term	Particulars
Factory	1 (2024: 1)	1.83 years (2024: 0.84 year)	<ul style="list-style-type: none"> <li>Contains a right to renew the lease after the end of the contract by giving a three months' notice to landlord before the end of the contract and to terminate the lease by giving a six months' notice to landlord after consent.</li> </ul>
Office	2 (2024: 1)	1.13 to 4 years (2024: 2.13 years)	<ul style="list-style-type: none"> <li>No option to renew and terminate.</li> </ul>
Warehouse	1 (2024: 1)	1.83 years (2024: 0.84 year)	<ul style="list-style-type: none"> <li>Contains an option to terminate the lease by giving a one month's notice to landlord after 1 year of the lease terms.</li> </ul>
Staff quarters	3 (2024: 3)	0.75 to 1.39 years (2024: 0.39 to 1.75 years)	<ul style="list-style-type: none"> <li>Two of the contracts contain an option to terminate the lease by giving a one month's notice to landlord after 1 year of the lease terms.</li> <li>One of the contracts contains an option to renew the lease after the end of the contract by giving a three months' notice to landlord before the end of the contract and an option to terminate the lease by giving a six months' notice to landlord.</li> </ul>

The Group considered that no extension option or termination option would be exercised at the lease commencement date.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 27. CONVERTIBLE BONDS

On 3 September 2024 (the "Issue Date"), the Company issued an unsecured convertible bonds with an aggregate principal amount of HK\$16,500,000 (the "Convertible Bonds") to Mr. Guo Rongxiang, who was an independent third party prior to the subscription of the Convertible Bonds. Mr. Guo was appointed as an executive director of the Company with effect from 11 September 2024. The Convertible Bonds has an coupon interest rate of 5% per annum and will be paid on the maturity date based on the outstanding Convertible Bonds at the maturity date.

The Convertible Bonds mature three years from the Issue Date at its principal amount; or can be early redeemed by the Company in whole or part of the outstanding Convertible Bonds at 100% of the principal amount plus any accrued interest; or can be converted into shares of the Company on and after 3 September 2024 to the maturity date at the holder's option at the conversion price of HK\$0.30 per share, which is subject to certain adjustments prescribed in the convertible bonds subscription agreement.

The fair value of the liability component at the Issue Date was calculated using market interest rate for instruments without conversion option of comparable credit status which was referenced to a valuation performed by an independent qualified professional valuer. The residual amount, representing the value of the equity component, had been included in the convertible bonds equity reserve within equity.

The liability component was amortised over the term of the Convertible Bonds with the effective interest method. The effective interest rate of the liability component of the Convertible Bonds on initial recognition, which included the impact of direct related transaction costs, is 5.33% per annum and is subsequent carried at amortised cost.

On 28 May 2025, the Company issued 55,000,000 shares at HK\$0.30 each following the conversion of convertible bonds in full by Mr. Guo.

	HK\$
<b>Liability Component</b>	
Nominal value of the Convertible Bonds	16,500,000
Equity component at the Issue Date	(129,000)
Net of transaction costs	(107,846)
Fair value of liability component at the Issue Date	16,263,154
Accrued effective interest ( <i>note 9</i> )	277,119
<b>Balance at 31 December 2024 and 1 January 2025</b>	<b>16,540,273</b>
Accrued effective interest ( <i>note 9</i> )	355,505
Conversion	(16,895,778)
<b>Balance at 31 December 2025</b>	<b>–</b>
<b>Equity Component</b>	
Equity component at the Issue Date, 31 December 2024 and 1 January 2025	129,000
Conversion	(129,000)
<b>Balance at 31 December 2025</b>	<b>–</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 28. DEFERRED TAX LIABILITIES

The Group has not recognised deferred tax assets in respect of tax losses of HK\$75,000,922 (2024: HK\$53,474,701) as at 31 December 2025. Deferred tax assets have not been recognised because it is not probable that future taxable profit will be available against which the Group can utilise benefits therefrom. Under the current tax legislation in Hong Kong, the tax losses amounting to HK\$44,090,841 (2024: HK\$37,877,506) do not have expiry period. Under the current tax legislation in the PRC, the tax losses amounting to HK\$23,633,876 (2024: HK\$5,263,636) can be carried forward for five years from the year when the corresponding loss was incurred. Under the current tax legislation in Taiwan, the tax losses amounting to HK\$7,276,205 (2024: HK\$10,333,559) can be carried forward for ten years from the year when the corresponding loss was incurred.

As at 31 December 2025, deferred tax liabilities have not been established for the withholding tax that would be payable on the undistributed earnings of HK\$59,578,139 (2024: HK\$12,066,629) of certain PRC subsidiaries because the Company controls the dividend policy of these subsidiaries and it is not probable that these subsidiaries will distribute such earnings in foreseeable future (2024: nil).

## 29. SHARE CAPITAL

	2025		2024	
	Number of shares	Nominal value HK\$	Number of shares	Nominal value HK\$
<b>Authorised:</b>				
Ordinary shares of HK\$0.20 each				
At 1 January and 31 December	1,500,000,000	300,000,000	1,500,000,000	300,000,000
<b>Issued and fully paid:</b>				
At 1 January, ordinary shares of HK\$0.20 each	525,347,500	105,069,500	525,347,500	105,069,500
Conversion of shares from convertible bonds (note (a))	55,000,000	11,000,000	–	–
Exercise of share options (note (b))	83,779,250	16,755,850	–	–
At 31 December, ordinary shares of HK\$0.20 each	664,126,750	132,825,350	525,347,500	105,069,500

### Notes:

- (a) During the year ended 31 December 2025, convertible bonds with principal amount of HK\$16,500,000 were converted into 55,000,000 ordinary shares of the Company with HK\$0.20 each at a conversion price of HK\$0.30 per share. The net proceeds were applied to the development of e-commerce business and as general working capital of the Group.
- (b) During the year ended 31 December 2025, certain share option holders exercised their option rights to subscribe for an aggregate of 83,779,250 ordinary shares of the Company with HK\$0.20 each at an exercise price of HK\$0.20 per share and HK\$0.427 per share respectively. The total proceeds of HK\$28,673,350 has been fully applied as working capital of the Group.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. SHARE OPTIONS

### (a) Share Option Scheme

Pursuant to the resolution passed by the shareholders of the Company at the extraordinary general meeting of the Company dated 8 January 2008, a share option scheme (the "Share Option Scheme") was approved and adopted. The summary of the terms of the Share Option Scheme is set out below.

The purpose of the Share Option Scheme is to recognise and motivate the contribution of employees to the growth of the Group. Under the Share Option Scheme, the Board of Directors which shall include the independent non-executive directors may, at its discretion, invite any employees including any executive directors of any companies in the Group to take up options at HK\$1.00 to subscribe for shares in the Company at the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediate preceding the date of grant; and (iii) the nominal value of a share.

The total number of shares which may be issued upon exercise of all options which may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of shares in issue as at the date of approval of the Share Option Scheme.

Under the Share Option Scheme, any employee of the Group is eligible to participate as grantee in and receive share options. Unless approved by the shareholders in the manner set out below, the total number of shares issued and to be issued upon exercise of the share options granted to each participant (including both exercised and outstanding share options) in any 12-month period must not exceed 1 percent of the shares in issue ("Individual Limit"). Where any further grant of share options to a participant would result in the shares issued and to be issued upon exercise of all share options granted and to be granted to such participant (including exercised, cancelled and outstanding share options) exceeding his or her Individual Limit, such further grant must be separately approved by the shareholders in general meeting with such participant and his or her associates abstaining from voting.

The option period in respect of any particular option shall be determined by the Board of Directors, provided that no option shall be exercisable after ten years from the date of its grant.

The share options are fully vested at the date of grant. All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. SHARE OPTIONS (Continued)

### (a) Share Option Scheme (Continued)

Summary of the share options outstanding under the Share Option Scheme during the years ended 31 December 2025 and 2024 are as follows:

#### For the year ended 31 December 2025

Name of participant	As at 1 January 2025	Exercised during the year	Lapsed during the year	As at 31 December 2025	Date of grant	Exercisable period	Exercise price HK\$
<b>Executive directors</b>							
Ms. Lily Wu	4,500,000	-	-	4,500,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
Mr. Chang Wei Wen	4,500,000	(4,500,000)	-	-	3 January 2018	3 January 2018 to 2 January 2028	0.20
Mr. Yang Meng Hsiu	4,500,000	(4,500,000)	-	-	3 January 2018	3 January 2018 to 2 January 2028	0.20
<b>Independent non-executive directors</b>							
Mr. Chan Siu Wing, Raymond	450,000	-	-	450,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
Ms. Wong Ka Wai, Jeanne	450,000	-	-	450,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
	14,400,000	(9,000,000)	-	5,400,000			
<b>Other employees</b>							
In aggregate	22,779,250	(22,279,250)	(500,000)	-	3 January 2018	3 January 2018 to 2 January 2028	0.20
	37,179,250	(31,279,250)	(500,000)	5,400,000			

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. SHARE OPTIONS (Continued)

### (a) Share Option Scheme (Continued)

For the year ended 31 December 2024

Name of participant	As at 1 January 2024	Exercised during the year	Lapsed during the year	As at 31 December 2024	Date of grant	Exercisable period	Exercise price HK\$
<b>Executive directors</b>							
Ms. Lily Wu	4,500,000	–	–	4,500,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
Mr. Chang Wei Wen	4,500,000	–	–	4,500,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
Mr. Yang Meng Hsiu	4,500,000	–	–	4,500,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
<b>Independent non-executive directors</b>							
Mr. Chan Siu Wing, Raymond	450,000	–	–	450,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
Ms. Wong Ka Wai, Jeanne	450,000	–	–	450,000	3 January 2018	3 January 2018 to 2 January 2028	0.20
	14,400,000	–	–	14,400,000			
<b>Other employees</b>							
In aggregate	22,779,250	–	–	22,779,250	3 January 2018	3 January 2018 to 2 January 2028	0.20
	37,179,250	–	–	37,179,250			

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. SHARE OPTIONS (continued)

	As at 1 January 2025 HK\$	Exercised/ lapsed during the year HK\$	As at 31 December 2025 HK\$
Weighted average exercise price per share	0.20	0.20	0.20
Weighted average remaining contractual life of options outstanding as at 31 December 2025			2.01 years
Number of options exercisable as at 31 December 2025			5,400,000
Weighted average exercise price per share of options exercisable as at 31 December 2025			HK\$0.20

	As at 1 January 2024 HK\$	Exercised/ lapsed during the year HK\$	As at 31 December 2024 HK\$
Weighted average exercise price per share	0.20	–	0.20
Weighted average remaining contractual life of options outstanding as at 31 December 2024			3.01 years
Number of options exercisable as at 31 December 2024			37,179,250
Weighted average exercise price per share of options exercisable as at 31 December 2024			HK\$0.20

The Company did not grant any share options under the Share Options Scheme during the years ended 31 December 2025 and 2024. Except as disclosed above, no share options under the Share Options Scheme were forfeited during the year ended 31 December 2025 (2024: no share options were exercised, lapsed or forfeited).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. SHARE OPTIONS (continued)

### (b) New Share Option Scheme

Pursuant to the resolution passed by the shareholders of the Company at the extraordinary general meeting of the Company dated 10 April 2025, a share option scheme (the “New Share Option Scheme”) was approved and adopted. The summary of the terms of the New Share Option Scheme is set out below.

#### *Fair value of share options*

The Group has used Binomial Option pricing model to determine the fair value of the share options as of the grant date. Key assumptions are set as below:

	Year ended December 31, 2025
Exercise Price	HK\$0.427
Risk-free interest rate	2.4%
Dividend Yield	Nil
Expected volatility	67.43%
Vesting date	21 July 2025
Year to expiry	10
Early exercise multiple	2.20

The total expenses recognised in the consolidated income statement in connection with share-based payments scheme granted to the Group’s employees are HK\$9,773,278 for the years ended December 31, 2025 (2024: nil).

The purpose of the New Share Option Scheme is to attract and retain the best available personnel of the Group, to provide additional incentive or rewards to the eligible participants for the contribution or potential contribution to the Group, and to promote the success of the business of the Group. The New Share Option Scheme will give the eligible participants an opportunity to have a personal stake in the Company and will help motivate the eligible participants in optimising their performance and efficiency and attract and retain the eligible participants whose contributions are important to the long-term growth and profitability of the Group. Under the New Share Option Scheme, the Board of Directors which shall include the independent non-executive directors may, at its discretion, invite (i) any employee(s) and director(s) of any member of the Group (“Employee Participant(s)”); and/or (ii) any directors or employees of the holding companies, fellow subsidiaries or associated companies of the Company; and/or (iii) any service providers who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, to take up options at HK\$1.00 to subscribe for shares in the Company at the higher of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheets on the date of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediate preceding the date of grant; and (iii) the nominal value of a share.

The total number of shares which may be issued upon exercise of all options which may be granted under the New Share Option Scheme shall not exceed 10% of the total number of shares in issue as at the date of approval of the New Share Option Scheme.

The option period in respect of any particular option shall be determined by the Board of Directors, provided that no option shall be exercisable after ten years from the date of its grant. Under the New Share Option Scheme, the grantees are employee participants who are senior managers of the Company. No individual grantee has exceeded the applicable grant limit (1 percent of the shares in issue) under the New Share Option Scheme. The exercisable period started from 21 July 2025 without vesting period.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 30. SHARE OPTIONS (continued)

### (b) New Share Option Scheme (Continued)

Summary of the share options movement under the New Share Option Scheme during the year ended 31 December 2025 (2024: nil) are as follows:

Name of participant	As at 1 January 2025	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 December 2025	Date of grant	Exercisable period	Exercise price HK\$
Employees In aggregate	-	52,500,000	(52,500,000)	-	-	21 July 2025	21 July 2025 to 20 July 2035	0.427
	-	52,500,000	(52,500,000)	-	-			

Except as disclosed above, no share options were lapsed or forfeited under the New Share Option Scheme during the year ended 31 December 2025 (2024: nil).

## 31. DEFICIT IN RESERVES

### The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Share premium represents the excess of the net proceeds from issuance of the shares of the Company over its par value, less any dividends paid out of the share premium account and any premium paid for the repurchase of shares of the Company.

Contributed surplus of the Group represents the difference between the nominal value of the share capital and share premium of the subsidiaries acquired pursuant to a group reorganisation conducted in previous years over the nominal value of the share capital of the Company issued in exchange therefore, less share issue expenses.

Share option reserve represents the fair value of outstanding share options at each reporting date, which was measured at the respective grant date of each share option.

Translation reserve of the Group represents the exchange differences on translation of the financial statements of the PRC subsidiaries and a Taiwan subsidiary.

Certain portion of the retained earnings of the Company's PRC subsidiaries is restricted for distribution. Under the relevant PRC laws and regulations, the PRC subsidiaries are required to appropriate at least 10% of profit after tax to general reserve fund until reaching 50% of the registered capital. The general reserve fund can be applied to set-off accumulated losses and to convert into paid-in capital. Such restricted profits included in the Group's accumulated losses amounted to HK\$12,217,998 (2024: HK\$11,221,302).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 31. DEFICIT IN RESERVES (Continued)

### The Company

	Share premium HK\$	Contributed surplus HK\$	Share option reserve HK\$	Convertible bonds reserve HK\$ <i>(note 27)</i>	Other reserves HK\$	Accumulated losses HK\$	Total HK\$
<b>Balance at 1 January 2024</b>	363,340,792	24,190,659	3,299,070	-	7	(457,671,943)	(66,841,415)
Loss for the year and total comprehensive income for the year	-	-	-	-	-	(2,175,338)	(2,175,338)
Issue of convertible bonds <i>(note 27)</i>	-	-	-	129,000	-	-	129,000
<b>Balance at 31 December 2024 and 1 January 2025</b>	<b>363,340,792</b>	<b>24,190,659</b>	<b>3,299,070</b>	<b>129,000</b>	<b>7</b>	<b>(459,847,281)</b>	<b>(68,887,753)</b>
Profit for the year and total comprehensive loss for the year	-	-	-	-	-	14,533,036	14,533,036
Conversion of convertible bonds <i>(note 27)</i>	5,895,778	-	-	(129,000)	-	129,000	5,895,778
Exercise of share options <i>(note 30)</i>	11,917,500	-	(12,548,816)	-	-	12,548,816	11,917,500
Equity-settled share-based payments <i>(note 30)</i>	-	-	9,773,278	-	-	-	9,773,278
Lapse of share options	-	-	(44,367)	-	-	44,367	-
<b>Balance at 31 December 2025</b>	<b>381,154,070</b>	<b>24,190,659</b>	<b>479,165</b>	<b>-</b>	<b>7</b>	<b>(432,592,062)</b>	<b>(26,768,161)</b>

Share premium represents the excess of the net proceeds from issuance of the shares of the Company over its par value, less any dividends paid out of the share premium account and any premium paid for the repurchase of shares of the Company.

Contributed surplus of the Company represents the difference between the combined net assets value of the subsidiaries acquired pursuant to a group reorganisation conducted in previous years over the nominal value of the share capital of the Company issued in exchange therefore, less share issue expenses.

Share option reserve represents the fair value of outstanding share options at each reporting date, which was measured at the respective grant date of each share option.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 32. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION

<i>Notes</i>	2025 HK\$	2024 HK\$
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Property, plant and equipment	704,303	–
Right-of-use assets	1,454,608	1,747,017
Interests in and amounts due from subsidiaries	103,697,425	53,581,460
Deposits and prepayments	848,353	280,454
	<b>106,704,689</b>	55,608,931
<b>Current assets</b>		
Deposits and prepayments	1,179,998	391,995
Cash and cash equivalents	4,007,362	581,121
	<b>5,187,360</b>	973,116
<b>Current liabilities</b>		
Other payables	2,847,420	1,135,893
Lease liabilities	1,255,971	833,773
Amounts due to subsidiaries	1,261,875	719,631
	<b>5,365,266</b>	2,689,297
<b>Net current liabilities</b>	<b>(177,906)</b>	<b>(1,716,181)</b>
<b>Total assets less current liabilities</b>	<b>106,526,783</b>	<b>53,892,750</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 32. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION (Continued)

	<i>Notes</i>	2025 HK\$	2024 HK\$
<b>Non-current liabilities</b>			
Lease liabilities		278,859	979,995
Defined benefit plan obligations		190,735	190,735
Convertible bonds		–	16,540,273
		<b>469,594</b>	17,711,003
<b>Net assets</b>			
		<b>106,057,189</b>	36,181,747
<b>EQUITY</b>			
Share capital	<i>29</i>	132,825,350	105,069,500
Deficit in reserves	<i>31</i>	(26,768,161)	(68,887,753)
<b>Total equity</b>			
		<b>106,057,189</b>	36,181,747

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by:

**Lily Wu**  
Director

**Chang Wei Wen**  
Director

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. INTERESTS IN SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2025 and 2024 are as follows:

Name of company	Place of incorporation/ establishment and operation and kind of legal entity	Particulars of issued capital/paid-up registered capital	Percentage of interest held by the Company		Principal activities
			2025	2024	
<b>Directly held:</b>					
Waystech Group Limited	The BVI, limited liability company	US\$10,000	100%	100%	Investment holding
<b>Indirectly held:</b>					
Cardlink Technology (HK) Limited	Hong Kong, limited liability company	HK\$10,000	100%	100%	Investment holding
Elegant Future (Hong Kong) Limited	Hong Kong, limited liability company	HK\$1	100%	100%	Investment holding and trading of scrap vehicles
Elegant Future (Taiwan) Company Limited	Taiwan, limited liability company	NTD72,166,000	100%	100%	Sales and trading of scrap metals
InterCard Limited	Hong Kong, limited liability company	HK\$10,666,667	100%	100%	Sales of smart cards, system development and provision of research and development, marketing and sales
Kartop (Hong Kong) Limited	Hong Kong, limited liability company	HK\$10,000	100%	100%	Investment in media and entertainment industry
CyberMirage (HK) Limited (formerly known as PMIS Limited)	Hong Kong, limited liability company	HK\$10,000	100%	100%	Development and provision of smart card application systems and provision of private domain e-commerce platform
Shanxi Dongchuang ( <i>note 37</i> )	The PRC, limited liability company	Nil	100% ( <i>note</i> )	100%	Provision for operating a pan-entertainment digital ecosystem membership e-commerce platform
Nova Digital Labs Limited (formerly known as Dongchuang Digital Entertainment (H.K.) Technology Company Limited)	Hong Kong, limited liability company	HK\$100	100%	–	Investment holding

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 33. INTERESTS IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ establishment and operation and kind of legal entity	Particulars of issued capital/paid-up registered capital	Percentage of interest held by the Company		Principal activities
			2025	2024	
Billion Apex Limited	The BVI, limited liability company	US\$1	100%	100%	Investment holding
Fine Wise Holdings Limited	The BVI, limited liability company	US\$100	100%	100%	Investment holding
HOTA Recycling Group Corporation	The Cayman Island, limited liability company	US\$1	100%	100%	Investment holding
Ultra Force Holdings Limited	The BVI, limited liability company	US\$1	100%	100%	Investment holding
China Phoenitron Energy Shares Limited	Hong Kong, limited liability company	HK\$1,000,000	100%	100%	Inactive
Manibo Limited	The Republic of Mauritius, limited liability company	US\$1	100%	100%	Investment holding
Beijing Tecsun Venus Technology Limited	The PRC, limited liability company	US\$1,781,842	100%	100%	Investment holding
Top Wise Technology (Shenzhen) Limited	The PRC, limited liability company	HK\$10,000,000	100%	100%	Smart cards manufacturing and sales

None of the subsidiaries has issued any debt securities at the end of the year (2024: nil).

*Note:*

At 31 December 2025, Shanxi Dongchuang's registered capital has not been fully paid up and the aggregated unpaid share capital amounted to RMB2,000,000 (2024: RMB2,000,000) and is to be paid up before 7 July 2028.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 34. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to those disclosed elsewhere in the consolidated financial statements, the following transactions were carried out by the Group in the ordinary course of business with related parties.

### (a) Transactions with related parties

Related party relationship	Type of transactions	2025 HK\$	2024 HK\$
Mr. Tsai, a substantial shareholder of the Company	Consultancy fee expense	1,580,000	1,380,000
	Salaries and allowances	250,368	244,897
	Rental expense relating to short-term leases	267,762	261,931
	Non-interest bearing borrowings – repayments	–	987,342
A related party	Revenue from smart card technical advisory and consultancy services <i>(note)</i>	151,174	2,002,272

*Note:*

During the year ended 31 December 2025, one of the subsidiaries of the Company provided smart card technical advisory and consultancy services with a company, of which Mr. Guo Rongxiang, an executive director of the Company, has the equity interest in and is the managing director and legal representative.

### (b) Year end balances with related parties

Related party relationship	Type of balances	2025 HK\$	2024 HK\$
A related company	Other payables <i>(note i)</i>	1,600,000	–
Related companies	Other receivables <i>(note ii)</i>	4,917,127	–
	Prepayment for system development expense	1,723,757	–
	Prepayment for traffic service expense	1,104,972	–

*Note:*

- i. On 31 December 2025, the Group received a non-interest-bearing loan of HK\$1,600,000 from Golden Dice Co. Ltd., a company in which Mr. Tsai is a director, with no fixed repayment term, and the loan was provided for revolving working capital purposes.
- ii. During the year ended 31 December 2025, one of the subsidiaries of the Company advanced a loan of HK\$4,143,646 bears interest of 4% annually and repayable within 6 months and loan of HK\$773,481 bears interests of 4% annually and repayable within 1 year to the related companies, of which Mr. Guo Rongxiang, an executive director of the Company, has the equity interest in and is the managing director and legal representative of the related companies.

### (c) Compensation of key management personnel

Members of key management personnel during the year comprised the directors of the Company whose remunerations are set out in note 15.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 35. COMMITMENTS

As at the end of the reporting period, the Group had significant commitments as follows:

### (a) Capital commitments

	2025 HK\$	2024 HK\$
Contracted but not provided for:		
– Acquisition of property, plant and equipment	120,685	192,846

### (b) Short-term lease commitments

*As lessee*

At the reporting date, the lease commitments for short-term leases are as follows:

	2025 HK\$	2024 HK\$
Within one year	81,669	43,024

As at 31 December 2025, the Group leases two offices (2024: one office) with a lease period of 3 to 12 months, which is qualified to be accounted for under short-term lease exemption under HKFRS 16.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 36. CASH FLOW INFORMATION

### Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Other borrowings – shareholder's loans HK\$	Other borrowings – other loans HK\$	Convertible bonds HK\$	Lease liabilities HK\$
<b>At 1 January 2024</b>	987,342	–	–	6,827,438
<b>Changes from financing cash flows:</b>				
– Proceeds from other borrowings	–	325,000	–	–
– Repayments of other borrowings	(987,342)	(318,902)	–	–
– Proceeds from the Convertible Bonds	–	–	15,500,000	–
– Payment of capital element	–	–	–	(3,267,581)
– Payment of interest element	–	–	–	(227,180)
<b>Other changes:</b>				
– Deposit received from the holder of the convertible bonds, included in other payables and accrual, in prior year	–	–	1,000,000	–
– Transaction cost of the Convertible Bonds, included in other receivables, deposits and prepayments, in prior year	–	–	(107,846)	–
– Equity component of the Convertible Bonds	–	–	(129,000)	–
– Exchange realignment	–	(6,098)	–	(69,983)
– Entering into new leases	–	–	–	481,200
– Interest expense	–	–	277,119	227,180
<b>At 31 December 2024 and 1 January 2025</b>	–	–	<b>16,540,273</b>	<b>3,971,074</b>
<b>Changes from financing cash flows:</b>				
– Proceeds from other borrowings	–	1,000,000	–	–
– Repayments of other borrowings	–	(1,000,000)	–	–
– Advanced from related party	–	1,600,000	–	–
– Conversion of Convertible Bonds	–	–	(16,895,778)	–
– Payment of capital element	–	–	–	(3,354,769)
– Payment of interest element	–	–	–	(168,531)
<b>Other changes:</b>				
– Exchange realignment	–	–	–	57,448
– Entering into new leases	–	–	–	4,750,934
– Interest expense	–	–	355,505	168,531
<b>At 31 December 2025</b>	–	<b>1,600,000</b>	–	<b>5,424,687</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 37. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 13 December 2024, 北京德生萬利時印藝科技有限公司 (Beijing Desheng Wanlizi Printing Arts Technology Company Limited\*), a wholly-owned subsidiary of the Company entered into a share transfer framework agreement with four independent vendors (the "Vendors"), pursuant to which the Group agreed to acquire the entire registered capital of Shanxi Dongchuang at a cash consideration to the Vendors of RMB240,000 (equivalent to HK\$258,065). The acquisition was completed on 31 December 2024 (the "Acquisition Date").

As at the Acquisition Date, Shanxi Dongchuang held the pan-entertainment digital ecosystem membership e-commerce platform – Dongchuang E-Commerce App Service Platform. After the acquisition, such platform has commenced trial operations and primarily provides entertainment e-commerce with private domain traffic, including the provision of digital products and services. The acquisition had been accounted for as acquisition of assets.

Assets acquired and liabilities assumed at the Acquisition Date were as follows:

	HK\$
Intangible asset ( <i>note 19</i> )	4,286,589
Other receivables	114,286
Cash and cash equivalents	104,902
Amount due to the Group	(2,150,537)
Accruals and other payables ( <i>note</i> )	(2,097,175)
<b>Net assets of Shanxi Dongchuang</b>	<b>258,065</b>

Cashflow movement in relation to the acquisition during the year ended 31 December 2024:

	HK\$
Cash consideration paid to the Vendors	(258,065)
Cash consideration paid to the supplier of the intangible asset on behalf of Shanxi Dongchuang before the Acquisition Date	(2,150,537)
<b>Total cash consideration</b>	<b>(2,408,602)</b>
Cash and cash equivalents	104,902
<b>Net cash outflow arising on acquisition of assets through acquisition of a subsidiary</b>	<b>(2,303,700)</b>

*Note:*

As at the Acquisition Date, accruals and other payables included payable for acquisition of intangible asset with carrying amount of RMB1,560,000 (equivalent to HK\$1,663,113) due to a related company, of which Mr. Guo, an executive director of the Company, has the equity interest in and is the managing director and legal representative, and one of the Vendors has the equity interest.

As at the Acquisition Date, accruals and other payables also included payable for acquisition of intangible asset with carrying amount of RMB400,000 (equivalent to HK\$426,439) due to a company, of which two of the Vendors have the equity interest in and is the managing director and legal representative, respectively.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk and foreign currency risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

In light of the simplicity of the operations, the risk management of the Group is carried out by the Board of Directors directly. The Board of Directors discusses both formally and informally principles for overall risk management, as well as policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk, liquidity risk and use of financial instruments.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

### 38.1 Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2025 HK\$	2024 HK\$
<b>Financial assets</b>		
Financial assets at FVTPL		
– Investment in TV programmes	26,593,407	31,663,113
Financial assets at amortised cost		
– Trade and other receivables and deposits	14,460,073	11,526,014
– Cash and cash equivalents	41,877,803	13,822,703
	<b>82,931,283</b>	57,011,830
<b>Financial liabilities</b>		
Financial liabilities at amortised cost		
– Trade and other payables	10,876,664	15,832,350
– Lease liabilities	5,424,687	3,971,074
– Convertible bonds	–	16,540,273
	<b>16,301,351</b>	36,343,697

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

### 38.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2025 and 2024 is the carrying amount as disclosed in note 38.1.

#### (i) Trade receivables

The Group's policy is to deal only with credit worthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment. When considered appropriate, customers may be requested to provide proof as to their financial position. Where available at reasonable cost, external credit ratings and/or reports on customers are obtained and used. Customers who are not considered creditworthy are required to pay in advance or on delivery of goods. Payment record of customers is closely monitored. It is not the Group's policy to request collateral from its customers.

In addition, as set out in note 2.7, the Group assesses ECL under HKFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the payment profile for sales in the past 36 months as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk and no historical default in the past few years, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 90 days from the due date and failure to engage with the Company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

### 38.2 Credit risk (Continued)

#### (i) Trade receivables (Continued)

On the above basis, the ECL for trade receivables as at 31 December 2025 and 2024 was determined as follows:

	Current HK\$	1-30 days past due HK\$	31-90 days past due HK\$	Total HK\$
Ageing based on the due date				
<b>As at 31 December 2025</b>				
ECL rate	0.00%	0.00%	0.00%	
Gross carrying amount				
– trade receivables	6,336,956	75,058	158,061	6,570,075
Lifetime ECL	–	–	–	–
<b>As at 31 December 2024</b>				
ECL rate	0.00%	0.00%	0.00%	
Gross carrying amount				
– trade receivables	8,546,096	1,837,431	2,772	10,386,299
Lifetime ECL	–	–	–	–

The movement in the ECL allowance of trade receivables is as follows:

	2025 HK\$	2024 HK\$
Balance at 1 January	–	–
ECL allowance recognised/(reversed) during the year	–	–
Balance at 31 December	–	–

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

### 38.2 Credit risk (Continued)

#### (ii) Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and deposits and bank balances. In order to minimise the credit risk of other receivables, the management would make periodic collective and individual assessment on the recoverability of other receivables based on historical settlement records and past experience as well as current external information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of other receivables is considered to be low. It is not the Group's policy to request collateral from its other debtors.

The management is of opinion that there is no significant increase in credit risk on these other receivables since initial recognition as the risk of default is low after considering the factors as set out in note 2.7 and, thus, ECL recognised is based on 12-month ECL and the impact of ECL is insignificant for the years ended 31 December 2025 and 2024.

The credit risks on bank balance are considered to be insignificant because the counterparties are banks/ financial institutions with high credit ratings assigned by international credit-rating agencies.

The policy to manage credit risk has been followed by the Group since prior years is considered to be effective.

The movement in the ECL allowance of other receivables and deposits is as follows:

	2025 HK\$	2024 HK\$
Balance at 1 January	683,165	626,851
ECL allowance recognised during the year	13,227	56,314
Exchange differences	(117,914)	–
Balance at 31 December	578,478	683,165

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

### 38.3 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management.

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants by reviewing each operating entity's cash flow forecast, to ensure that the Group maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions and related parties to meet its liquidity requirements in the short and longer term. The liquidity policy has been followed by the Group since prior years and is considered to have been effective in managing liquidity risks.

	Within 1 year or on demand HK\$	Over 1 year but within 5 years HK\$	Total undiscounted amount HK\$	Carrying amount HK\$
<b>At 31 December 2025</b>				
Trade and other payables	10,876,664	-	10,876,664	10,876,664
Lease liabilities	3,546,071	2,115,146	5,661,217	5,424,687
	<b>14,422,735</b>	<b>2,115,146</b>	<b>16,537,881</b>	<b>16,301,351</b>
<b>At 31 December 2024</b>				
Trade and other payables	15,832,350	-	15,832,350	15,832,350
Lease liabilities	2,917,652	1,196,262	4,113,914	3,971,074
Convertible bonds	-	18,975,000	18,975,000	16,540,273
	<b>18,750,002</b>	<b>20,171,262</b>	<b>38,921,264</b>	<b>36,343,697</b>

### 38.4 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk mainly arises from bank balances.

The Group conducts periodical review to determine preferred interest rates mix appropriate for the business profile. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The policy to manage interest rate risk has been followed by the Group since prior years is considered to be effective.

The Group has no significant exposure to interest rates risk as the Group currently has no material financial assets and liabilities with floating interest rates.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

### 38.5 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposures to currency risk arise from its investment in TV programmes and overseas sales and purchases, which are primarily denominated in RMB and US\$. These are not the functional currencies of the group entities to which these transactions relate.

To mitigate the Group's exposure to foreign currency risk, cash flows in foreign currencies are monitored into in accordance with the Group's risk management policies. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. The policy to manage foreign currency risk has been followed by the Group since prior years and is considered to be effective.

#### *Summary of exposure*

The carrying amounts of the Group's financial assets and financial liabilities denominated in a currency other than functional currency of the respective group entities at the end of each year are as follows:

	2025		2024	
	Exposure of RMB HK\$	Exposure of US\$ HK\$	Exposure of RMB HK\$	Exposure of US\$ HK\$
Trade and other receivables and deposits	25,435,578	5,671,104	1,066,098	7,887,259
Investment in TV programmes	26,593,407	–	31,663,113	–
Cash and cash equivalents	7,135	14,979,074	10,066	1,657,799
Trade and other payables	–	(1,489,352)	–	(683,334)
Gross exposure arising from recognised financial assets and financial liabilities	52,036,120	19,160,826	32,739,277	8,861,724

#### *Sensitivity analysis*

As HK\$ is pegged to US\$, the directors of the Company consider that the Group's exposure on foreign currency risk in respect of US\$ is not significant. The following table illustrates the sensitivity of the Group's profit (2024: profit) for the year and accumulated losses in regards to a 5% (2024: 5%) appreciation in the group entities' functional currencies against other foreign currencies. The 5% (2024: 5%) is the rate used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates.

The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period has been determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial year and held constant throughout the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

## 38. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (continued)

### 38.5 Foreign currency risk (Continued)

*Sensitivity analysis (Continued)*

	2025 Decrease/ (increase) in profit for the year and increase/ (decrease) in accumulated losses HK\$	2024 Decrease/ (increase) in profit for the year and increase/ (decrease) in accumulated losses HK\$
Changes in exchange rate:		
HK\$ appreciate by 5% (2024: 5%) against RMB	1,330,027	1,636,964
HK\$ depreciate by 5% (2024: 5%) against RMB	(1,330,027)	(1,636,964)

The sensitivity analysis for the year ended 31 December 2024 has been prepared on the same basis. Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions.

### 38.6 Fair value measurements of financial instruments

The Group's financial instruments classified within Level 3 of the fair value hierarchy represent the investment in TV programmes, the valuation process and the reconciliation of its carrying amounts as at 31 December 2025 and 2024 are disclosed in note 23. Except as disclosed above, all other financial instruments are carried at amortised cost with amounts not materially different from their fair values as at 31 December 2025 and 2024.

## 39. CAPITAL MANAGEMENT

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The capital structure of the Group consists of debt, which included convertible bonds as disclosed in note 27, and equity attributable to the owners of the Company, comprising share capital and deficits in reserves disclosed in the consolidated statement of changes in equity. No changes in the objectives, policies or processes for managing capital were made during the year.

For the year ended 31 December 2025, the Group entered into agreements to purchase equipment for the new plant as disclosed in note 22. Partial prepayments were paid and the remaining balance of HK\$120,685 (2024: HK\$192,846) will be paid within 12 months after the financial year ended 31 December 2025.

The Group monitors capital on the basis of gearing ratio. The ratio defined and calculated by the Group as total borrowings including lease liabilities expressed as a percentage of total assets, was 3.9% (2024: 26.3%) as at 31 December 2025.

# Financial Summary

For the year ended 31 December 2025

The following is a summary of the consolidated results and consolidated assets and liabilities of the Group for each of the five years ended 31 December 2025:

## CONSOLIDATED RESULTS

	2021 HK\$	2022 HK\$	2023 HK\$	2024 HK\$	2025 HK\$
Revenue	72,755,127	58,482,208	79,104,966	59,583,826	<b>145,591,164</b>
(Loss)/profit from operations	(4,800,947)	(7,450,665)	4,523,991	956,107	<b>27,386,588</b>
Finance costs	(387,224)	(284,865)	(194,276)	(504,299)	<b>(524,036)</b>
(Loss)/profit before income tax	(5,188,171)	(7,735,530)	4,329,715	451,808	<b>26,862,552</b>
Income tax credit/(expense)	(574,887)	–	4,707	–	<b>(14,381,991)</b>
(Loss)/profit for the year	(5,763,058)	(7,735,530)	4,334,422	451,808	<b>12,480,561</b>

## CONSOLIDATED ASSETS AND LIABILITIES

	2021 HK\$	2022 HK\$	2023 HK\$	2024 HK\$	2025 HK\$
Non-current assets	48,891,615	42,386,503	42,542,733	47,338,871	<b>50,480,537</b>
Current assets	36,327,425	23,931,512	26,519,196	30,795,215	<b>88,163,332</b>
Current liabilities	34,585,922	27,390,762	24,698,994	19,174,764	<b>26,469,144</b>
Non-current liabilities	5,154,467	2,238,735	3,923,115	18,034,696	<b>2,390,812</b>