



Sinopharm Tech Holdings Limited
國藥科技股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8156)

2026 Annual Report



CHARACTERISTICS OF GEM ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

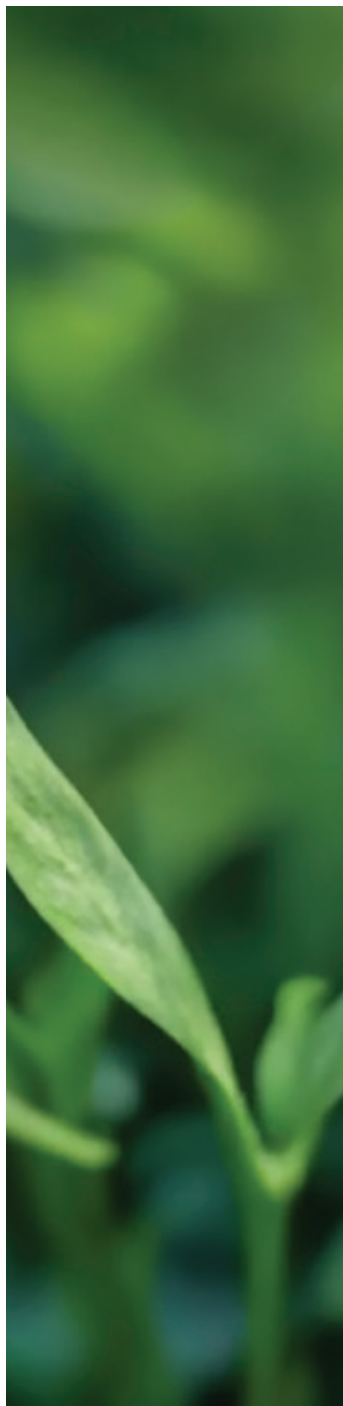
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*This annual report, for which the directors (the "**Directors**") of Sinopharm Tech Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the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



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. CHIU Sin Nang Kenny
Ms. KWOK Shuk Yi

Non-executive Director

Dr. CHENG Yanjie (*retired on 19 December 2025*)

Independent Non-executive Directors

Mr. LAU Fai Lawrence
Mr. HEUNG Pik Lun
Mr. DIU Peter (*elected on 19 December 2025*)
Mr. YU Ping Ming (*elected on 19 December 2025*)
Mr. HSU Dong An (*resigned on 19 December 2025*)

AUDIT COMMITTEE

Mr. LAU Fai Lawrence (*Chairperson*)
Mr. HEUNG Pik Lun
Mr. DIU Peter (*appointed on 19 December 2025*)
Mr. YU Ping Ming (*appointed on 19 December 2025*)
Mr. HSU Dong An (*resigned on 19 December 2025*)

REMUNERATION COMMITTEE

Mr. LAU Fai Lawrence (*Chairperson*)
Mr. CHIU Sin Nang Kenny
Ms. KWOK Shuk Yi (*appointed on 19 December 2025*)
Mr. HEUNG Pik Lun
Mr. DIU Peter (*appointed on 19 December 2025*)
Mr. YU Ping Ming (*appointed on 19 December 2025*)
Mr. HSU Dong An (*resigned on 19 December 2025*)

NOMINATION COMMITTEE

Mr. LAU Fai Lawrence (*Chairperson*)
(*appointed on 19 December 2025*)
Mr. CHIU Sin Nang Kenny
Ms. KWOK Shuk Yi (*appointed on 19 December 2025*)
Mr. HEUNG Pik Lun
Mr. DIU Peter (*appointed on 19 December 2025*)
Mr. YU Ping Ming (*appointed on 19 December 2025*)
Mr. HSU Dong An (*resigned on 19 December 2025*)

AUTHORISED REPRESENTATIVES

Mr. CHIU Sin Nang Kenny
Ms. KWOK Shuk Yi

COMPANY SECRETARY

Mr. KWOK Cho Yee Joyee
(*appointed on 23 October 2025*)
Ms. WONG Chi Ling (*resigned on 23 October 2025*)

AUDITOR

Suya WWC CPA Limited

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China

REGISTERED OFFICE IN CAYMAN ISLANDS

P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1802, 18/F, Ruttonjee House
Ruttonjee Centre, 11 Duddell Street
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

STOCK CODE

8156

COMPANY WEBSITE

www.sinopharmtech.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 30 June 2026 (the “**Reporting Period**”), the Group adhered to its core strategy of “Empowering Health through Technology” and continued the support from its two core businesses — the Healthcare Industry and Pharmaceutical Supply Chain Services — while accelerating digital transformation through the application of artificial intelligence and big data technologies to continuously enhance its core competitiveness. Despite multifaceted pressures arising from macroeconomic fluctuations and adjustments in market demand trend, the Group, with its clear strategic positioning and robust operational foundation, proactively responded to market changes and seized opportunities, driving its business towards high-quality development.

Two Core Business Segments: Healthcare Industry and Pharmaceutical Supply Chain Services

The Healthcare Industry and Pharmaceutical Supply Chain Services businesses remained the Group’s core operational pillars during the Reporting Period. The Group closely followed global development trends, driving AI-powered digital transformation and technology enablement to continuously optimise operational efficiency and service standards.

Built upon an AI-driven operational framework, the Group systematically employs advanced data analytics tools to precisely assess customer demand, sales trends, and inventory levels. This approach enables the Group to maintain accurate procurement processes and flexible inventory adjustments, ensuring operational resilience amidst slowing market momentum. Furthermore, leveraging our accumulated expertise in product procurement and supply chain management over the years, coupled with data-driven insights, the Group continues to provide clients with efficient, tailor-made one-stop solutions.

The Group, through its subsidiaries, advanced the distribution layout of pharmaceutical and healthcare products in Mainland China. During the Reporting Period, the revenue of the pharmaceutical supply chain business segment recorded a significant decline. This was mainly attributable to changes in the market environment, intensified industry competition, and a decline in purchasing power, which in the short term increased operating costs and inventory turnover pressure; on the other hand, the recovery of retail customer-end demand in Mainland China fell short of expectations, exerting pressure on distribution volumes and pricing capabilities. In response to these market changes and challenges, the Group promptly implemented countermeasures, including optimising products mix, strengthening price negotiation collaboration with core brand owners, and adjusting regional inventory allocations. Despite the revenue adjustment in this segment, our mature supply chain system and resource integration capabilities have enabled us to maintain reliable product delivery, optimise coverage across major provinces and municipalities, and solidify long-term partnerships with key brand owners. At the same time, by translating data-driven market insights into actionable demand analysis, the Group continues to assist clients in navigating evolving market conditions, thereby laying the solid foundation for sustainable long-term business growth.

Future Outlook

Looking ahead to the coming year, the Group is confident in its business development prospects. The Group will continue to leverage its solid business foundation and continuously optimise its operation model to actively seize opportunities arising from the growth in demand from the healthcare industry and pharmaceutical products, supply chain efficiency enhancements, and the expansion of service scopes. The Group will further deepen the integration of the use of artificial intelligence with its core businesses, focusing on the application of AI in key areas such as market trend forecasting, intelligent supply chain management, customer demand insights, and operational process optimisation, to achieve higher levels of operational efficiency and value-added services.

MANAGEMENT DISCUSSION AND ANALYSIS

With respect to the pharmaceutical supply chain business, the Group places great emphasis on the evolving trends of the pharmaceutical regulatory policy environment in Mainland China. We will continue to closely monitor the latest developments in Mainland China regulations governing pharmaceutical circulation, and regularly conduct compliance risk assessments and business stress tests. Concurrently, the Group will strengthen communication and collaboration with industry business associations and pharmaceutical regulatory authorities to ensure that its operation model can develop forward-looking adaptabilities to act fast to external policy adjustments and changes. Through the establishment of an agile decision-making response system, the Group strives to identify impacts, assess risks, and promptly formulate and execute corresponding contingency measures at the first instance when changes occur in the policy and market environment, thereby safeguarding the stable operation and sustainable growth of the business to the greatest extent.

Furthermore, it is encouraging that the Government of the Hong Kong Special Administrative Region, in the 2026–27 Budget, explicitly identified artificial intelligence as a core driver of Hong Kong’s high-quality development and announced the establishment of a dedicated “AI+ and Industry Development” promotion mechanism to accelerate the transformation and widespread adoption of the AI industry. As an enterprise possessing both pharmaceutical supply chain capabilities and technological innovation strengths, the Group’s strategic positioning is highly aligned with the government’s policy direction. The Group is confident that this policy environment will provide more favourable development conditions and resource support for the Group’s exploration and expansion in areas such as AI+ healthcare, life and health technology, and data science.

The Group will actively seize the relevant opportunities and continue to evaluate and explore new growth pathways for AI+ business applications, including the provision of digital health platform services, smart logistics solutions, and health technology product R&D. The Group will further establish a regularised progress evaluation mechanism for AI+ businesses, periodically reviewing each project’s stage of technological maturity, market demand alignment, and commercialisation feasibility. At the same time, the Group will closely monitor cutting-edge developments in the biotechnology field and actively explore the cross-application of biotechnology and AI technologies to uncover potential commercial value. By establishing clear phased evaluation milestones and decision-making thresholds, the Group strives to commit resources to advance projects with commercial potential into the next stage of development under the premise of ensuring manageable risks, gradually building a diversified and sustainable business portfolio that injects new momentum into the Group’s long-term development.

To safeguard profitability and establish a robust structure capable of withstanding market cycles and changes, at the organisational and operational levels, the Group will continue to promote structural optimisation and talent integration. By leveraging the synergistic effects of the Group’s professional teams and intelligent systems, the Group is able to enhance cross-departmental efficiency and work quality while effectively controlling administrative and operational costs, thereby providing solid support for strategy implementation. These internal optimisation measures ensure that the Group remains agile, cost-effective, and well-equipped in driving its core objectives.

We are fully confident in the Group’s future development and will, as always, continue to create long-term value for our shareholders and stakeholders with a humble and pragmatic attitude and a proactive and enterprising spirit.

Management’s Acknowledgement

The Group sincerely thanks all employees, partners, and shareholders for their continued support and trust during the Reporting Period. The Group will continue to move forward with all stakeholders together to create a better future.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the Reporting Period, the Group recorded revenue of approximately HK\$45.6 million, representing a decrease of approximately 26% over the revenue of approximately HK\$61.3 million for the same period in 2025. Decrease in revenue was primarily driven by the decrease in market demand for pharmaceutical supply chain services.

The gross profit for the Reporting Period of approximately HK\$6.4 million represented a decrease of approximately 55% over the gross profit of approximately HK\$14.2 million in the corresponding period in 2025. Decrease in gross profit was mainly due to the reasons as decrease in revenue and lower gross profit margin for rendering the supply chain services of pharmaceutical products during the Reporting Period.

The Group recorded a loss attributable to owners of the Company of approximately HK\$9.1 million for the Reporting Period (2025: approximately HK\$0.8 million). The Board believes the major reasons for the increase in the loss attributable to equity holders were mainly due to the net effect of, among other things, (i) a significant year-on-year decrease in revenue for the Group's supply chain services business and (ii) an increase in selling and distribution expenses during the Reporting Period.

SEGMENTAL INFORMATION

The Internet Plus solution services segment did not generate any revenue during the Reporting Period, which is consistent with the previous financial year. The Group has maintained a prudent approach in assessing the market potential and practical application of such solutions and will continue to monitor market developments and customer demand before committing additional resources to this business line, ensuring that any future investment aligns with our refined strategic objectives and offers clear potential for sustainable returns.

Supply chain services business recorded a decrease in overall revenue as the result of lower demand of the supply chain services of pharmaceutical products during the Reporting Period. The revenue of supply chain services recorded approximately HK\$45.6 million, representing a decrease of approximately 26% in total revenue over the revenue of approximately HK\$61.3 million for the same period of the last financial year. The gross profit recorded approximately HK\$6.4 million with the margin of approximately 14% for the Reporting Period comparing with approximately HK\$14.2 million with the margin of approximately 23% for the same period of the last financial year. Further details of the development of supply chain services business are set out in the section headed "Business Review" of the "Management Discussion and Analysis" of this annual report.

The manufacturing and distribution of personal protective equipment segment remained suspended throughout the Reporting Period, consistent with our strategic decision to scale down this non-core activity following the normalization of market demand. No revenue was generated from this business segment during the Reporting Period. Management will continue to assess the industry landscape and evaluate potential resource redeployment options should favorable market conditions re-emerge, while maintaining our primary focus on core healthcare and supply chain operations.

The segmental performance during the Reporting Period demonstrates the effectiveness of our strategic repositioning and the successful execution of our focused business strategy. The significant improvement in our supply chain services segment, particularly in both revenue growth and profitability, validates our decision to concentrate resources on this core business area while reducing exposure to non-core and underperforming segments.

MANAGEMENT DISCUSSION AND ANALYSIS

VALUE OF INPUTS, BASIS AND KEY ASSUMPTIONS FOR CASH-GENERATING UNIT (“CGU”) IMPAIRMENT ASSESSMENT

The Group continues to employ the Value in Use (VIU) method to determine the recoverable amount of its CGUs, which the Directors believe the same remains the most appropriate valuation methodology. The VIU calculation is based on estimated future cash flows projected to be derived from each CGU, discounted to their present value using discount rates that reflect current market assessments of the time value of money and risks specific to the assets. These projections incorporate financial budgets and operational forecasts approved by the Directors.

There have been no changes in the valuation methodology or in the key assumptions — including discount rates, long-term growth rates, and margin expectations — applied in the impairment assessment compared to prior years. The Group maintains consistency in the application of these critical estimates to ensure the reliability and comparability of its impairment evaluations. No impairment loss on relevant CGUs was required for the year ended 30 June 2026 and 30 June 2025.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group’s liquidity position and capital structure demonstrated notable improvement during the Reporting Period, reflecting the successful execution of our strategic financial initiatives and operational restructuring and proactive financial position management.

As at 30 June 2026, the Group maintained bank balances and cash of approximately HK\$5.6 million (2025: approximately HK\$6.9 million), predominantly denominated in Hong Kong dollars and Renminbi. Current assets amounted to approximately HK\$21.0 million (2025: approximately HK\$49.1 million), primarily consisting of inventories, trade and other receivables, prepayments, and cash balances.

Current liabilities were significantly reduced to approximately HK\$55.4 million (2025: approximately HK\$68.4 million), mainly comprising trade payables, other borrowings, accruals, other payables, and amounts due to a shareholder. The substantial decrease in current liabilities demonstrates the Group’s successful efforts in debt management and financial position optimization.

The gearing ratio, calculated as total interest-bearing borrowings divided by total assets, was approximately 75.8% as at 30 June 2026 (2025: approximately 9%). Increase in gearing ratio was mainly due to decrease in total assets.

The Group remains focused on maintaining sufficient liquidity to support ongoing operations and strategic initiatives while ensuring prudent financial management and sustainable growth.

CAPITAL COMMITMENTS

The Group had no capital commitments from operations as at 30 June 2026 (30 June 2025: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group mainly generates revenue and incurs expenses in Hong Kong dollars, U.S. dollars and Renminbi (“RMB”). The management is aware of the possible exchange rate exposure resulted from the fluctuation of RMB against the Hong Kong dollars and will closely monitor its impact on the performance of the Group to determine if any hedging policy is necessary. With regard to the U.S. dollars, foreign exchange exposure would be minimal so long as the Hong Kong Government’s policy to peg the Hong Kong dollars to the U.S. dollars remains in force.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

The Group has no contingent liabilities as at 30 June 2026 (30 June 2025: Nil). No asset of the Group was pledged as security to any third parties as at 30 June 2026 (30 June 2025: Nil).

CAPITAL STRUCTURE

The completion of capital reorganisation and loan capitalisation on 15 November 2024 have improved gearing, and reinforced the equity base, creating a more sustainable capital framework for future growth.

During the Reporting Period, the capital structure of the Group consisted of issued share capital and reserves. On 15 November 2024, upon completion of the loan capitalisation, the Company has allotted and issued a total number of 450,000,000 ordinary shares at HK\$0.1 per ordinary share and 1,480,151,050 non-voting convertible preference shares ("CPS(s)") at HK\$0.1 per CPS. As at 30 June 2026, the total numbers of issued shares of the Company comprise 633,693,055 ordinary shares and 1,480,151,050 CPSs respectively, both with a par value of HK\$0.0125 each.

The Group's capital structure now provides a stable platform to support strategic investments — especially in expanding AI-driven supply chain analytics — to further enhance responsiveness, efficiency, and profitability. The management remains committed to prudent cash flow management, maintaining an optimal balance between liquidity and investment for long-term value creation.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this annual report, during the Reporting Period, the Group did not make any significant investment or material acquisition or disposal of subsidiaries, associates and joint ventures.

The disposals of the two non-core subsidiaries of the Group as disclosed in Note 31 to the Consolidated Financial Statements of this annual report did not constitute notifiable transactions under Chapter 19 of the GEM Listing Rules.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at the date of this annual report, the Directors did not have any future plans for material investments or capital assets. The management will continue to monitor the industry and review its business expansion plans at regular intervals, so as to take necessary measures in the best interests of the Group.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2026, the Group had 31 (2025: 32) employees in Hong Kong and the PRC, including the Directors. The total staff cost, excluding the Directors' remuneration, for the Reporting Period amounted to approximately HK\$2.6 million (2025: HK\$3.3 million).

The Directors' and employees' remunerations are determined with reference to their performance, qualifications, experience, positions and the current trend. Apart from the basic salary, participation in the mandatory provident fund scheme and staff benefits including medical and training programs, share options may be granted to individual employees based on performance evaluation in order to provide incentives and rewards.

PROFILES OF DIRECTORS

The profiles of the Directors as at the date of this annual report are as follows:

DIRECTORS

Executive Directors

Mr. CHIU Sin Nang Kenny, aged 64, is an executive director and authorised representative of the Company, a member of the remuneration committee and nomination committee of the Company. He is also a director of subsidiaries of the Company. Mr. CHIU joined the Group in June 2025. He is a professional accountant (FCPA) in Hong Kong and Australia, with over 35 years of experience in financial accounting and corporate management. Mr. CHIU currently serves as a non-executive director of China Changbaishan International Holdings Limited (formerly known as Hua Yin International Holdings Limited) (Stock Code: 0989), the securities of which are listed on the Stock Exchange and a director of Hong Kong International Family Office Limited. He has previously held executive director position at Kin Shing Holdings Limited (Stock Code: 1630), the securities of which are listed on the Stock Exchange and independent non-executive director positions in various listed companies the securities of which are listed on the Stock Exchange, including Keyne Limited ("**Keyne**") (formerly known as Nine Express Limited (Stock Code: 0009), Sincere Watch (Hong Kong) Limited (Stock Code: 0444), Baijin Life Science Holdings Limited (formerly known as Affluent Partners Holdings Limited) (Stock Code: 1466), Coolpad Group Limited (Stock Code: 2369), and Kingston Financial Group Limited (Stock Code: 1031) (the securities of which were listed on the Stock Exchange and delisted in February 2023).

Mr. CHIU holds a Master of Accountancy (MAcc) from The Chinese University of Hong Kong, an Executive Master of Professional Accountancy (EMPAcc) and a Chief Financial Officer (CFO) qualification from the National Accounting Institute of Shanghai, a Master of Commerce (Mcom) from the University of New South Wales in Australia, a Bachelor of Laws (LLB) from Peking University, a Bachelor of Administrative Studies (BAS) and a Bachelor of Arts (BA) in Economics from York University in Canada.

Mr. CHIU was an independent non-executive director of Keyne from 23 June 2015 to 1 July 2022. The Listing Committee of the Stock Exchange criticised, inter alia, Mr. CHIU for breaches of his obligations under the Declaration and Undertaking given to the Stock Exchange for failing to use his best ability to comply with the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and procure Keyne to comply with the Listing Rules. For further details, please refer to the regulatory announcement published by the Stock Exchange on 9 May 2023 and the announcement of the Company dated 2 June 2025.

Ms. KWOK Shuk Yi, aged 50, is an executive director, authorised representative, and a member of the remuneration committee and nomination committee of the Company. She joined the Company in July 2008 and was promoted to Executive Director in September 2022. Ms. KWOK holds a Bachelor of Business degree from the Royal Melbourne Institute of Technology (RMIT University) in Australia, graduated with distinction.

Ms. KWOK currently serves as a council member of the Guangdong Artificial Intelligence Industry Association. In addition, she was awarded a qualification of "Artificial Intelligence (AI) Enterprise Management Expert" by the Shenzhen Artificial Intelligence Industry Association and concurrently serves as its President.

Ms. KWOK has accumulated over 20 years of senior management experience in Hong Kong listed companies and Mainland China enterprises. She is currently responsible for the overall operation management of the Group, as well as strategic development planning and execution.

PROFILES OF DIRECTORS

Adhering to the management philosophy of “driving industrial upgrading through technology” and keeping abreast of market trends, she has in recent years actively promoted the integration of AI technology into the Group’s internal management processes to enhance operational efficiency, and has continued to expand and deepen the Group’s layout in the healthcare industry, striving to consolidate the Group’s sustainable development and long-term competitive advantages, and ensuring that its growth pace and development direction keep pace with global technological applications and industry trends.

Independent Non-executive Directors

Mr. LAU Fai Lawrence, aged 55, is an independent non-executive director of the Company and the chairperson of the audit committee, remuneration committee and nomination committee of the Company. He joined the Company in January 2020. Mr. LAU is currently a practising certified public accountant in Hong Kong. Mr. LAU graduated from The University of Hong Kong with a bachelor’s degree in business administration in 1994 and obtained a master’s degree (distinction) in corporate finance from The Hong Kong Polytechnic University in 2007.

Mr. LAU is currently an executive director of Hengxin Technology Ltd. (stock code: 1085.HK) since July 2025, the company secretary of BBMG Corporation (stock code: 2009.HK) and HM International Holdings Limited (stock code: 8416.HK) since August 2008 and August 2020 respectively and the joint company secretary of Huanxi Media Group Limited (stock code: 1003.HK) since August 2026, and an independent non-executive director of China Ecotourism Group Limited (stock code: 1371.HK) since June 2025. Mr. LAU was an executive director of Future World Holdings Limited (stock code: 572.HK) between January 2014 and July 2022, a non-executive director of Alltronics Holdings Limited (stock code: 833.HK) between March 2017 and December 2018, an independent non-executive director of Jiufang Digital Technology Holdings Limited (formerly known as Winto Group (Holdings) Limited) (stock code: 8238.HK) between April 2019 and November 2019, Tenwow International Holdings Limited (delisted in November 2020 with stock code: 1219.HK) between November 2018 and November 2020, and Titan Petrochemicals Group Limited (delisted in August 2023 with stock code: 1192.HK) between March 2014 and August 2023, Artini Holdings Limited (stock code: 789.HK) between April 2008 and November 2023, Renco Holdings Group Limited (delisted in August 2026 with stock code: 2323.HK) between March 2016 and July 2025 and China Engerine International (Holdings) Limited (delisted in November 2025 with stock code: 1185.HK) between March 2020 and November 2025.

Mr. HEUNG Pik Lun, aged 64, is an independent non-executive director of the Company, a member of the audit committee, remuneration committee and nomination committee of the Company. He joined the Company in September 2023. He is a senior executive with extensive experience in administrative management. With over 20 years of business experience in both China and Hong Kong, Mr. HEUNG has a wealth of experience in market development. He has also managed several listed companies in China and Hong Kong, demonstrating a deep understanding and proficient skills in corporate management and capital market. Mr. HEUNG has been appointed as an executive director of Master Glory Group Limited (stock code: 275.HK), the shares of which were listed on the Main Board of the Stock Exchange from 10 February 2011 to 7 February 2021, and delisted on 8 February 2021. He holds a Royal Chartered Surveyor qualification.

PROFILES OF DIRECTORS

Mr. DIU Peter, aged 66, is an independent non-executive director of the Company, a member of the audit committee, remuneration committee and nomination committee of the Company. He joined the Company in December 2025. He is a distinguished technology executive with more than three decades of leadership experience across artificial intelligence, semiconductors, wireless communications, and digital multimedia. His career reflects a rare blend of technical mastery and business acumen, spanning global technology enterprises, venture capital investment, R&D leadership, and strategic mergers and acquisitions.

Currently, Mr. DIU provides high-level strategic advisory services to the global technology community. He serves as a Mentor and Domain Expert under the Hong Kong Science and Technology Park (HKSTP), where he guides multinational corporations and startups in areas such as third-generation semiconductors, advanced materials, communications, and artificial intelligence. In parallel, he also mentors portfolio companies of the German government-backed German Accelerator, supporting their efforts in technology commercialization and international expansion. He has additionally served as Senior Advisor to the European investment bank Bryan, Garnier & Co, where his focus has been on high tech investments and the establishment of global joint ventures.

Previously, Mr. DIU held senior executive roles at leading institutions. As Vice President at Qualcomm, he drove internet-related business development, spearheaded roadmap planning for GPUs, AI, security, and sensor technologies, and oversaw the smartphone ecosystem in China — gaining deep expertise in the convergence of mobile communications and artificial intelligence. Earlier, he served as Vice President of Communications Technology and R&D Director at the Hong Kong Applied Science and Technology Research Institute (ASTRI), where he built a world-class semiconductor R&D team and worked closely with the Hong Kong Office of the Communications Authority (OFCA) and the Innovation and Technology Commission (ITC) on spectrum policy initiatives.

Mr. DIU also brings entrepreneurial credentials. He founded Bitzmo Inc., a Silicon Valley startup specializing in ultra-wideband (UWB) semiconductors. His earlier career includes leadership positions at Cadence Design Systems, where he led the Wireless and Multimedia Design Services business; at National Semiconductor Corporation, where he directed Wireless Communications and contributed to the Venture Investment Committee; and at TRW Inc., where he advanced digital mobile phone and signal processing technologies. Recognized as an industry thought leader, Mr. DIU was appointed by China's Ministry of Information Industry (MII) to its expert committee on UWB technology standards. He co-founded the Silicon Valley forum Wireless Communications Alliance and served as Secretary of the IEEE ASSP Society. He has been a frequent keynote speaker at major technology conferences across Asia, sharing insights on entrepreneurship, innovation, and commercialization.

Mr. DIU holds both Bachelor's and Master's degrees in Electrical Engineering from Cornell University.

Mr. YU Ping Ming, aged 65, is an independent non-executive director of the Company, a member of the audit committee, remuneration committee and nomination committee of the Company. He joined the Company in December 2025. He has been serving as a director of PAS Company Limited since June 2002, responsible for the company's overall business development and management. Prior to this, Mr. YU held positions in various companies, primarily managing sales and marketing operations, and has accumulated extensive experience in these fields. Mr. YU served as an independent non-executive director of Carry Wealth Holdings Limited (Stock Code: 0643), the securities of which are listed on the Stock Exchange, from 1 August 2022 to 1 February 2023.

CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining and achieving a high standard of corporate governance with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the Shareholders and enhance the business growth of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with the applicable code provisions as set out in the Corporate Governance Code under Appendix C1 of the GEM Listing Rules (the “**CG Code**”) during the Reporting Period, except for the following deviations which are summarized below:

Code Provision C.2.1

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The chairperson of the Company is responsible for overseeing the functions of the Board and formulating the overall strategies and policies of the Company. The chief executive officer of the Company is responsible for the day-to-day management of the business of the Group, implementing major strategies, making day-to-day decisions and the overall coordination of business operations. During the Reporting Period, the roles of the chairperson and chief executive officer were exercised by the executive Directors collectively. The responsibilities of both roles were the same as mentioned above. The Board considered that vesting the roles of chairperson and chief executive officer in the executive Directors collectively was beneficial to the business prospects and management of the Group. The Board will review the need of appointing suitable candidates to assume the roles of the chairperson and the chief executive officer when necessary.

The corporate governance practices of the Company will be reviewed and updated from time to time in order to comply with the GEM Listing Rules requirements when the Board considers appropriate.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct (the “**Code of Conduct**”) regarding the Directors’ securities transaction. Having made specific enquiries, the Company has confirmed with all the Directors that they have complied with the required standards as set out in the Code of Conduct throughout the Reporting Period.

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

The chairperson of the Company is responsible for overseeing the functions of the Board and formulating the overall strategies and policies of the Company. The chief executive officer of the Company is responsible for the day-to-day management of the business of the Group, implementing major strategies, making day-to-day decisions and the overall coordination of business operations. During the Reporting Period, the roles of the chairperson and chief executive officer were exercised by the executive Directors collectively. The responsibilities of both roles were the same as mentioned above. The Board considered that vesting the roles of chairperson and chief executive officer in the executive Directors collectively was beneficial to the business prospects and efficient management of the Group. The Board will review the need of appointing suitable candidates to assume the roles of the chairperson and the chief executive officer when necessary.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS**Board Composition**

The composition of the Board during the Reporting Period and up to the date of this annual report is as follows:

Executive Directors

Mr. CHIU Sin Nang Kenny
Ms. KWOK Shuk Yi

Non-executive Director

Dr. CHENG Yanjie (*retired on 19 December 2025*)

Independent Non-executive Directors

Mr. LAU Fai Lawrence
Mr. HEUNG Pik Lun
Mr. DIU Peter (*elected on 19 December 2025*)
Mr. YU Ping Ming (*elected on 19 December 2025*)
Mr. HSU Dong An (*resigned on 19 December 2025*)

The biographical details of the Directors are set out in the section headed “Profiles of Directors” in this annual report. The relationships (including financial, business, family or other material or relevant relationship(s)), if any, among members of the Board are also disclosed therein.

Each of Mr. DIU Peter and Mr. YU Ping Ming, who was elected as an independent non-executive Director during the Reporting Period, attended a director’s training and obtained the legal advice required under Rule 5.02D of the GEM Listing Rules on 10 December 2025 respectively. Each of Mr. DIU Peter and Mr. YU Ping Ming has confirmed that he understood his obligations as a director of the Company.

The Directors have not entered into service agreements with the Company and they are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company (the “**Articles of Association**”).

Responsibilities of the Board and Management

The Board is responsible for the leadership and control of, and promoting the success of the Group. Apart from its statutory and fiduciary responsibilities, the Board is responsible for reviewing the financial performance of the Group and approving and monitoring the Group’s strategic plans, major investments, risk managements and internal control policies. The Board is also responsible for monitoring managerial performance and achieving return for the Shareholders.

Further, the Board is responsible for supervising the management of the Group (the “**Management**”) and has delegated the responsibility for daily operations and management of the Group’s businesses to the Management but material transactions such as acquisitions and disposals of assets of the Group are required to be approved by the Board. The Management, led by the executive Directors and comprising a team of senior managers who have extensive experience and expertise in different areas, is responsible for managing the day-to-day operations, implementing the strategies set by the Board, and assisting the Board in formulating and implementing corporate strategies.

CORPORATE GOVERNANCE REPORT

Independent Non-executive Directors

From 1 July 2025 to 18 December 2025, the Company had three independent non-executive Directors (the “INED(s)”), representing at least one-third of the board, and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise under Rules 5.05 and 5.05A of the GEM Listing Rules.

Following the resignation of Mr. HSU Dong An and the election of Mr. DIU Peter and Mr. YU Ping Ming on 19 December 2025 and up to the date of this annual report, the Company had four INEDs, representing at least one-third of the board, and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise under Rules 5.05 and 5.05A of the GEM Listing Rules.

The INEDs have not entered into service agreements with the Company and they are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association.

Independent Views Available to the Board

To ensure independent views and input are available to the Board, the following mechanisms are established and implemented: (i) In appointing INEDs, the Nomination Committee shall assess if the candidate(s) would be independent with reference to the independence criteria as set out in Rule 5.09 of the GEM Listing Rules and also consider other factors, including but not limited to his/her character, integrity, cross-directorships, significant links with other Directors, time commitment, professional qualifications and relevant work experience; (ii) The Board shall ensure that further re-appointment of any long-serving INED is subject to a separate resolution to be approved by the Shareholders at the annual general meetings of the Company; (iii) The Nomination Committee shall review the structure, size and composition of the Board by taking into account of various aspects, including the Company's board diversity policy and measurable objectives to achieve the same, on an annual basis; and (iv) The Directors may seek advice from external independent professional advisors at the Company's expense to perform their duties.

Board Performance Evaluation

The Board believes that regular Board performance evaluation (the “**Board Performance Evaluation**”) is an essential element to maintaining high standards of corporate governance and enhancing Board effectiveness. The objective of Board Performance Evaluation is for measuring the accountability, transparency and effectiveness of the Board, and ultimately aiming to identify areas for improvement and promote the ongoing enhancement of governance procedures. The scope of the evaluation will cover various aspects, including: (i) Board mix and composition; (ii) relationship between the Board and the management; and (iii) quality of information and decision making.

Pursuant to Code Provision B.1.4 of the CG Code, the Board Performance Evaluation shall be conducted at least once in every two years. During the Reporting Period, the Company has not conducted the Board Performance Evaluation (except for the review of the Board's composition and skills). The Board Performance Evaluation will be conducted during the year ending 30 June 2027.

CORPORATE GOVERNANCE REPORT

Board Skills Matrix

The skills matrix below sets out the skills and expertise of the Board that are most relevant to the Company's strategy, governance and business and to enabling the Board to effectively discharge its duties and responsibilities in attaining its business objectives:

Skills Area	Description	Importance (Note (a))	Adequacy	Plans to address gaps/expand skills (Note (b))
Strategy	Ability to identify strategic opportunities and threats, whilst developing and implementing plans to achieve corporate objectives	E	Yes	C
Leadership	Ability to lead corporate teams and implement plans and policies	E	Yes	C
Industry knowledge and experience	Understanding of the Company's business daily operations, market development, competitors, technology and innovation	E	Yes	C
Financial literacy/business acumen	Ability to read and comprehend corporate accounts, financial materials and financial reporting requirements	E	Yes	T
Risk management and compliance	Ability and experience in implementing, managing or overseeing risk management and internal control systems for legal and regulatory compliance	E	Yes	C, T & O
People management experience	Experience at a senior level with responsibilities for people management and successful implementation of change	E	Yes	C
Diversity (e.g. age, gender, culture)	Contribution to board diversity in terms of gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service, etc.	E	Yes	C
Emerging topics (e.g. artificial intelligence)	Understanding and knowledge of emerging topics to ensure that the Company is forward-thinking	L	Yes	C & O
Qualifications	Formal qualifications in relevant fields to assist the Board in its decision-making, for example, accounting/finance, economics/business, law	E	Yes	C

CORPORATE GOVERNANCE REPORT

Notes:

(a) "E" = essential skills that should currently be in the Board's possession

"F" = skills that should be acquired for future purposes/in light of anticipated emerging needs

"L" = skills that are not necessary or have a minor impact but are desirable or aspirational in nature

(b) "C" = will closely monitor the changing situation and make corresponding adjustments as needed

"T" = training will be provided if needed

"O" = outsource this functions to professional external consultants to assist the management in monitoring and making suggestion when necessary

Continuous Professional Development

The Company provides the Directors with regular updates on the business development of the Group. The Directors are regularly briefed on the latest development on the GEM Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices. The Company also recommends them to attend relevant seminars to develop and refresh their knowledge and skills. All Directors are requested to provide the Company with their respective training records pursuant to the CG Code. During the Reporting Period, all the Directors have participated in appropriate continuous professional development activities either by attending in-house or external seminars or by reading materials relevant to the Company's business and compliance and governance matters or to the Directors' duties and responsibilities. In particular, on 10 December 2025, the Directors have attended a 2-hour seminar provided by the legal advisors of the Company covering the topics under Rule 5.02G of the GEM Listing Rules, including the roles and responsibilities of the Board, its committees and its directors, issuers' obligations and directors' duties under the laws of Hong Kong and the GEM Listing Rules, corporate governance matters, internal controls and updates on certain business trends.

Board Meetings, Board Committees Meetings and General Meetings

The Company conducts scheduled Board meetings on a quarterly basis to discuss strategies and business issues, including financial performance of the Group. The Board would meet more frequently as and when required. During the Reporting Period, the Board held six meetings.

CORPORATE GOVERNANCE REPORT

The attendance of individual members of the Board at Board meetings, meetings of the Board committees and annual general meeting during the Reporting Period, as well as the number of such meetings held, are set out as follows:

	Meetings Attended/Held				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Number of Meetings	6	2	2	2	1/1
Executive Directors					
Mr. CHIU Sin Nang Kenny	6/6	0/0	2/2	2/2	1/1
Ms. KWOK Shuk Yi	6/6	0/0	0/0	0/0	1/1
Non-executive Director					
Dr. CHENG Yanjie (<i>retired on 19 December 2025</i>)	2/3	0/0	0/0	0/0	1/1
Independent Non-executive Directors					
Mr. LAU Fai Lawrence	6/6	2/2	2/2	0/0	1/1
Mr. HEUNG Pik Lun	6/6	2/2	2/2	2/2	1/1
Mr. DIU Peter (<i>elected on 19 December 2025</i>)	2/2	1/1	0/0	0/0	1/1
Mr. YU Ping Ming (<i>elected on 19 December 2025</i>)	2/2	1/1	0/0	0/0	1/1
Mr. HSU Dong An (<i>resigned on 19 December 2025</i>)	3/4	1/1	1/2	1/2	1/1

No extraordinary general meeting was held during the Reporting Period.

All Directors have access to relevant and timely information as the Management will supply the Board and the Board committees with the relevant information in a timely manner. They may make further enquiries if in their opinion it is necessary or appropriate to request for further information. They also have unrestricted access to the advice and services of the company secretary of the Company (the “**Company Secretary**”), who is responsible for providing the Directors with Board papers and related materials, and ensuring that all Board procedures, and all applicable rules, and regulations are followed. If the Directors consider necessary and appropriate, they may upon reasonable request seek independent professional advices at the Company’s expenses. Except for those circumstances permitted by the Articles of Association and the GEM Listing Rules, when a Director who has a material interest in any transaction, arrangement, contract or any other kind of proposal putting forward to the Board for consideration, he or she shall not be counted in the quorum of the Board meeting and shall abstain from voting on the relevant resolution.

BOARD COMMITTEES

The Board has maintained three board committees (the “**Board Committees**”), namely the audit committee, the remuneration committee and the nomination committee, throughout the Reporting Period to oversee particular aspects of the Group’s affairs. Each committee has specific terms of reference clearly defining its powers, duties and responsibilities. The terms of reference of the Board Committees are published on the websites of the Company and the Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advices under appropriate circumstances, at the Company’s expenses. All Board Committees have adopted the applicable practices and procedures used in Board meetings in conducting their respective meetings.

CORPORATE GOVERNANCE REPORT

Audit Committee

For the Reporting Period and up to the date of this annual report, the audit committee of the Company (the “**Audit Committee**”) comprised four INEDs, namely, Mr. LAU Fai Lawrence, Mr. HEUNG Pik Lun, Mr. DIU Peter (appointed on 19 December 2025), Mr. YU Ping Ming (appointed on 19 December 2025) and Mr. HSU Dong An (resigned on 19 December 2025). Mr. LAU is the chairperson of the Audit Committee.

The major duties and functions of the Audit Committee are to (i) review the financial information of the Company; (ii) review the accounting policies, financial position and results, financial reporting system, risk management and internal control systems and the effectiveness of the internal audit function of the Group; (iii) oversee the relationship between the Company and the external auditors; and (iv) provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditors as well as their term of appointment. During the Reporting Period, the Audit Committee held two meetings to (i) discuss the financial reporting and the compliance procedures with the external auditors; (ii) consider the re-appointment of auditors of the Company; (iii) review the risk management and internal control systems and the effectiveness of the internal audit function of the Group; (iv) consider the appointment of auditors of the Company; and (v) review the audited annual results and unaudited interim results of the Group. Individual attendance of the Audit Committee members is set out on page 16 of this annual report. The Group’s audited consolidated results for the Reporting Period have been reviewed by the Audit Committee.

Remuneration Committee

For the Reporting Period and up to the date of this annual report, the remuneration committee of the Company (the “**Remuneration Committee**”) comprised six members, a majority of them being the INEDs, namely Mr. LAU Fai Lawrence, Mr. CHIU Sin Nang Kenny, Ms. KWOK Shuk Yi (appointed on 19 December 2025), Mr. HEUNG Pik Lun, Mr. DIU Peter (appointed on 19 December 2025), Mr. YU Ping Ming (appointed on 19 December 2025) and Mr. HSU Dong An (resigned on 19 December 2025). Mr. LAU is the chairperson of the Remuneration Committee.

The major duties of the Remuneration Committee include (i) assisting the Board to develop and administer fair and transparent procedures for setting policies on the remuneration of the Directors and senior management of the Company; (ii) making recommendations to the Board on the remuneration packages of the Directors and senior management of the Company; and (iii) reviewing and/or approving material matters relating to share schemes under Chapter 23 of the GEM Listing Rules. During the Reporting Period, two meetings were held by the Remuneration Committee. At the meetings, the Remuneration Committee has performed its duties to (i) make recommendations to the Board on the remuneration packages of the Directors; and (ii) review material matter relating to share schemes under Chapter 23 of the GEM Listing Rules. The Remuneration Committee considered the current status of the share option scheme of the Company and considered no change is necessary. Individual attendance of the Remuneration Committee members is set out on page 16 of this annual report.

CORPORATE GOVERNANCE REPORT

Annual Emoluments Payable to Members of the Senior Management by Band

The annual emolument of the members of the senior management by band for the Reporting Period is as follows:

Emoluments Band	No. of Individuals
HK\$5,500,001–HK\$6,000,000	—
HK\$3,000,001–HK\$3,500,000	—
HK\$1,500,001–HK\$2,000,000	—
HK\$1,000,001–HK\$1,500,000	—
HK\$500,001–HK\$1,000,000	1
Nil–HK\$500,000	—
Total:	<u>1</u>

Nomination Committee

For the Reporting Period and up to the date of this annual report, the nomination committee of the Company (the “**Nomination Committee**”) comprised six members, a majority of them being the INEDs, namely Mr. LAU Fai Lawrence (appointed on 19 December 2025), Mr. CHIU Sin Nang Kenny, Ms. KWOK Shuk Yi (appointed on 19 December 2025), Mr. HEUNG Pik Lun, Mr. DIU Peter (appointed on 19 December 2025), Mr. YU Ping Ming (appointed on 19 December 2025) and Mr. HSU Dong An (resigned on 19 December 2025). Further to the Code Provision B.3.5 of the CG Code in Part 2 of Appendix C1 to the GEM Listing Rules, Ms. KWOK Shuk Yi was appointed on 19 December 2025 as a member of the Nomination Committee. Mr. HSU Dong An has been appointed as the chairperson of the Nomination Committee up to his resignation on 19 December 2025. From 19 December 2025 to the date of this annual report, Mr. LAU Fai Lawrence has been appointed as the chairperson of the Nomination Committee. The major roles and functions of the Nomination Committee include reviewing the structure, size, composition and diversity of the Board at least once a year; making recommendations to the Board on the appointment and re-appointment of the Directors and succession planning of the Directors; and assessing the independence of the INEDs. During the Reporting Period, two meetings were held by the Nomination Committee. In the meetings, the Nomination Committee has performed its duties to review the structure, size, composition and diversity of the Board, make recommendations to the Board on the appointment and re-appointment of the Directors and review the independence of the INEDs. Individual attendance of the Nomination Committee members is set out on page 16 of this annual report.

CORPORATE GOVERNANCE REPORT

Nomination Policy

The Nomination Committee has adopted the nomination policy. The secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from the Board members (if any), for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by the Board members. The Nomination Committee shall make recommendations of the candidates for the Board's consideration and approval. For proposing candidates to stand for re-election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration.

The factors considered by the Nomination Committee in assessing the suitability of a proposed candidate include (i) reputation for integrity; (ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; (iii) willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments; (iv) diversity in all its aspects, including but not limited to gender, age (18 years old or above), cultural and educational background, professional experience, skills, knowledge and length of service; (v) independence requirements (for nomination of INEDs only) pursuant to Rule 5.09 of the GEM Listing Rules; and (vi) such other perspectives relevant to the Company's business.

Corporate Governance Function

The Company has not established a corporate governance committee. With the collective leadership of the executive Directors and assistance from the INEDs, the Board is committed to promoting corporate governance which serves as a vital element of risk management throughout the growth and expansion of the Company. Save as disclosed in the section headed "Corporate Governance Report" in this annual report, the Company has adopted and complied with the applicable code provisions as set out in the CG Code for the corporate governance during the Reporting Period. The Board has (i) reviewed the policies and practices on corporate governance and compliance with legal and regulatory requirements and make recommendations to the Board; (ii) reviewed and monitored the training and continuous professional development of Directors and senior management; (iii) reviewed and monitored the code of conduct applicable to employees and Directors; and (iv) reviewed the Company's compliance with the CG Code and disclosure in the section headed "Corporate Governance Report" in this annual report.

COMPANY SECRETARY

Ms. WONG Chi Ling ("**Ms. WONG**") was appointed as the Company Secretary from 13 June 2025 to 22 October 2025. She is a fellow member of The Association of Chartered Certified Accountants in the United Kingdom, a fellow member of The Institute of Chartered Accountants in England and Wales and an associate member of The Hong Kong Institute of Certified Public Accountants. Mr. KWOK Cho Yee Joyee ("**Mr. KWOK**") has been appointed as the Company Secretary with effect from 23 October 2025. He is a member of The Hong Kong Institute of Certified Public Accountants and Certified Practising Accountant Australia. Mr. KWOK is an employee of the Group. During the Reporting Period, Ms. WONG and Mr. KWOK have complied with Rule 5.15 of the GEM Listing Rules for taking no less than 15 hours of relevant professional trainings.

CORPORATE GOVERNANCE REPORT

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT**Financial Reporting**

The Directors acknowledge their responsibility to prepare the financial statements for each financial period which give a true and fair view of the financial affairs of the Group. The Directors also ensure that (i) the financial statements of the Group are prepared in accordance with the statutory requirements and applicable accounting standards on a going concern basis and (ii) the publication of the financial statements of the Group is in a timely manner. The Directors have also made judgments and estimates that are prudent and reasonable in the preparation of the consolidated financial statements. A statement by the external auditors about their reporting responsibility is set out in the section headed “Independent Auditor’s Report” in this annual report.

Material Uncertainty Related to Going Concern

As described in the Group’s consolidated financial statement for the year ended 30 June 2026, the Group had net current liabilities and net liabilities of approximately HK\$34.4 million and HK\$48.9 million respectively. The conditions described indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors have reviewed the Group’s cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from 30 June 2026. They are of the opinion that, taking into account the following plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2026. Given the aforesaid, the consolidated financial statements were prepared based on the assumption that the Group can be operated as a going concern, after taking into consideration of the following:

- (i) Subsequent to the end of the Reporting Period, the Group obtained letters of undertaking (the “**Letters**”) from Quantum (as defined below) and IAM (as defined below) that Quantum and IAM agreed not to request the Group to repay the amounts due to them within the next 18 months from the date of the Letters;
- (ii) The Company is able to, subject to the sole discretion of the Company, defer any preferred distribution in relation to the convertible preference shares for a maximum period of 10 years;
- (iii) The Group will also continue to seek for other alternative financing to finance the settlement of its existing financial obligations and future operating and capital expenditures; and
- (iv) The Group continues to generate cash inflows from its operating activities by implementing measures to tighten cost controls over various operating expenses in order to improve its cash flows position and to generate greater positive cash inflows from its business and operations in the future.

In light of the above measures and plans implemented to date, the Directors are of the view that the Group has sufficient financial resources to satisfy its working capital and other financial obligations for a period of at least the next twelve months from 30 June 2026 after having taken into account of the Group’s projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its business. Accordingly, the Directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

CORPORATE GOVERNANCE REPORT

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

Risk Management and Internal Control

The Board acknowledges its responsibility for the Company's risk management and internal control systems.

The Board complied with the code provisions on risk management and internal control as set out in the CG code. The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group with the support of the Audit Committee. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Management has established comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding the Company's assets against unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against fraud and errors.

The Board has overseen the Company's risk management and internal control systems on an ongoing basis. A review of the effectiveness of the Group's risk management and internal control systems has been conducted annually. Such review covered the financial, operational and compliance controls of the significant subsidiaries of the Group and included the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the environmental, social and governance performance and reporting. The Company has an internal audit function to carry out analysis and independent appraisal of the adequacy and effectiveness of the systems. There is no significant changes during the Reporting Period in the Company's assessment of risks and the risk management and internal control systems. The systems were considered to be effective and adequate in all material respects for the purposes set out in Principle D2 of the CG Code. Nevertheless, there is always room for further improvements in the systems and the Company will endeavour to further enhance its risk management and internal control systems whenever necessary. It is expected that the Company will conduct a more thorough internal control review before the end of 2026.

The internal audit function also has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Employees of the Group are prohibited from using inside information for their own benefit. The Board also has the responsibility to disseminate to the Shareholders and the public any inside information by way of announcements in accordance with the GEM Listing Rules.

AUDITORS' REMUNERATION AND AUDITOR RELATED MATTERS

The Company reviews the appointment of external auditors on an annual basis, including a review of the audit scope and approval of the audit fee and non-audit fee. During the Reporting Period, the fee paid/payable to the Company's external auditors for audit and non-audit services amounted to HK\$620,000 and HK\$5,000 respectively.

CORPORATE GOVERNANCE REPORT

DIVERSITY

The Nomination Committee has adopted the board diversity policy. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Board diversity has been considered from a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Company also takes into account these factors based on its own business model and specific needs from time to time and the ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Company has set measurable objectives for implementing the policy, including the Board having at least a Director of a different gender on the Board, at least more than one age group as set out in the section headed "Environmental, Social and Governance Report" on page 46 and at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. The Company has achieved the above objectives during the Reporting Period.

The gender diversity of having at least a Director of a different gender on the Board was achieved by appointing one female Director on the Board on 5 September 2022. The Company will look for potential successors of different genders to the Board internally or externally to achieve gender diversity.

The Company considers workforce diversity as an important element in maintaining sustainable growth. The gender ratio of male: female in the workforce, including senior management, was approximately 58%: 42% as at 30 June 2026. The Company has set measurable objective of having at least an employee of a different gender in the workforce for achieving gender diversity and has achieved this objective during the Reporting Period. The Company did not find any mitigating factors or circumstances which make achieving gender diversity across the workforce, including senior management, more challenging or less relevant.

The implementation of the board diversity policy has been monitored and reviewed on an annual basis during the Reporting Period. The Company considered the board diversity policy effective as all the measurable objectives for implementing the policy have been achieved during the Reporting Period.

SHAREHOLDERS' RIGHTS**Right to Convene an Extraordinary General Meeting (the "EGM")**

In accordance with Article 72 of the Articles of Association, any two or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

Right to Direct Enquiries to the Board

The Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary by addressing them to the head office and principal place of business of the Company in Hong Kong at Unit 1802, 18/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong. The Shareholders may also make enquiries with the Board at the general meetings of the Company.

Right to Put Forward Proposals at a General Meeting

The Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group. The Shareholders shall follow Article 72 of the Articles of Association for including a resolution at the EGM. The requirements and procedures are set out in paragraph headed "Right to Convene an Extraordinary General Meeting (the "EGM")" above.

INVESTORS RELATIONS

Shareholders' Communication Policy

The Company has established a shareholders' communication policy including a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include the annual general meetings, other general meetings that may be convened, the annual and interim reports, notices, announcements, circulars and media release on the Company's website at www.sinopharmtech.com.hk to provide ready, equal and timely access to balanced and understandable information relating to the financial performance, strategic goals and plans, material developments and corporate governance issues of the Company.

The Board maintains an on-going dialogue with the Shareholders and the investment community. The Shareholders are also encouraged to participate in general meetings or to appoint proxies to attend and vote at the general meetings for and on behalf of themselves if they are unable to attend the general meetings. The chairman of the general meetings will allow reasonable time during the general meetings for questions and comments from the Shareholders. Board members, in particular, either the chairman or the chairman of Board committees or their delegates, relevant management executives and external auditors will attend annual general meetings to answer the Shareholders' questions.

The implementation of the shareholders' communication policy has been monitored and reviewed on a regular basis during the Reporting Period. In light of the above measures, the Company considered the shareholders' communication policy effective as the Board has conducted several on-going dialogues with the Shareholders and the investment community for communication of their views and the Shareholders' views were also collected during the general meetings. Their views were addressed appropriately after the dialogues and the general meetings to ensure that the Shareholders' needs are best served.

Constitutional Documents

There was no change in the constitutional documents during the Reporting Period and up to the date of this annual report.

DIRECTORS' REPORT

The Directors are pleased to present the annual report together with the audited consolidated financial statements for the Reporting Period.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATION

The principal activity of the Company is investment holding and the activities of its subsidiaries are set out in Note 39 to the Consolidated Financial Statements of this annual report.

An analysis of the Group's performance for the Reporting Period by segments is set out in Note 6 to the Consolidated Financial Statements of this annual report.

BUSINESS REVIEW

The business review of the Group for the Reporting Period is set out in the sections headed "Management Discussion and Analysis", "Environmental, Social and Governance Report" and the paragraphs below.

The Group complies with the requirements under the Companies Ordinance, the GEM Listing Rules and the Securities and Futures Ordinance for the disclosure of information and corporate governance. The Group also complies with the requirements of the Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group. The Group also complies with the relevant PRC laws and regulations relating to its business and operations. No important event affecting the Group has occurred since the end of the financial year under review.

Principal Risks and Uncertainties of the Group

For the year ended 30 June 2026

During the current year and the foreseeable future, the Group faces the following principal risks and uncertainties. In respect of each risk, the Group has actively adopted and will continue to implement corresponding management strategies to mitigate potential impacts:

1. *Macroeconomic Fluctuations and Market Demand Adjustment Risks*

The global and Mainland China macroeconomic environment continues to experience fluctuations, and market demand adjustments have brought multiple pressures. Consumer confidence and purchasing power may come under further pressure, adversely affecting the sales volume and pricing power of the Group's healthcare industry and pharmaceutical supply chain businesses. The pace of recovery in end-user demand from retail customers in Mainland China may also be slower than expected, which could lead to slower growth in distribution volume and increased inventory turnover pressure.

Response Measures: The Group will, through an AI-driven operational framework, systematically apply data analytics tools to precisely assess customer demand, sales trends, and inventory conditions, maintain a precise procurement process and flexible inventory adjustments, and ensure operational resilience is maintained amid slowing market momentum. At the same time, the Group will continue to optimise its product mix, strengthen bargaining collaboration with core brand owners, and adjust regional inventory allocation to enhance operational efficiency and risk resistance.

2. *Financial and Liquidity Risks*

The revenue of the Group's pharmaceutical supply chain business recorded a relatively significant decline during the Reporting Period. Coupled with changes in the market environment, intensifying industry competition, and consumption downgrading, this has increased operating costs and inventory turnover pressure in the short term. If the pace of market demand recovery continues to be slower than expected, or if customer payment cycles lengthen, this may put pressure on the Group's cash flow, accounts receivable collection, and overall liquidity. In addition, the Group continues to invest resources in promoting AI-driven digital transformation and the expansion of AI+ new businesses. If such investments fail to generate returns as expected, or if impairment is required, this may adversely affect the Group's financial position and profitability.

Response Measures: The Group will continue to implement stringent financial management and cost control measures, optimise procurement processes and inventory allocation through an AI-driven operational framework, and reduce the risks of inventory accumulation and capital tie-up. At the same time, the Group will strengthen accounts receivable management and cash flow monitoring, and conduct regular financial stress tests and liquidity assessments to ensure it maintains a sound financial position. In addition, the Group will establish a regular progress assessment mechanism for AI+ businesses, regularly review the technological maturity, market demand alignment, and commercial viability of each project, and set clear stage-based assessment milestones and decision thresholds to ensure that, under controllable risk conditions, resources are invested in a timely manner to advance projects with commercial potential to the next stage of development, avoiding excessive investment that could put pressure on its financial position. The Group will also continue to advance structural optimisation and talent integration, effectively control administrative and operating costs, and provide solid financial support for strategy implementation.

3. *Intensifying Industry Competition Risk*

Competition in the pharmaceutical and health product distribution market is becoming increasingly intense. With numerous industry participants, price competition and service homogenisation are putting pressure on the Group's market share and profit margins. In addition, changes in the market environment and consumption downgrading further compress profit margins, increasing operating costs and inventory turnover pressure in the short term.

Response Measures: Leveraging its years of accumulated knowledge in merchandise procurement and supply chain management, as well as data-driven insights, the Group will continue to provide customers with efficient, tailor-made one-stop solutions. By optimising its product mix and strengthening long-term partnerships with core brand owners, it will continuously enhance the added value of its services and consolidate its competitive advantages. The Group will also continue to advance digital transformation, using artificial intelligence and big data technologies to improve operational efficiency and service standards, and respond to market competition with differentiation strategies.

4. *Policy and Regulatory Change Risk*

Changes in laws, regulations and related policies in Mainland China on pharmaceutical circulation may have a material impact on the operating model, compliance costs, and market access conditions of the Group's pharmaceutical supply chain business. If the Group fails to adapt to policy changes in a timely manner, this may lead to compliance risks and business interruption.

DIRECTORS' REPORT

Response Measures: The Group attaches great importance to the evolution of pharmaceutical regulatory policies in Mainland China. It will continue to closely monitor the latest developments in regulatory laws and regulations on pharmaceutical circulation, and regularly conduct compliance risk assessments and business stress tests. At the same time, the Group will strengthen communication and collaboration with industry associations and pharmaceutical regulatory authorities to ensure that its operating model can make forward-looking arrangements in response to policy adjustments. By establishing an agile decision-making and response system, the Group seeks to identify impacts, assess risks, and promptly formulate and execute corresponding contingency measures as soon as changes occur in the policy and market environment, so as to safeguard to the greatest extent the stable operation and sustainable growth of its business.

5. *Technology Application and Digital Transformation Risks*

The Group is actively promoting AI-driven digital transformation. However, technology application involves multiple challenges, including system development, data security, technology integration, and talent deployment. If technology applications fail to achieve the expected results, or if related systems experience failures, data leaks, or other problems, this may adversely affect the Group's operational efficiency and reputation.

Response Measures: The Group will further deepen the integration of artificial intelligence with its core businesses, focusing on promoting the application of AI in key areas such as market trend forecasting, intelligent supply chain management, customer demand insights, and operational process optimisation. At the same time, the Group will establish a regular progress assessment mechanism for AI+ businesses, regularly review the technological maturity, market demand alignment, and commercial viability of each project, and set clear stage-based assessment milestones and decision thresholds to ensure that, under controllable risk conditions, resources are invested in a timely manner to advance projects with commercial potential to the next stage of development. In addition, the Group will continue to advance structural optimisation and talent integration, leverage the synergies between professional teams and intelligent systems, and improve cross-departmental efficiency and work quality.

6. *Uncertainty Relating to New Business Expansion and Innovation Directions*

The Group is actively evaluating and exploring new growth paths for AI+ business applications, including innovative directions such as digital health platform services, smart logistics solutions, and health technology product research and development. These new business areas involve various uncertainties, including technological maturity, market demand alignment, and commercial viability. If they cannot be advanced as expected, this may affect the Group's long-term development and the effectiveness of resource allocation.

Response Measures: The Group will closely monitor frontier breakthroughs in AI technology in the healthcare field, actively explore cross-applications of biotechnology and AI technology, and identify potential commercial value therein. By setting clear stage-based assessment milestones and decision thresholds, the Group seeks to ensure that, under controllable risk conditions, resources are invested in a timely manner to advance projects with commercial potential to the next stage of development, gradually building a diversified and sustainable business portfolio and injecting new momentum into the Group's long-term development. At the same time, the Group will actively seize the policy opportunities brought by the Hong Kong Special Administrative Region Government's designation of artificial intelligence as a core driving force for the city's high-quality development, including the "AI+ and Industry Development" dedicated promotion mechanism, so as to provide more favourable development conditions and resource support for the Group's exploration and expansion in areas such as AI+ healthcare, life and health technology, and data science.

7. *Talent and Organisational Management Risk*

The Group's business transformation and new business expansion require talent with relevant technical and industry experience. If the Group fails to effectively attract, cultivate, and retain suitable talents, or if its organisational structure fails to meet business development needs, this may affect the Group's strategy execution and operational efficiency, or even lead to vacancies in key positions and knowledge gaps, adversely affecting the sustainable development of its business.

Response Measures: The Group will continue to advance structural optimisation and talent integration, and by leveraging the synergies between professional teams and intelligent systems, improve cross-departmental efficiency and work quality. At the same time, the Group will strengthen talent cultivation and recruitment, with a focus on developing composite talent with experience in artificial intelligence, data analytics, and pharmaceutical supply chains, and establish a competitive incentive mechanism to attract and retain key talent. In addition, the Group will continue to optimise its organisational structure to ensure it can flexibly meet the needs of business transformation and new business expansion, and through clear division of responsibilities and efficient decision-making processes, enhance overall execution capability and provide solid support for strategy implementation.

Key Relationships with Employees, Customers and Suppliers

The Group recognizes the accomplishment of the employees by providing comprehensive benefit packages, career development opportunities and internal trainings appropriate to individual needs. The Group provides a healthy and safe workplace for all employees.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The Group's requirements and standards are well communicated to the suppliers before the commencement of business transactions.

The Group values the views and opinions of all the customers through various means and channels to understand the customer trends and needs. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, sales to the five largest customers accounted for approximately 74.51% of its entire sales and sales to the largest customer accounted for approximately 34.81%. Purchases from the Group's five largest suppliers accounted for approximately 100% of the total purchases for the Reporting Period and purchases from the largest supplier accounted for approximately 67%.

None of the Directors, or any of their close associates or any Shareholders, which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital, had any beneficial interest in these major customers and suppliers.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Period are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on pages 57 and 58.

DIRECTORS' REPORT

PREFERRED DISTRIBUTION AND DIVIDENDS

The Board resolved to exercise sole discretion to, subject to the terms of the loan capitalisation agreements entered into by the Company dated 14 June 2024, defer payment of:

- (i) first annual preferred distribution, being HK\$7,400,755.25 on the 1,480,151,050 convertible preference shares of the Company, which will originally become due on 15 November 2025 to 31 December 2027; and
- (ii) second annual preferred distribution, being HK\$7,400,755.25 on the 1,480,151,050 convertible preference shares of the Company, which will originally become due on 15 November 2026 to 31 December 2027.

Given that the Group has made a loss for the Reporting Period, and its financial resources are not sufficient for payment of the annual preferred distributions, the Board does not recommend the payment of any dividend for the Reporting Period (2025: Nil). The Company also considers that retaining most of its available financial resources enable the Company to capture any acquisition, investment or other business opportunities whenever the same is identified such that shareholders value can be enhanced in the long run.

DIVIDEND POLICY

The Board has adopted a dividend policy. Any distribution of dividends shall be in accordance with the applicable laws and the relevant provisions of the Articles of Association effective from time to time. The Company may declare and distribute final dividends, interim dividends or special dividends as may be determined by the Board from time to time. Declaration of final dividend is subject to the approval of the Shareholders. The Company may distribute dividends by way of cash or Shares. Profit distribution of the Company shall take into account: (i) the earnings per share of the Company; (ii) the reasonable return in investment of the investors and the Shareholders in order to provide incentive to them to continue to support the Company in its long-term development; (iii) the financial conditions and business plan of the Company; and (iv) the market sentiment and circumstances.

FIVE-YEAR FINANCIAL SUMMARY

A summary of results and of the assets and liabilities of the Group for the past five financial years is set out on page 148 of this annual report.

RESERVES

As at 30 June 2026, no reserves were available for distribution to Shareholders by the Company (2025: Nil).

Details of movements in reserves of the Group during the Reporting Period are set out in the section headed "Consolidated Statement of Changes in Equity" on page 61.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 16 to the Consolidated Financial Statements of this annual report.

CHARITABLE DONATIONS

During the Reporting Period, the Group did not make any charitable donations (2025: Nil).

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

According to the GEM Listing Rules, the Company is required to maintain the minimum public float of no less than 25%. As at 30 June 2026, Integrated Asset Management (Asia) Limited and Quantum Worldwide Investment Limited held 321,694,520 and 150,000,000 ordinary shares of the Company respectively, representing approximately 50.77% and 23.67% of the entire ordinary share capital of the Company. Mr. HEUNG Pik Lun, an independent non-executive Director held 3,920,000 ordinary shares of the Company, representing approximately 0.62% of the entire ordinary share capital of the Company. The total number of ordinary shares of the Company held by the aforesaid substantial shareholders of the Company and Director are 475,614,520, representing approximately 75.05% of the entire issued ordinary share capital of the Company. The Company did not maintain sufficient public float as required under the GEM Listing Rules during the period between 14 January 2026 and the date of this annual report. The Company is now taking active step to restore the public float as soon as is practicable. For further details, please refer to the announcement of the Company dated 16 September 2026.

Save for the aforesaid, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained a sufficient public float as required under the GEM Listing Rules during the Reporting Period and up to the date of this annual report.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions which also constituted exempted connected transactions under Chapter 20 of the GEM Listing Rules are set out in Note 32 to the Consolidated Financial Statements of this annual report.

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

Save as disclosed in this annual report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the Reporting Period.

LOAN CAPITALISATION INVOLVING ISSUE OF ORDINARY SHARES AND CONVERTIBLE PREFERENCE SHARES UNDER SPECIFIC MANDATE

On 14 June 2024, the Company and Integrated Asset Management (Asia) Limited ("**IAM**") entered into a loan capitalisation agreement (the "**IAM Loan Capitalisation Agreement**"), pursuant to which the Company has conditionally agreed to allot and issue, and IAM has conditionally agreed to subscribe for, (i) 300,000,000 ordinary shares of the Company (the "**IAM Shares**") at the subscription price of HK\$0.1 per ordinary share of the Company, the same of which shall be satisfied by offsetting HK\$30,000,000 of the total amount of HK\$123,254,146, being the outstanding principal and accrued interests under the convertible bonds held by IAM up to 31 December 2023 (the "**IAM Debt**"); and (ii) 932,541,460 non-voting convertible preference share(s) of the Company (the "**IAM CPSs**") at the subscription price of HK\$0.1 per CPS, the same of which shall be satisfied by offsetting the remaining balance of the IAM Debt of approximately HK\$93,254,146 (the "**IAM Loan Capitalisation**"). Upon completion of the IAM Loan Capitalisation, the IAM Debt shall be deemed to have been fully repaid and the Company shall be released from its obligations under the IAM Debt. The interests for the period from 1 January 2024 up to the date of the completion of the IAM Loan Capitalisation shall be settled in cash by the Company's internal resources within 12 months from the date of the completion of the IAM Loan Capitalisation or any other date to be agreed by both parties in writing.

DIRECTORS' REPORT

On 14 June 2024, the Company and Quantum Worldwide Investment Limited ("**Quantum**") entered into a loan capitalisation agreement (the "**Quantum Loan Capitalisation Agreement**"), pursuant to which the Company has conditionally agreed to allot and issue, and Quantum has conditionally agreed to subscribe for 150,000,000 ordinary shares of the Company (the "**Quantum Shares**") at the subscription price of HK\$0.1 per ordinary share of the Company, the same of which shall be satisfied by offsetting the full amount of HK\$15,000,000, being the outstanding principal under a loan agreement dated 8 November 2023 entered into between the Company as borrower and Quantum as lender for a term loan facility of HK\$20,000,000 to the Company (the "**Quantum Debt**") (the "**Quantum Loan Capitalisation**"). Upon completion of the Quantum Loan Capitalisation, the Quantum Debt shall be deemed to have been fully repaid and the Company shall be released from its obligations under the Quantum Debt. The outstanding interest accrued from the Quantum Debt under the Quantum Loan Capitalisation Agreement shall be paid on such date and by such means to be agreed by the Company and Quantum. The outstanding interests shall be settled in cash by the Company's internal resources.

The IAM Loan Capitalisation Agreement, the Quantum Loan Capitalisation Agreement and the transactions contemplated thereunder were approved by way of ordinary resolutions at the extraordinary general meeting of the Company on 8 August 2024. All of the conditions precedent under the IAM Loan Capitalisation Agreement and the Quantum Loan Capitalisation Agreement have been fulfilled and the completion took place on 15 November 2024 (the "**Completion Date**").

Upon the completion of the IAM Loan Capitalisation Agreement, (i) 300,000,000 IAM Shares at HK\$0.1 per ordinary share of the Company were allotted and issued to IAM, the subscription price of which was satisfied by offsetting HK\$30,000,000 of the IAM Debt; and (ii) 932,541,460 IAM CPSs at HK\$0.1 per CPS were allotted and issued to IAM, the subscription price of which was satisfied by offsetting the remaining balance of the IAM Debt of approximately HK\$93,254,146. Upon completion of the IAM Loan Capitalisation Agreement, the IAM Debt has been deemed to be fully repaid and the Company has been released from its obligations under the IAM Debt.

Upon the completion of the Quantum Loan Capitalisation Agreement, 150,000,000 Quantum Shares at HK\$0.1 per ordinary share of the Company were allotted and issued to Quantum, the subscription price of which was satisfied by offsetting the full amount of the Quantum Debt. Upon completion of the Quantum Loan Capitalisation Agreement, the Quantum Debt has been deemed to be fully repaid and the Company has been released from its obligations under the Quantum Debt.

LOAN CAPITALISATION INVOLVING ISSUE OF CONVERTIBLE PREFERENCE SHARES UNDER SPECIFIC MANDATE

On 14 June 2024, the Company and Creative Big Limited ("**Creative Big**") entered into a loan capitalisation agreement (the "**Creative Big Loan Capitalisation Agreement**"), pursuant to which the Company has conditionally agreed to allot and issue, and Creative Big has conditionally agreed to subscribe for 547,609,590 non-voting convertible preference share(s) of the Company (the "**Creative Big CPSs**") at the subscription price of HK\$0.1 per CPS, the same of which shall be satisfied by offsetting the full amount of HK\$54,760,959, being the outstanding principal amount and accrued interest under the convertible bonds held by Creative Big up to 31 December 2023 (the "**Creative Big Debt**") (the "**Creative Big Loan Capitalisation**"). Upon completion of the Creative Big Loan Capitalisation, the Creative Big Debt shall be deemed to have been fully repaid and the Company shall be released from its obligations under the Creative Big Debt.

The Creative Big Loan Capitalisation Agreement and the transactions contemplated thereunder were approved by way of ordinary resolution at the extraordinary general meeting of the Company on 8 August 2024. All of the conditions precedent under the Creative Big Loan Capitalisation Agreement have been fulfilled and the completion took place on 15 November 2024.

DIRECTORS' REPORT

Upon the completion of the Creative Big Loan Capitalisation Agreement, 547,609,590 Creative Big CPSs at HK\$0.1 per CPS were allotted and issued to Creative Big, the subscription price of which was satisfied by offsetting the full amount of the Creative Big Debt. Upon completion of the Creative Big Loan Capitalisation Agreement, the Creative Big Debt has been deemed to be fully repaid and the Company has been released from its obligations under the Creative Big Debt.

CONVERTIBLE PREFERENCE SHARES (THE "CPS(S)")

Allotment and issue of 932,541,460 CPSs pursuant to the IAM Loan Capitalisation Agreement and 547,609,590 CPSs pursuant to the Creative Big Loan Capitalisation Agreement (details of which were disclosed in the circular of the Company dated 19 July 2024) were completed on 15 November 2024 (the "**Date of Issue**"). The CPSs shall be convertible at the option of the holder(s) during the period of 10 years starting from the Date of Issue and ending on the 10th anniversary of the Date of Issue (the "**Conversion Period**") without the payment of any additional consideration therefor, into such number of fully-paid ordinary shares as determined in accordance with the ratio of 1:1 subject to such restrictions and conditions as specified in the IAM Loan Capitalisation Agreement and the Creative Big Loan Capitalisation Agreement respectively. Any CPS that has not been converted, redeemed or cancelled during the Conversion Period shall remain as preference shares in the share capital of the Company. The CPSs are perpetual and have no maturity date and interest rate. The subscription price was HK\$0.1 per CPS (which is not subject to any adjustment). The Company may, at any time at its sole discretion, by written notice of not less than 10 days to the holders of CPSs whose CPSs are to be redeemed and subject to compliance with the Articles of Association and the Companies Act of the Cayman Islands, request to redeem part or all of the CPSs at a price equivalent to the subscription price of such CPSs, so long as such CPSs have not been previously converted, redeemed or cancelled. The holders of CPSs do not have any right to request or demand the Company to redeem any CPSs. During the Reporting Period, IAM and Creative Big did not exercise any of their conversion rights of the CPSs and the Company did not redeem any CPSs.

UPDATE ON THE GUARANTEED PROFIT REGARDING THE FINANCIAL PERFORMANCE OF THE SUBSIDIARY ACQUIRED

On 4 January 2019, the Group completed the acquisition of 100% of the equity interests in Hero Global Holdings Limited ("**Hero Global**"). In accordance with the terms of the relevant sale and purchase agreement dated 4 January 2019 (the "**Agreement**") entered into between Sinopharm Tech Corporate Management Limited (formerly known as China Vanguard Corporate Management Limited), a wholly-owned subsidiary of the Company, as purchaser (the "**Purchaser**"), and Sinopharm Traditional Chinese Medicine Overseas Holdings Limited as vendor (the "**Vendor**"), the Vendor warranted to the Group that, inter alia, the aggregate actual net profit after taxation of Hero Global for the three years ending 31 December 2019, 2020 and 2021 would not be less than HK\$69,000,000 (the "**Profit Guarantee**"). In the event that Hero Global failed to achieve the aggregate amount of the Profit Guarantee for the three financial years ended 31 December 2021, the Vendor would compensate the Group in accordance with a formula under which the compensation would be equal to the shortfall multiplied by a compensation factor of 1.7, to be settled in cash. If the Vendor failed to pay the compensation in cash, the Purchaser would have the right to sell the locked-up consideration shares comprising 650,000,000 ordinary shares of the Company (the "**Consideration Shares**") to recover such compensation amount in cash. Details were disclosed in the Company's announcements dated 4 January 2019 and the circular dated 2 April 2019.

Given that the Profit Guarantee had not been fulfilled, the Purchaser and the Vendor entered into a confirmation letter and a settlement agreement (the "**Settlement Agreement**") on 23 May 2022, pursuant to which the parties mutually agreed and acknowledged that the compensation amount of approximately HK\$92.8 million (the "**Compensation Amount**") arising from the failure to meet the Profit Guarantee would be settled by 24 instalments payable on the 15th and the last day of each month, commencing on 15 July 2022 and ending on 30 June 2023.

DIRECTORS' REPORT

As of 18 July 2022, the Company had not received any payment from the Vendor. Thus, the Purchaser has issued a formal notice to request the Vendor to settle the outstanding sum by 31 July 2022 (the "**Demand Letter**").

On 23 August 2022, subsequent to the Vendor's default on the payments under the Settlement Agreement and the Demand Letter, the Purchaser and the Vendor further entered into a deed authorizing the Group to sell the locked-up Consideration Shares for the settlement of the Compensation Amount.

As at 30 June 2026, all the locked-up Consideration Shares had been sold by the Company for total proceeds of approximately HK\$17.2 million (which were recognized as compensation income of the Group), leaving an outstanding shortfall of HK\$75.6 million (the "**Outstanding Compensation**") against the Compensation Amount of HK\$92.8 million.

In light of the non-fulfilment of the Profit Guarantee, the Board has adopted a prudent approach to ensure all actions taken, including the signing of the Settlement Agreement, disposal of the locked-up Consideration Shares, and subsequent recognition of financial impacts, are conducted in the best interests of the Company and its shareholders. Furthermore, the Company will proactively pursue all available legal remedies against the Vendor to recover the Outstanding Compensation. In particular, on 24 August 2026, the Company issued a demand letter to the Vendor requesting settlement of the Outstanding Compensation. Subsequently, on 9 September 2026, the Company has instructed its legal advisors to issue a legal letter to the Vendor. If there is still no positive reply from the Vendor, the Company may commence necessary legal proceedings with a view to recovering the Outstanding Compensation pursuant to the terms of the agreements between the parties.

The Group remains committed to making further announcements as and when appropriate in compliance with the GEM Listing Rules. Furthermore, to safeguard corporate value and strengthen future governance, the Board has recommended the implementation of core measures for future mergers and acquisitions, including protective transaction terms such as escrow arrangements, deferred payments and asset pledges, as well as the establishment of a comprehensive monitoring mechanism to mitigate future risks.

DIRECTORS

The Directors during the Reporting Period and up to the date of this annual report comprised:

Executive Directors

Mr. CHIU Sin Nang Kenny
Ms. KWOK Shuk Yi

Non-executive Director

Dr. CHENG Yanjie (*retired on 19 December 2025*)

Independent Non-executive Directors

Mr. LAU Fai Lawrence
Mr. HEUNG Pik Lun
Mr. DIU Peter (*elected on 19 December 2025*)
Mr. YU Ping Ming (*elected on 19 December 2025*)
Mr. HSU Dong An (*resigned on 19 December 2025*)

The Company has received an annual confirmation of independence in writing from each of the INEDs pursuant to Rule 5.09 of the GEM Listing Rules and confirms that it still considers all the INEDs to be independent.

In accordance with Article 116 of the Articles of Association, Ms. KWOK Shuk Yi and Mr. LAU Fai Lawrence will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 17.50A(1) OF THE GEM LISTING RULES

In accordance with Rule 17.50A(1) of the GEM Listing Rules, save as disclosed in the section headed "Profiles of Directors" in this annual report, there was no change in information of the Directors required to be disclosed for the Reporting Period and up to the date of this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director, auditors or other officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur about the execution and discharge of his duties or in relation thereto. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the Reporting Period.

DIRECTORS' SERVICE CONTRACTS

All the Directors have not entered into any service contracts with the Company but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association.

DIRECTORS' OR CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no contract of significance to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director or the controlling shareholders of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Reporting Period.

COMPETING INTERESTS

None of the Directors, the substantial shareholders or the controlling shareholder of the Company or any of their respective close associates (as defined under the GEM Listing Rules) has any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group.

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 Reporting Period.

DIRECTORS' REPORT

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

As at 30 June 2026, the interests and short positions of the Directors and chief executive in the ordinary share(s) of par value of HK\$0.0125 each of the Company (the "Share(s)"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in the Shares of the Company or Any of its Associated Corporation

Name of Directors	The Company/Name of Associated Corporation	Number of Shares Held					Approximate Percentage of Shareholding
		Interest in Controlled Corporation	Personal Interest (ordinary shares)	Personal Interest (underlying shares) <i>(Note 1)</i>	Interest of Spouse	Total Interest	
Mr. CHIU Sin Nang Kenny <i>(Note 2)</i>	The Company	547,609,590	—	—	—	547,609,590	86.42%
Mr. HEUNG Pik Lun	The Company	—	3,920,000	—	—	3,920,000	0.62%
Ms. KWOK Shuk Yi	The Company	—	—	1,600,000	—	1,600,000	0.25%
Mr. LAU Fai Lawrence	The Company	—	—	160,000	—	160,000	0.03%

Notes:

- These share options were granted by the Company on 28 December 2022 under the share option scheme adopted by the Company on 9 June 2021.
- Creative Big Limited, which was wholly owned by Mr. CHIU Sin Nang Kenny, was directly interested in these 547,609,590 non-voting convertible preference shares of the Company.

Save as disclosed above, as at 30 June 2026, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) that were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the paragraphs headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, at no time during the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of acquisition of the Shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executive or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

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

As at 30 June 2026, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as was known to any Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as follows:

Long Positions in the Shares

Name of Shareholders	Capacity	Number of issued ordinary shares held	Number of issued non- voting convertible preference shares held	Approximate percentage of shareholding in the issued ordinary share capital of the Company
Integrated Asset Management (Asia) Limited (" Integrated Asset ") & its concert parties (<i>Note 1</i>)	Beneficial Owner	321,694,520	—	50.77%
	Beneficial Owner	—	932,541,460	147.16%
Quantum Worldwide Investment Limited (" Quantum ") (<i>Note 2</i>)	Beneficial Owner	150,000,000	—	23.67%
Creative Big Limited (<i>Note 3</i>)	Beneficial Owner	—	547,609,590	86.42%

Notes:

1. Integrated Asset was wholly owned by Mr. YAM Tak Cheung.
2. Quantum was wholly owned by Mr. YAM Tak Cheung.
3. Creative Big Limited was wholly owned by Mr. CHIU Sin Nang Kenny.

DIRECTORS' REPORT

Save as disclosed above, as at 30 June 2026, the Directors or chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the **"Share Option Scheme"**) on 9 June 2021 under which the Board may, at its discretion, invite eligible persons to take up share options to subscribe for the Shares. The purpose of the Share Option Scheme is to enable the Group to grant the share options to selected eligible persons (the **"Eligible Persons"**) as incentives or rewards for their contribution to the Group. The Share Option Scheme will provide the Eligible Persons with an opportunity to acquire proprietary interests in the Company with the view to achieving the following principal objectives: (i) motivate the Eligible Persons (in case of the Eligible Employees, as defined below) to optimise their performance and efficiency for the benefit of the Group; (ii) attract and retain or otherwise maintain ongoing business relationship with the Eligible Persons (in case of the Eligible Consultants, as defined below) whose contributions are, will be or are expected to be beneficial to the Group; and (iii) align the interests of the Eligible Persons with the Shareholders. Eligible persons shall include any employee and any Director (including executive, non-executive and independent non-executive Directors) (collectively, the **"Eligible Employee(s)"**) and any consultant (both collectively, the **"Eligible Consultant(s)"**) of the Company or of any subsidiary of the Company or such other persons who, at the sole determination of the Board, have contributed to the Group at the time when an option is granted to such persons. The Share Option Scheme will remain valid for a period of 10 years commencing from the date of its adoption and will expire on 8 June 2031. The share options must be taken up with a remittance in favour of the Company of one Hong Kong Dollar (HK\$1.00) within 21 days from the date on which the offer letter is delivered to the grantee for acceptance of the offer. Subject to the restrictions under the GEM Listing Rules, there is neither no requirement for the vesting period of options granted nor for the period within which the option may be exercised by the grantee under the Share Option Scheme. For the basis of determining the exercise price of share options and the maximum entitlement of each Eligible Person, please refer to Note 29 to the Consolidated Financial Statements of this annual report. The total number of ordinary shares available for issue, including those ordinary shares available for issue in respect of the outstanding share options which have been granted under the Share Option Scheme and the number of ordinary shares which may be issued upon exercise of those share options which were not yet granted, is 17,381,507, representing approximately 2.74% of the issued ordinary shares as at the date of this annual report.

Details of the Share Option Scheme adopted by the Company are set out in Note 29 to the Consolidated Financial Statements of this annual report.

The number of share options available for grant under the scheme mandate at the beginning and the end of the Reporting Period was 11,941,507 and 12,421,507 respectively. The number of Shares that may be issued in respect of the share options granted under all share option schemes of the Company during the Reporting Period (assuming to take the average of the opening balance and closing balance) divided by the weighted average number of Shares in issue for the Reporting Period was nil.

Share Option Scheme

The details of the movements in share options under the Share Option Scheme during the year were as follows:

						Number of Share Options <i>(Note)</i>				
		Exercise Price per Share (HK\$) <i>(Note)</i>			As at 1 July 2025					As at 30 June 2026
Name/Category of Participants	Grant Date		Vesting Period	Exercise Period		Granted	Exercised	Cancelled	Lapsed	
Directors										
Ms. KWOK Shuk Yi	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	640,000	—	—	—	—	640,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	480,000	—	—	—	—	480,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	480,000	—	—	—	—	480,000
Mr. LAU Fai Lawrence	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	64,000	—	—	—	—	64,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	48,000	—	—	—	—	48,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	48,000	—	—	—	—	48,000
Dr. CHENG Yanjie <i>(retired on 19 December 2025)</i>	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	64,000	—	—	—	(64,000)	—
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	48,000	—	—	—	(64,000)	—
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	48,000	—	—	—	(48,000)	—
				Sub-total	1,920,000	—	—	—	(160,000)	1,760,000
Employees										
	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	1,328,000	—	—	—	(48,000)	1,280,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	996,000	—	—	—	(36,000)	960,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	996,000	—	—	—	(36,000)	960,000
	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	100,000	—	—	—	(100,000)	—
	28/12/2022	1.00	28/12/2022–31/12/2023	01/01/2024–30/06/2028	100,000	—	—	—	(100,000)	—
				Sub-total	3,520,000	—	—	—	(320,000)	3,200,000
				Total	5,440,000	—	—	—	(480,000)	4,960,000

Note:

In accordance with the Share Option Scheme, the exercise price and the number of share options were adjusted on 29 August 2023 as a result of the share consolidation of every twenty five (25) issued and unissued ordinary shares with a par value of HK\$0.0125 each in the share capital of the Company into one (1) ordinary share with a par value of HK\$0.3125 approved at the extraordinary general meeting of the Company held on 25 August 2023 and effective from 29 August 2023. Thereafter, the exercise price and the number of share options remained unchanged even after the Capital Reorganisation, consisting of the reduction of the par value of each issued share from HK\$0.3125 to HK\$0.0125 by cancelling the paid-up share capital to the extent of HK\$0.3 per issued share and the subdivision of each of the authorised but unissued shares with par value of HK\$0.3125 each into 25 authorised but unissued new shares with par value of HK\$0.0125 each, became effective on 6 November 2024.

DIRECTORS' REPORT

Five Highest Paid Individuals in Aggregate under the Share Option Scheme

The details of the movements in share options of the five highest paid individuals in aggregate and other grantees (except Directors) in aggregate under the Share Option Scheme during the year were as follows:

Name/Category of Participants	Grant Date	Exercise Price per Share (HK\$) (Note)	Vesting Period	Exercise Period	Number of Share Options (Note)					As at 30 June 2026
					As at 1 July 2025	Granted	Exercised	Cancelled	Lapsed	
Five highest paid individuals	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	688,000	—	—	—	(48,000)	640,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	516,000	—	—	—	(36,000)	480,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	516,000	—	—	—	(36,000)	480,000
				Sub-total	1,720,000	—	—	—	(120,000)	1,600,000
Other grantees (except Directors)	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	1,280,000	—	—	—	—	1,280,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	960,000	—	—	—	—	960,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	960,000	—	—	—	—	960,000
	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	100,000	—	—	—	(100,000)	—
	28/12/2022	1.00	28/12/2022–31/12/2023	01/01/2024–30/06/2028	100,000	—	—	—	(100,000)	—
				Sub-total	3,400,000	—	—	—	(200,000)	3,200,000

Note:

In accordance with the Share Option Scheme, the exercise price and the number of share options were adjusted on 29 August 2023 as a result of the share consolidation of every twenty five (25) issued and unissued ordinary shares with a par value of HK\$0.0125 each in the share capital of the Company into one (1) ordinary share with a par value of HK\$0.3125 approved at the extraordinary general meeting of the Company held on 25 August 2023 and effective from 29 August 2023. Thereafter, the exercise price and the number of share options remained unchanged even after the Capital Reorganisation, consisting of the reduction of the par value of each issued share from HK\$0.3125 to HK\$0.0125 by cancelling the paid-up share capital to the extent of HK\$0.3 per issued share and the subdivision of each of the authorised but unissued shares with par value of HK\$0.3125 each into 25 authorised but unissued new shares with par value of HK\$0.0125 each, became effective on 6 November 2024.

AUDITOR

The consolidated financial statements for the Reporting Period have been audited by Suya WWC CPA Limited ("Suya WWC"). The consolidated financial statements for the year ended 30 June 2025 have been audited by Suya WWC. The consolidated financial statements for the year ended 30 June 2024 have been audited by SFAI (HK) CPA Limited ("SFAI Hong Kong"). On 24 June 2025, SFAI Hong Kong resigned as the auditor of the Company and Suya WWC has been appointed as the auditor of the Company to fill the casual vacancy created by the resignation of SFAI Hong Kong with effect from 24 June 2025 until the conclusion of the next annual general meeting of the Company. Suya WWC will retire at the forthcoming annual general meeting of the Company and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of Suya WWC as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance which is set out in the section headed "Corporate Governance Report" on pages 11 to 23 of this annual report.

SIGNIFICANT EVENTS AFTER REPORTING PERIOD

There has been no important event affecting the Group since the end of the Reporting Period.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the GEM Listing Rules. For the Reporting Period and up to the date of this annual report, the Audit Committee comprised four INEDs, namely, Mr. LAU Fai Lawrence, Mr. HEUNG Pik Lun, Mr. DIU Peter (appointed on 19 December 2025), Mr. YU Ping Ming (appointed on 19 December 2025) and Mr. HSU Dong AN (resigned on 19 December 2025). Mr. LAU has been appointed as the chairperson of the Audit Committee. Details of the role and work performed by the Audit Committee for the Reporting Period are set out in the section headed "Corporate Governance Report" in this annual report.

The audited consolidated results of the Group for the Reporting Period 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 has been made.

On behalf of the Board

CHIU Sin Nang Kenny

Executive Director

Hong Kong, 24 September 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting Boundary

This Environmental, Social and Governance (the “**ESG**”) Report (the “**ESG Report**”) issued by the Company covers the policies, compliance issues and key performance indicators relating to the environmental and social aspects of the business operations in Hong Kong and the PRC during the year ended 30 June 2026 (the “**Reporting Period**”). The above scope of reporting had relatively significant impact on the environment and society during the Reporting Period. This ESG Report was prepared in accordance with the “Environmental, Social and Governance Reporting Code” (the “**ESG Reporting Code**”) as set out in Appendix C2 of the GEM Listing Rules.

Board’s ESG Management Approach and Strategy

The Group has implemented a top-down management approach within the Group for ESG management and has developed appropriate and effective ESG management systems and processes. The Board is responsible for determining the Group’s ESG strategy, assessing the ESG risks and opportunities as well as overseeing the Group’s overall ESG performance, including environmental management issues, labor practices and other ESG aspects. The management of the Group is responsible for the execution of ESG management, the collection of relevant ESG data and the preparation of the ESG Report. The Group maintains effective communication with stakeholders through daily operations to understand and identify their needs, expectations and concerns regarding the ESG factors of the Group, so that the importance of each ESG area can be assessed and long-term development approaches and strategies can be formulated. The Board reviews and approves the ESG Report annually to ensure all material ESG issues and their impacts on sustainable development are fairly presented in the ESG Report.

Reporting Principles

The Group adheres to the four fundamental reporting principles set out in the ESG Reporting Code for the preparation of this report:

Materiality: The Group acknowledges the importance of material issues that may have a significant impact on its stakeholders and operations. Material environmental and social issues were identified through an analysis of the written and verbal comments and responses submitted by members of the management team of the Group. Material issues identified during the Reporting Period are similar to the material issues identified in the previous reporting period. Results were presented to the Board for validation of the material ESG issues for the Reporting Period.

Quantitative: The Group records and discloses the key performance indicators in quantitative terms as appropriate for the evaluation and validation of the effectiveness of its ESG policies and measures.

Consistency: As far as practicable and unless stated otherwise, the Group applies consistent measurement methodology to allow for meaningful comparison of its ESG performance over time. Any changes in the methods or the key performance indicators used will be disclosed.

Balance: This report discloses information in an objective manner, providing stakeholders with an unbiased picture of the Group’s overall ESG performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENT

Emissions

Policies relating to Air and Greenhouse Gas Emissions, Discharges into Water and Land, and Generation of Hazardous and Non-hazardous Waste

The indirect greenhouse gas emission generated from our daily electricity consumption is the main source of the Group's carbon footprint. To reduce greenhouse gas emission, various energy-saving measures have been implemented, including employees turning off lights and unnecessary energy devices before leaving the offices to reduce energy consumption and avoid unnecessary wastage of energy. In order to reduce waste, a responsible waste management policy has been adopted, including waste avoidance, reducing waste from its source, reuse, recycling and responsible disposal of waste. During the Reporting Period, the Group was not aware of any material non-compliance with the environmental laws and regulations in Hong Kong and in the PRC relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Key Performance Indicators

1. Air Pollutants

Fuel consumption by motor vehicles was the major source of nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM") emissions. Relevant data for the years ended 30 June 2026 and 2025 were as follows:

	Year ended 30 June 2026 (g)	Year ended 30 June 2025 (g)
NO _x	0.00	0.00
SO _x	0.00	0.00
PM	0.00	0.00

2. Climate-related Disclosures: Greenhouse Gas Emissions

Greenhouse gas came from all sorts of daily activities, such as the use of electricity, water and the combustion of fuels in motor vehicles. The Group strives to reduce burning and improve energy and resource use efficiency in its daily operations so as to manage its greenhouse gas emissions.

The combustion of fuels in motor vehicles caused the direct (Scope 1) emission of greenhouse gases which included carbon dioxide ("CO₂") and other greenhouse gases, such as methane ("CH₄") and nitrous oxide ("N₂O"). Relevant data expressed in CO₂e for the years ended 30 June 2026 and 2025 were as follows:

	Year ended 30 June 2026 (MT)	Year ended 30 June 2025 (MT)
CO ₂ e	0.00	0.00

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company has adopted the methodology, emission factors and assumptions set out in “Implementation Guidance for Climate Disclosures under HKEX ESG reporting framework” issued by the Stock Exchange to measure and calculate the direct (Scope 1) greenhouse gas emissions over the years as those methodology, emission factors and assumptions are applicable to the Company’s business.

The electricity consumption of the Group, mainly attributable to the daily operations of the Group’s business operations in Hong Kong and the PRC, caused the indirect (Scope 2) emission of greenhouse gas of CO₂ presented in CO₂e. Indirect CO₂ emissions from electricity purchased from power companies for the years ended 30 June 2026 and 2025 were as follows:

Location	Unit	Year ended 30 June 2026	Year ended 30 June 2025
Hong Kong	MTCO ₂ e	2.64	5.59
PRC	MTCO ₂ e	20.18	18.41

The Company has adopted the methodology (including location-based method), emission factors and assumptions set out in “Implementation Guidance for Climate Disclosures under HKEX ESG reporting framework” issued by the Stock Exchange to measure and calculate the indirect (Scope 2) greenhouse gas emissions over the years as those methodology, emission factors and assumptions are applicable to the Company’s business.

3. Hazardous Waste Production

According to the National Catalogue of Hazardous Wastes (《國家危險廢物名錄》) which was formulated in accordance with the Law of the People’s Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) by the Ministry of Environmental Protection of the People’s Republic of China (中華人民共和國環境保護部), printing ink is classified as hazardous waste.

Despite the unavailability of hazardous waste data of the Group during the Reporting Period (2025: not available), the Group consider that only limited hazardous waste was produced during printing process.

4. Non-hazardous Waste Production

Commercial waste constituted the production of non-hazardous waste of the Group. For the Reporting Period, 0 tonne of non-hazardous waste was produced and the intensity of the non-hazardous waste produced was 0 tonne per business unit (2025: 0 tonne per business unit).

5. Emissions Management

The Group targeted to keep the levels of the air pollutants and greenhouse gas emissions for the Reporting Period at no more than those for the year ended 30 June 2020 (the benchmark). The targets were achieved by using five less motor vehicles compared with the benchmark.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. *Wastes Management*

The non-hazardous waste shall be classified, collected and placed separately from hazardous waste, and then transferred to government-approved institutions for regular disposal. The Group has been continuously keeping the hazardous waste minimal over the years. Only limited hazardous waste was produced during the printing process in the offices and hence the hazardous waste data for the Reporting Period and the previous years were unavailable to the Group. The Group reduces printing by encouraging the use of electronic documents. On the other hand, the Group targeted to keep the intensity of the non-hazardous waste produced per business unit for the Reporting Period at no more than 0.6 tonnes, which was the data for the year ended 30 June 2020 (the benchmark). For the Reporting Period, the intensity of the non-hazardous waste produced was 0 tonne per business unit. The target was achieved by shifting the business to the provision of supply chain services.

For the Reporting Period, the Group was committed to the policies relating to air and greenhouse gas emissions, discharges into water and land, and the generation and disposal of hazardous and non-hazardous waste as set out in this ESG Report in order to minimise such pollution. The Group also performed regular assessments on the same.

Use of Resources

Policies on the Efficient Use of Resources

To support environmental protection, the Group uses its best endeavours to minimize the energy and resources consumption during its daily operation in Hong Kong and PRC offices. The Group strives to build an environmentally friendly working environment through its guidance and policies and participation among its staff to minimize the adverse impact of electricity and office consumables consumption on the environment.

In order to reduce the consumption of electricity in office, the Group issues guidance to its staff for setting the optimal temperature on the air-conditioning. All lights and electronic appliances in the office will be turned off when not in use and all lights in the office will be switched off during lunchtime.

Further, in order to reduce the consumables consumption in office, the Group encourages all the staff to save and file the documents electronically, use recycled papers for printing, print the documents on double-sided papers and arrange telephone or video conferences instead of face-to-face meetings.

Key Performance Indicators

1. *Energy Consumption*

Daily energy consumption of the Group mainly involved electricity purchased for the daily operations of the business operations in Hong Kong and the PRC. For the Reporting Period, the total electricity consumption was approximately 12.59kWh and the intensity of the electricity consumption was approximately 4.2kWh per business unit (2025: approximately 12.41kWh and approximately 4.14kWh per business unit).

2. *Water Consumption*

Despite the unavailability of water consumption data of the Group for the Reporting Period (2025: not available), the Group considered that there was only limited water consumption for the daily operations of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. *Energy Management*

The Group targeted to keep the intensity of the electricity consumption per business unit for the Reporting Period at no more than 14.83kWh, which was the data for the year ended 30 June 2020 (the benchmark). For the Reporting Period, the intensity of the electricity consumption per business unit was approximately 4.2kWh. The reduction was achieved by conducting control on electricity consumption.

4. *Water Management*

The Group's domestic water supply is mainly provided by local water supply companies, and there was no problem in sourcing water that was fit for purpose during the Reporting Period. For its business nature of provision of supply chain services, the Group has been continuously keeping its water consumption minimal over the years. There was only limited water consumption for the daily operations of the Group so the water consumption data for the Reporting Period and the previous years were unavailable to the Group.

5. *Packaging Materials Used for Finished Products*

As the core business nature of the Group is the provision of supply chain services, the total packaging materials used for finished products for the Reporting Period was 0 tonne and the intensity of the packaging materials used was 0 tonne per business unit (2025: 0 tonne and 0 tonne per business unit).

For the Reporting Period, the Group was committed to the policies on the efficient use of resources as set out in this ESG Report in order to reduce its consumption of energy and water.

Environment and Natural Resources**Policies on Minimising the Group's Significant Impact on the Environment and Natural Resources**

The Group manages and minimizes the impact it may cause on the environment and natural resources, directly or indirectly, through policies including (i) ensuring that its business operations comply with the environmental laws and regulations in Hong Kong and in the PRC; (ii) monitoring and minimising air and greenhouse gas emissions and hazardous and non-hazardous waste; and (iii) ensuring that in its daily business operations, with its best endeavours, energy, water and other raw materials will be conserved.

Key Performance Indicator

For the Reporting Period, due to the business of the Group, the electricity consumption causing the indirect emission of greenhouse gas of CO₂, the non-hazardous waste production (2026: Nil) and the packaging material used for finished products (2026: Nil) may have impact on the environment and natural resources (2025: might have impact). The Group was committed to the policies on minimising its significant impact on the environment and natural resources as set out in this ESG Report in order to protect the environment and natural resources.

Climate Change**Policies on Identification and Mitigation of Significant Climate-related Issues**

The Group has considered the potential climate-related risks in respect of the recommendations of the Task Force on Climate-related Financial Disclosures, in which potential physical risk and transition risk from climate change may pose adverse financial impacts on the Group's businesses.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicator

Acute physical risk can arise from extreme weather conditions such as flooding and storms, and chronic physical risk can arise from sustained high temperature, while transition risk may result from the change in environmental-related regulations or change in customer preferences. Upon evaluation of the potential acute physical risk that may cause disruption to the supply network, our offices do not locate in high-risk flood areas and the Group maintains a large supplier base so we can source from alternative suppliers in the event of our suppliers being affected by extreme weather conditions. While sustained high temperature may result in an elevation of electricity consumption, the Group has adopted energy conservation measures in managing such risk, which are detailed in the above sub-section headed "Environment and Natural Resources". As for the potential transition risk, the Group continues to monitor the regulatory environment and the product market to ensure that its products meet customers and regulatory demand and expectations.

It is expected that potential extreme weather conditions, sustained high temperature, change in environmental-related regulations and customer preference do not have a material impact on the Group's operations. Nevertheless, the Group continues to monitor the climate-related risks and implement relevant measures to minimize the potential physical and transition risks.

EMPLOYMENT AND LABOUR PRACTICES**Employment**

The Group believes that human resources are the most valuable asset and the core competitive strength of the Group. The Group adopts a fair and open recruitment policy to avoid any discrimination based on age, gender, race, nationality, religion or marital status. All the candidates will be assessed under a fair recruitment process.

The rest time of the Group's employees is well respected and the employees are also entitled to paid holidays in accordance with statutory requirements or as stipulated in their respective employment contracts. There is a computerized human resources management system in place to continuously monitor the working hours and leave application of the employees. The Group also adopts a zero tolerance policy towards sexual harassment at the workplace to protect its employees from unsolicited sexual advances.

The Group rewards all employees by providing a competitive remuneration package and performing performance appraisal on an annual basis with appropriate bonus and/or promotion opportunities for career advancement. The Group's "Employee Handbook" will be delivered to all employees, which contains all the information regarding employment, business conduct, social security funds, compensation, leave benefits, working hours, etc. A brief orientation is provided to new employees to ensure that they are aware of all relevant policies. During the Reporting Period, the Group was not aware of any material non-compliance with the relevant labour and employment laws.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicators

1. *Total Workforce*

Total workforce by gender, employment type, age group and geographical region for the years ended 30 June 2026 and 2025 was as follows:

		Year ended 30 June 2026 (no. of person)	Year ended 30 June 2025 (no. of person)
gender:	male	18	19
	female	13	13
employment type:	full-time	30	31
	part-time	0	0
	contract	1	1
age group:	under the age of 30	4	5
	between the age of 30–50	17	18
	over the age of 50	10	9
geographical region:	Hong Kong	12	11
	China and Taiwan	19	21

2. *Employee Turnover Rate*

Employee turnover rate by gender, age group and geographical region for the years ended 30 June 2026 and 2025 was as follows:

		Year ended 30 June 2026 (%)	Year ended 30 June 2025 (%)
gender:	male	16.22	5.13
	female	7.69	0.00
age group:	under the age of 30	22.22	0.00
	between the age of 30–50	11.43	5.13
	over the age of 50	10.53	0.00
geographical region:	Hong Kong	8.70	8.70
	China and Taiwan	15.00	0.00

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Health and Safety

The Group has been committed to providing a safe, pleasant and healthy working environment to its employees in order to protect their health and safety. In order to maintain a safe and comfortable working environment, the Group designs and plans office layouts based on relevant safety provisions, and ensures that fire escapes are available and the hygiene of the office is regularly maintained. During the Reporting Period, the Group reviewed the office environment and safety policies regularly and was not aware of any material non-compliance with the health and safety laws and regulations.

Key Performance Indicators

1. *Work-related Fatalities and Lost Days due to Work Injury*

	Year ended 30 June 2026	Year ended 30 June 2025	Year ended 30 June 2024
number of work-related fatalities	0 person	0 person	0 person
rate of work-related fatalities	0%	0%	0%
lost days due to work injury	0 day	0 day	0 day

2. *Occupational Health and Safety Measures*

The Group promotes the concept of “work-life balance” to care for its employees in terms of their health, wellness and continuing education. Different types of health care plans are available such as medical insurance, employees’ compensation insurance and accident insurance on business trip. We strive to enhance injury and illness prevention through more robust post-incident investigations. Work injury handling procedures were reviewed during the Reporting Period to ensure the injury case can be handled properly.

Development and Training

Staff’s continuous development is one of the crucial factors for success of the Group. The Group provides on-board briefings and orientation for new staff. The Group also encourages the employees to attend external applicable training courses or seminars during office hours which are relevant to their respective job duties. Employees are entitled to examination leaves on the examination day when they attend external examinations that are relevant to their job duties. The Group strives to ensure that all employees can fulfill their relevant job requirements in terms of their education, training, technical and work experience.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicators

1. *The Percentage of Employees Trained*

		Year ended 30 June 2026 (%)	Year ended 30 June 2025 (%)
gender:	male	83.33	78.95
	female	100.00	100.00
employee category:	senior management	62.50	25.00
	middle management	100.00	100.00
	junior employee	100.00	100.00

2. *The Average Training Hours Completed Per Employee*

		Year ended 30 June 2026 (hour(s))	Year ended 30 June 2025 (hour(s))
gender:	male	18.8	8.7
	female	13.1	10.0
employee category:	senior management	40.0	30.0
	middle management	12.0	10.0
	junior employee	10.0	7.1

Labour Standards

During the recruitment process, the Group strictly complies with all applicable laws and regulations in the jurisdictions where it operates. The Group ascertains that its employees are all above the minimum legal working age requirement and have been fully protected in terms of labour standards. The Group complied with all laws and regulations prohibiting child labour and forced labour. Applicants are required to provide documentary proofs of their academic qualifications and working experience for verifications. Applicants who are suspected to have false academic qualifications and working experience will not be employed. All the staff were employed in accordance with the relevant laws and regulations in Hong Kong and the PRC and the management of the Group regularly reviews the recruitment process to ensure that no discrimination is present.

Key Performance Indicators

Child Labour and Forced Labour

The Group does not tolerate the recruitment of child labour and the use of forced labour. Our recruitment process is subject to a stringent internal review process that includes verifying the personal information of applicants. For instance, the staff member who is responsible for recruitment collects the identity proof from the candidates to ensure that the age of the candidates fulfils the requirements as stipulated by the applicable laws.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The employment of forced and child labour is strictly prohibited. During the Reporting Period, all employees were over the age of 18, and were properly employed in accordance with the requirements of all applicable laws and regulations. No confirmed non-compliance incidents or grievances were noted by the Group (2025: Nil).

OPERATING PRACTICES

Supply Chain Management

The Group believes that the sourcing and selection of suppliers play a crucial part in establishing its products and brand. The Group conducts assessment on its suppliers with the relevant industrial and environmental standards in supply of materials, and considers that it is one of the supplier selection criterion. During the procurement process, the Group performs regular assessments on the environmental and social risks of the supply chain management.

Key Performance Indicators

1. *Suppliers by Geographical Region*

During the Reporting Period, the Group made its purchases from 2 suppliers and 2 suppliers located in Hong Kong and the PRC respectively (2025: 1 supplier and 8 suppliers located in Hong Kong and the PRC respectively).

2. *Practices relating to Engaging Suppliers*

Moreover, the Group closely monitors the performance of its existing suppliers and selects all new vendors based on its defined criteria, such as their size, quality of products and/or services, delivery time, supply stability, cost effectiveness, etc. Approved suppliers are evaluated regularly to ensure the quality of products and services acquired is up to standard. Suppliers who are not up to the standard for a prolonged period of time will be disqualified.

3. *Practices to Identify Environmental and Social Risks along the Supply Chain*

The Group conducts assessment on the environmental and social risks of suppliers. The environmental assessment report, the pollutant discharge permit and other qualification requirements are listed as rigid qualifications, and the environmental system certification, the work safety permit and other industry-related requirements are listed as supporting qualifications.

4. *Practices to Promote Environmentally Preferable Products and Services when Selecting Suppliers*

The Group supports the purchases of environmentally-friendly products to minimize the environmental impact caused by its business operations. We also closely cooperate with our suppliers to maintain the quality of products and services provided to our customers.

Product Responsibility

The Group has responsibilities on its products and services provided. The Group encourages employees to maintain high standards of the products and services provided and to retain all information obtained in connection with their employment in strict confidence.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicators

1. *Products Sold or Shipped subject to Recalls for Safety and Health Reasons*

During the Reporting Period, no products sold or shipped was subject to recalls for safety or health reasons (2025: Nil).

2. *Products and Service related Complaints*

During the Reporting Period, no written complaint was received by the Group relating to product and service quality. If the Group receives a complaint, the responsible personnel will investigate into the matter and take appropriate actions accordingly. If a reported complaint on product quality is confirmed and is found to be caused by the supplier, the Group will terminate the agreement with the relevant supplier and may take appropriate legal actions if necessary. If our customers are not satisfied with a particular package that they have purchased from us, the Group will offer the relevant customer an exchange of another package. As the last resort, the Group may offer refund to our customers.

3. *Practices relating to Observing and Protecting Intellectual Property Rights*

During the Reporting Period, the Group complied with the laws and regulations regarding intellectual property rights in Hong Kong and the PRC that have a significant impact on us, including, but not limited to, the Copyright Ordinance (Chapter 528 of the laws of Hong Kong) in Hong Kong, the “Trademark Law of the PRC” (中華人民共和國商標法) and the “Copyright Law of the PRC” (中華人民共和國著作權法) in the PRC. Moreover, the Group acts proactively to enforce intellectual property rights against third party infringers. Legal actions will be taken in due course upon identification of any intellectual property rights infringements.

4. *Quality Assurance Process and Recall Procedures*

The Group offers high quality products, and we strive to minimize our product liability risk. Before launching any new products, the Group requests samples from the suppliers or factories and engages a third-party professional to perform quality control inspections on the samples. Products are only launched if they pass the quality control tests. The Group deals with product or service recalls by offering refund or discount for future purchases.

5. *Consumer Data Protection and Privacy Policies*

The Group is committed to protecting the privacy of all consumers. We adhered to the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong) and the laws and regulations relating to customer data and privacy. The Group imposed strict procedures in dealing with collecting, retaining, and disclosing personal information. We recorded customer information into our customer management system and set up access rights only for responsible employees to ensure the data security of customer information.

Anti-corruption

All of the Group’s operations comply with the legislation on standards of conduct, such as criminal law of the PRC, the Anti-Unfair Competition Law of the PRC, and the Prevention of Bribery Ordinance (Chapter 201 of the laws of Hong Kong) in Hong Kong. The Group has established a corporate culture of integrity and justice, and adopted clear guidelines for employees which strictly prohibit bribery, extortion, fraud, money laundering and other acts. The Group has also implemented the whistleblowing policy to encourage the staff to report to the Board if there is any money laundering, bribery and irregularities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicators

No concluded legal cases regarding corrupt practices brought against the Company or its employees was noted or reported during the Reporting Period.

The Group prohibits any acts of corruption and bribery committed by our employees. Our “Employee Handbook” clearly sets out guidelines for the acceptance of gifts. In the handbook, all employees are required to exercise caution and judgment when accepting gifts. Gifts should not be accepted if they are in value higher than HK\$100. Discounts or other privileges given by any person or company to employees of the Group can be accepted by them but the terms and conditions of use must also apply to other general customers. Moreover, in the whistleblowing policy, all employees should immediately report any suspected corruption and fraud cases to the Company. After a potential fraud case has been reported, investigation is to be conducted with due care. For any proven fraud case, management will take appropriate action immediately.

In the case of conflicts of interest, directors and staff are required to declare their personal interests and report the matters to the Board or management of the Group. Employees are strictly prohibited to abuse their power and/or take advantage of their position for personal gain. Training would be introduced in respect of the updated and relevant regulations in relation to anti-bribery and corruption to directors and staff.

COMMUNITY**Community Investment**

The Group believes in contributing to the society as part of our mission to create a more peaceful community. Therefore, the Group encourages our staff to participate in any activities which are beneficial to our communities. The Group targets through donations, sponsorships and charity work by supporting any activities which can help charitable, cultural, medical, educational and other needs in our community. The Group will consider to support or donate to charitable organizations from time to time where appropriate.

Key Performance Indicators***Focus Areas of Contribution and Resources Contributed***

During the Reporting Period and thereafter, the Company, by employing retirees, not only offers more employment opportunities to the community, but also unleashes the potential labor force of older people to help society cope with issues relating to the aging population.

Many older people, including those who retire early, are still energetic and willing to re-enter the workforce if suitable job opportunities arise. By adopting elderly-friendly employment practices, the Company can create a favorable working environment for older people, thereby attracting them to stay in or re-enter the workforce.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINOPHARM TECH HOLDINGS LIMITED

國藥科技股份有限公司

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sinopharm Tech Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 57 to 147, which comprise the consolidated statement of financial position as at 30 June 2026, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, as at 30 June 2026, the Group had net current liabilities and net liabilities of approximately HK\$34,424,000 and HK\$48,880,000 respectively. These matter, along with other matters set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. The directors, having considered the measures and plans being taken by the Group, are of the opinion that the Group would be able to continue as a going concern basis. Our conclusion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Opinion* section and *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<i>Impairment assessment of trade receivables and other receivables</i>	
As disclosed in Notes 19 and 20 to the consolidated financial statements, as at 30 June 2026, the carrying amounts of the Group's trade receivables and other receivables, net of allowances amounted to approximately HK\$5,715,000 and HK\$9,515,000, respectively.	Our audit procedures to assess impairment assessment of trade receivables and other receivables included, among others, the followings:
The assessment of impairment provision of these receivables involves the management's judgment of the ability of the debtors to make settlement which depends on customers' specific and market conditions that are inherently uncertain.	(a) Obtained an understanding of the management's internal controls relating to credit control, debt collection and making provisions for doubtful debts.
We identified the impairment assessment of trade receivables and other receivables as a key audit matter due to the magnitude of these receivables and the management's estimates and judgements involved in determination of the expected credit losses impairment of these receivables.	(b) Assessed the accuracy of individual balances in ageing reports of trade receivables and other receivables by testing the underlying invoices and/or agreement on a sample basis.
	(c) Assessed the historical accuracy of the estimates made by the management for the expected credit loss allowances.
	(d) Assessed the appropriateness of the expected credit loss provision methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report other than the consolidated financial statements and our auditor report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The audit committee are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

The engagement director on the audit resulting in the independent auditor's report is Mr. Lock Kwong Hang Simon.

Suya WWC CPA Limited*Certified Public Accountants***Mr. Lock Kwong Hang Simon**

Practising Certificate Number P06735

Hong Kong, 24 September 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2026

	Notes	2026 HK\$'000	2025 HK\$'000
Revenue	7	45,582	61,253
Cost of sales		(39,161)	(47,022)
Gross profit		6,421	14,231
Other income, gains and losses, net	8	1,366	10,843
Impairment loss on trade receivables and other assets, net	9	(883)	(8,426)
Fair value change on financial assets at fair value through profit or loss		—	1,060
Selling and distribution expenses		(4,685)	(1,648)
Administrative and operating expenses		(9,902)	(11,285)
Finance costs	10	(4,007)	(5,854)
Loss before taxation	12	(11,690)	(1,079)
Income tax expenses	11	(213)	(291)
Loss for the year		(11,903)	(1,370)
Other comprehensive (loss)/income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of financial statements of overseas operations		(283)	44
Other comprehensive (loss)/income for the year, net of tax		(283)	44
Total comprehensive loss for the year		(12,186)	(1,326)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2026

	Notes	2026 HK\$'000	2025 HK\$'000
Loss for the year attributable to:			
— Owners of the Company		(9,142)	(867)
— Non-controlling interests		(2,761)	(503)
Loss for the year		(11,903)	(1,370)
Total comprehensive loss attributable to:			
— Owners of the Company		(9,536)	(811)
— Non-controlling interests		(2,650)	(515)
Total comprehensive loss for the year		(12,186)	(1,326)
		HK cents	HK cents
Loss per share	15		
— Basic and diluted		(1.97)	(0.19)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	2026 HK\$'000	2025 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	1,474	2,075
Right-of-use assets	17	—	528
		<u>1,474</u>	<u>2,603</u>
CURRENT ASSETS			
Inventories	18	118	13,481
Trade receivables	19	5,715	18,125
Other receivables, deposits and prepayments	20	9,515	10,581
Bank balances and cash	21	5,617	6,946
		<u>20,965</u>	<u>49,133</u>
CURRENT LIABILITIES			
Trade payables	22	9,163	22,944
Accruals and other payables	23	8,890	18,594
Borrowings	24	—	4,840
Amounts due to shareholders	25	22,367	13,773
Lease liabilities	26	—	665
Convertible preference shares	27	14,801	7,401
Income tax payable		168	159
		<u>55,389</u>	<u>68,376</u>
NET CURRENT LIABILITIES		<u>(34,424)</u>	<u>(19,243)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(32,950)</u>	<u>(16,640)</u>
NON-CURRENT LIABILITIES			
Convertible preference shares	27	15,930	20,054
NET LIABILITIES		<u>(48,880)</u>	<u>(36,694)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	2026 HK\$'000	2025 HK\$'000
CAPITAL AND RESERVES			
Share capital	28	7,921	7,921
Reserves		(54,325)	(44,789)
Capital deficiency attributable to owners of the Company		(46,404)	(36,868)
Non-controlling interests		(2,476)	174
		(48,880)	(36,694)

The consolidated financial statements on pages 57 to 147 were approved and authorised for issue by the Board of Directors on 24 September 2026 and are signed on its behalf by:

CHIU Sin Nang Kenny
Director

KWOK Shuk Yi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2026

	Attributable to equity holders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Convertible preference shares reserve HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interest HK\$'000	Total HK\$'000
As at 1 July 2024	57,404	2,703,996	—	1,484	1,882	(17)	(1)	28,633	(2,992,861)	(199,480)	(6,119)	(205,599)
Loss for the year	—	—	—	—	—	—	—	—	(867)	(867)	(503)	(1,370)
Other comprehensive expenses for the year												
Exchange differences arising on translation of financial statements of overseas operations	—	—	—	—	—	56	—	—	—	56	(12)	44
Total comprehensive expenses for the year	—	—	—	—	—	56	—	—	(867)	(811)	(515)	(1,326)
Disposal of Disposed Subsidiaries (Note 31)	—	—	—	—	—	—	—	—	—	—	5,714	5,714
Capital contribution from non-controlling interest	—	—	—	—	—	—	—	—	—	—	1,094	1,094
Recognition of equity settled share-based payments	—	—	—	—	288	—	—	—	—	288	—	288
Capital Reorganisation (Note 28(a))	(55,108)	—	—	—	—	—	—	—	55,108	—	—	—
Loan Capitalization (Note 27 and 28(b))	5,625	37,651	119,859	—	—	—	—	—	—	163,135	—	163,135
Share options lapsed	—	—	—	—	(468)	—	—	—	468	—	—	—
As at 30 June 2025 and 1 July 2025	7,921	2,741,647	119,859	1,484	1,702	39	(1)	28,633	(2,938,152)	(36,868)	174	(36,694)
Loss for the year	—	—	—	—	—	—	—	—	(9,142)	(9,142)	(2,761)	(11,903)
Other comprehensive expenses for the year												
Exchange differences arising on translation of financial statements of overseas operations	—	—	—	—	—	(394)	—	—	—	(394)	111	(283)
Total comprehensive expenses for the year	—	—	—	—	—	(394)	—	—	(9,142)	(9,536)	(2,650)	(12,186)
Share options lapsed	—	—	—	—	(143)	—	—	—	143	—	—	—
As at 30 June 2026	7,921	2,741,647	119,859	1,484	1,559	(355)	(1)	28,633	(2,947,151)	(46,404)	(2,476)	(48,880)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2026

	2026 HK\$'000	2025 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(11,690)	(1,079)
Adjustments for:		
Finance costs	4,007	5,854
Interest income	(1)	(3)
Other income	(1,357)	—
Depreciation of property, plant and equipment	689	716
Depreciation of right-of-use assets	539	617
Impairment loss, net of reversal		
— trade receivables and other assets under expected credit loss model	883	8,426
Share-based payment expense	—	288
Gain on loan capitalisation	—	(3,860)
Gain on disposal of financial assets at FVTPL	—	(43)
Gain on disposal of subsidiaries	(1)	(6,932)
Fair value change on financial assets at FVTPL	—	(1,060)
Operating cash flows before movements in working capital	(6,931)	2,924
Decrease/(increase) in inventories	13,363	(10,258)
Decrease/(increase) in trade and other receivables, deposits and prepayments	12,593	(5,827)
(Decrease)/increase in trade payables, accruals and other payables	(22,843)	7,598
Cash used in operations	(3,818)	(5,563)
Income tax paid	(204)	(134)
NET CASH USED IN OPERATING ACTIVITIES	(4,022)	(5,697)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2026

	2026 HK\$'000	2025 HK\$'000
INVESTING ACTIVITIES		
Interest received	1	3
Net cash inflow/(outflow) in respect of the disposal of subsidiaries (<i>Note 31</i>)	1	(9)
NET CASH USED IN INVESTING ACTIVITIES	2	(6)
FINANCING ACTIVITIES		
Interest paid	(87)	(1,512)
Repayments of other borrowings	(4,840)	—
Repayments of lease liabilities	—	(787)
New bank borrowing raised	—	3,283
New proceed advanced from a shareholder	8,000	9,000
NET CASH GENERATED FROM FINANCING ACTIVITIES	3,073	9,984
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(947)	4,281
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6,946	2,640
Effect of foreign exchange rate changes	(382)	25
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by		
Bank balances and cash	5,617	6,946

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Sinopharm Tech Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are disclosed in the *Corporate Information* section to the annual report.

The Company acts as an investment holding company. The particulars and principal activities of its principal subsidiaries are set out in Note 39 to the consolidated financial statements.

The Company’s functional currency is Hong Kong dollars (“**HK\$**”). The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) for the convenience of the shareholders, as the Company is listed in Hong Kong.

The English names of all the companies established in the People’s Republic of China (the “**PRC**”) presented in these consolidated financial statements represent the best efforts made by the directors of the Company (the “**Directors**”) for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Going concern assessment

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

As at 30 June 2026, the Group had net current liabilities and net liabilities of approximately HK\$34,424,000 and HK\$48,880,000 respectively. The conditions described indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS – continued

Going concern assessment – continued

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. The Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 30 June 2025. They are of the opinion that, taking into account the following plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2026. Nevertheless, the consolidated financial statements were prepared based on the assumption that the Group can be operated as a going concern, after taking into consideration of the following:

- (i) Subsequent to the end of the reporting period, the Group obtained letters of undertaking (the "**Letters**") from Quantum (as defined below) and IAM (as defined below) that Quantum and IAM agreed not to request the Group to repay the amounts due to them within the next 18 months from the date of the Letters;
- (ii) The Company is able, subject to the sole discretion of the Company, to defer any preferred distribution in relation to the convertible preference shares for a maximum period of 10 years;
- (iii) The Group will also continue to seek for other alternative financing to finance the settlement of its existing financial obligations and future operating and capital expenditures; and
- (iv) The Group continues to generate cash inflows from its operating activities by implementing measures to tighten cost controls over various operating expenses in order to improve its cash flows position and to generate greater positive cash inflows from its business and operations in the future.

In light of the above measures and plans implemented to date, the Directors are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for a period of at least the next twelve months from 30 June 2026 after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its business. Accordingly, the Directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS**Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on 1 July 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard 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.

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

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

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 20	Regulatory Assets and Regulatory Liabilities ⁴

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

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

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

⁴ Effective for annual periods beginning on or after 1 January 2029.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS – continued**New and amendments to HKFRS Accounting Standards in issue but not yet effective – continued****HKFRS 18 Presentation and Disclosure in Financial Statements**

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made. HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss and other comprehensive income.

The Group's businesses expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity 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. The Group currently does not use any derivative financial instruments to hedge certain risk exposures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION**4.1 Basis of preparation of consolidated financial statements**

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standard as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited and by the Companies Ordinance.

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information****Basis of consolidation**

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

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued****Basis of consolidation – continued**

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in subsidiaries

Investment in a subsidiary is accounted for in the Company's financial statements at cost less any identified impairment loss. Cost includes directly attributable costs of investment. The results of the subsidiary are accounted for by the Company on the basis of dividend received and receivable.

Revenue from contracts with customers

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued****Revenue from contracts with customers – continued**

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

Contract asset and contract liability

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 *Financial Instruments*. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group as a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group as an agent).

The Group is a principal if it controls the specified good before that good is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

4.2 Material accounting policy information – continued

Revenue from contracts with customers – continued

Principal versus agent – continued

Further information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 7 to the consolidated financial statements.

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

For a 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 component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

4.2 Material accounting policy information – continued

Leases – continued

The Group as a lessee – continued

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

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

Lease liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued****Leases – continued***Lease liabilities – continued*

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued****Foreign currencies**

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued****Taxation – continued**

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly to equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment losses.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued****Impairment on tangible assets**

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

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

Employee benefits***Retirement benefit costs***

The Group operates a defined contribution 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 the consolidated statement of profit or loss and other comprehensive income 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 that operated in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute pension, based on a certain percentage of their payroll costs, to the pension schemes. The contributions are charged to consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the pension schemes.

Share option schemes

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who, in the sole discretion of the Board, have contributed or may contribute to the Group. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued***Employee benefits – continued**Share option schemes – continued*

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

Cash and cash equivalents

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

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

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued****Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted-average method. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs to completion and the estimated costs necessary to make the sales.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Financial instruments

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

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

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

Interest which are derived from the Group's ordinary course of business are presented as other income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued****Financial instruments – continued***Financial assets*

Classification and subsequent measurement of financial assets

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“**FVTOCI**”):

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

All other financial assets are subsequently measured at fair value through profit or loss (“**FVTPL**”), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

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

All other financial assets are subsequently measured at fair value. All of the Group’s financial assets are subsequently measured at amortised costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

4.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Amortised cost and interest income

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

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“**ECL**”) on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued****Financial instruments – continued***Financial assets – continued***Impairment of financial assets – continued**

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued****Financial instruments – continued***Financial assets – continued***Impairment of financial assets – continued****(i) Significant increase in credit risk – continued**

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

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

(ii) Definition of default

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

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

Credit-impaired financial assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued****Financial instruments – continued***Financial assets – continued***Credit-impaired financial assets – continued****(i) Write-off policy**

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

(ii) Measurement and recognition of ECL

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

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

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued****Financial instruments – continued***Financial assets – continued***Credit-impaired financial assets – continued****(ii) Measurement and recognition of ECL – continued**

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

*Financial liabilities and equity***Classification as debt or equity**

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

Equity instruments

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued****Financial instruments – continued***Financial liabilities and equity – continued***Convertible preference shares**

The component parts of the convertible preference shares 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 derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

The 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 share premium. Where the conversion option remains unexercised at the maturity date of the convertible preference shares, 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 preference shares 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 preferred distribution period of the convertible preference shares using the effective interest method.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

4.2 Material accounting policy information – continued

Financial instruments – continued

Financial liabilities and equity – continued

Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 Financial Instruments permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL were stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Financial liabilities at amortised cost

Financial liabilities including borrowings, trade payables and others payables are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued**4.2 Material accounting policy information – continued****Financial instruments – continued***Financial liabilities and equity – continued***Other financial liabilities**

Other financial liabilities including trade and other payables, amounts due to directors, amounts due to related parties, amount due to a shareholder, lease liabilities and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition of financial liabilities

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

When an existing financial liability is renegotiated in such a way that the liability is extinguished fully or partially by issuing equity instruments, it is accounted for as an extinguishment of the original financial liability and a recognition of equity instrument at the fair value upon issue with the difference between the carrying amount of the financial liability (or part of the financial liability) extinguished and the consideration paid (being the fair value of the equity instruments issued), recognised to profit or loss.

Dividends

Dividends proposed or declared after the date of the reporting period is not recognized as a liability at the date of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION – continued

4.2 Material accounting policy information – continued

Related parties

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

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (1) has control or joint control over the Group;
 - (2) has significant influence over the Group;
 - (3) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (1) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (3) Both entities are joint ventures of the same third party.
 - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (6) The entity is controlled or jointly controlled by a person identified in (i) above.
 - (7) A person identified in (i)(1) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (8) The entity, or any member of a Group of which it is a part, provides key management personnel services to the group or to the Group's parent.

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

Segment reporting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4.2, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

Going concern and liquidity

As explained in Note 2, the consolidated financial statements have been prepared on a going concern basis and have not included any adjustments that would be required should the Group fail to continue as a going concern since the Directors are satisfied that the liquidity of the Group can be maintained in the coming year after taking into the considerations as detailed in Note 2. The Directors also believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements for the next twelve months from 30 June 2026.

Principal versus agent consideration (principal)

The Group engages in trading of medical and related products. The Group concluded that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the goods. The Group has inventory risk and has discretion in establishing prices. When the Group satisfies the performance obligation, the Group recognises trading revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

Key sources of estimation uncertainty

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

Provision of ECL for trade and other receivables

The Group makes provision for doubtful recovery of trade receivables and other receivables based on an assessment of the recoverability of receivables. Provision of ECL for trade and other receivables is made when events or changes in circumstances indicate that the balances may not be collectible. The identification of non-recoverability of receivables requires the use of judgement and estimates. Where the expectation on the recoverability of trade receivables and other receivables is different from the original estimate, such difference will impact the carrying amounts of trade receivables and other receivables and impairment loss in the period which such estimate has been changed.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – continued

Key sources of estimation uncertainty – continued

Provision of ECL for trade and other receivables – continued

The Group uses provision matrix to calculate ECL for the trade receivables based on the grouping of various trade receivables that have similar loss patterns. The provision matrix is based on the Group's historical default rates and taking into consideration forward-looking information that is reasonable and supportable available without undue costs and effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances are assessed for ECL individually.

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings. Management made periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. In calculating the expected credit loss rates, the Group considers historical loss rates for the other receivables and adjusts for forward looking macroeconomic data.

As at 30 June 2026 and 2025, the carrying amounts of the Group's trade receivables and other receivables are set out in Note 19 and 20(a), respectively.

6. OPERATING SEGMENTS INFORMATION

The Group's operating segment is determined based on information reported to the chief operating decision maker (the "**CODM**") of the Group, being the executive directors of the Company throughout the year, for the purpose of resource allocation and performance assessment.

The factors used to identify the Group's operating segments, including the basis of organisation, are mainly based on the services provided by the Group's operating divisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. OPERATING SEGMENTS INFORMATION – continued

During the year ended 30 June 2026 and 2025, the Group engaged in the following operating segments

- (a) Provision of Internet plus solution services: Provision of internet related solution services (the “**Internet Plus Solution Services**”);
- (b) Supply chain services: Provision of supply chain management, data analysis and related services and trading of related goods, and trading of medial and related products (the “**Supply Chain Services**”);
- (c) Manufacturing and distribution of personal protective equipment: Manufacture and sale of personal protective equipment and consumables and other related goods (the “**Manufacturing and Distribution of Personal Protective Equipment**”).

Segment revenues and results

An analysis of the Group’s operating segment revenue and segment results is as below:

	Internet Plus Solution Services HK\$'000	Supply Chain Services HK\$'000	Manufacturing and Distribution of Personal Protective Equipment HK\$'000	Consolidated HK\$'000
For the year ended 30 June 2026				
Segment revenue				
Reportable segment revenue	—	45,582	—	45,582
Elimination of inter-segment revenue	—	—	—	—
External sales	—	45,582	—	45,582
Segment loss	22	(5,950)	(15)	(5,943)
Unallocated other income, gains and losses, net				(540)
Other unallocated expenses				(1,337)
Finance costs				(3,870)
Loss before taxation				(11,690)
Income tax expense				(213)
Loss for the year				(11,903)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. OPERATING SEGMENTS INFORMATION – continued**Segment revenues and results – continued**

	Internet Plus Solution Services HK\$'000	Supply Chain Services HK\$'000	Manufacturing and Distribution of Personal Protective Equipment HK\$'000	Consolidated HK\$'000
For the year ended 30 June 2025				
Segment revenue				
Reportable segment revenue	—	61,253	—	61,253
Elimination of inter-segment revenue	—	—	—	—
External sales	—	61,253	—	61,253
Segment loss	(4)	(931)	(797)	(1,732)
Unallocated other income, gains and losses, net				10,835
Fair value change on financial assets at FVTPL				1,060
Other unallocated expenses				(5,548)
Finance costs				(5,694)
Loss before taxation				(1,079)
Income tax expense				(291)
Loss for the year				(1,370)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. OPERATING SEGMENTS INFORMATION – continued**Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by operating segments:

	Internet Plus Solution Services HK\$'000	Supply Chain Services HK\$'000	Manufacturing and Distribution of Personal Protective Equipment HK\$'000	Consolidated HK\$'000
As at 30 June 2026				
Assets				
Segment assets	—	17,621	—	17,621
Unallocated assets				4,818
Total assets				22,439
Liabilities				
Segment liabilities	—	16,317	480	16,797
Unallocated liabilities				54,522
Total liabilities				71,319

	Internet Plus Solution Services HK\$'000	Supply Chain Services HK\$'000	Manufacturing and Distribution of Personal Protective Equipment HK\$'000	Consolidated HK\$'000
As at 30 June 2025				
Assets				
Segment assets	—	42,459	—	42,459
Unallocated assets				9,277
Total assets				51,736
Liabilities				
Segment liabilities	—	43,047	480	43,527
Unallocated liabilities				44,903
Total liabilities				88,430

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. OPERATING SEGMENTS INFORMATION – continued**Other segment information**

	Internet Plus Solution Services HK\$'000	Supply Chain Services HK\$'000	Manufacturing and Distribution of Personal Protective Equipment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
For the year ended 30 June 2026					
Depreciation of property, plant and equipment	—	684	—	5	689
Depreciation of right-of-use assets	—	539	—	—	539
(Reversal)/impairment loss recognised, net:					
— Trade receivables	—	(289)	—	—	(289)
— Other receivables	—	630	—	542	1,172
	Internet Plus Solution Services HK\$'000	Supply Chain Services HK\$'000	Manufacturing and Distribution of Personal Protective Equipment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
For the year ended 30 June 2025					
Depreciation of property, plant and equipment	—	668	—	48	716
Depreciation of right-of-use assets	—	617	—	—	617
Impairment loss recognised, net:					
— Trade receivables	—	8,040	—	—	8,040
— Other receivables	—	602	—	—	602

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4.2.

Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of government grant, net foreign exchange difference, central corporate expenses, Directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than partial of property, plant and equipment, other receivables, deposits and prepayments and bank and cash balances which were managed in a centralised manner.
- All liabilities are allocated to operating segments other than other borrowings, accruals and other payables and amounts due to shareholders which were managed in a centralised manner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. OPERATING SEGMENTS INFORMATION – continued**Geographical information**

The Group's operations are mainly located in the PRC and Hong Kong.

The following table sets forth the Group's revenue from customers by geographical location of customers:

	For the year ended 30 June 2026		For the year ended 30 June 2025	
	HK\$'000	Total HK\$'000	HK\$'000	Total HK\$'000
Revenue from external customers				
— PRC	19,355	19,355	42,877	42,877
— Hong Kong	26,227	26,227	18,376	18,376
	45,582	45,582	61,253	61,253

The following table sets forth non-current assets (excluding financial instruments) by geographical location:

	As at 30 June 2026		As at 30 June 2025	
	HK\$'000	Total HK\$'000	HK\$'000	Total HK\$'000
Non-current assets (excluding financial instruments)				
— PRC	1,474	1,474	2,598	2,598
— Hong Kong	—	—	5	5
	1,474	1,474	2,603	2,603

Information about major customers

Revenue from customers individually contributing over 10% of the Group's revenue of the corresponding year are as follows:

	2026 HK\$'000	2025 HK\$'000
Customer A	13,864	11,644
Customer C	12,363	N/A*
Customer D	—	6,724*
Customer E	—	6,709

* The corresponding revenue did not contribute over 10% of the Group's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

The principal activities of the Group are provision of (i) internet plus solution services, (ii) supply chain services and (iii) manufacturing and distribution of personal protective equipment.

Revenue represents income from the sales and trading of goods and the provision of services rendered by the Group, net of returns, discounts allowed or sales taxes:

(a) Disaggregation of revenue from contracts with customers

- (i) The Group derives revenue from transfer of goods and services by categorise of major product lines and business.

	Internet Plus Solution Services HK\$'000	Supply Chain Services HK\$'000	Manufacturing and Distribution of Personal Protective Equipment HK\$'000	Consolidated HK\$'000
For the year ended 30 June 2026				
Revenue from contracts with customers by category within the scope of HKFRS 15				
Trading of goods	—	45,582	—	45,582
	—	45,582	—	45,582

	Internet Plus Solution Services HK\$'000	Supply Chain Services HK\$'000	Manufacturing and Distribution of Personal Protective Equipment HK\$'000	Consolidated HK\$'000
For the year ended 30 June 2025				
Revenue from contracts with customers by category within the scope of HKFRS 15				
Trading of goods	—	61,253	—	61,253
	—	61,253	—	61,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. REVENUE FROM CONTRACTS WITH CUSTOMERS – continued**(a) Disaggregation of revenue from contracts with customers – continued**

- (ii) The Group derives revenue from the Group's operation regarding the transfer of goods and services by timing of revenue recognition.

	Internet Plus solution Services HK\$'000	Supply Chain Services HK\$'000	Manufacturing and Distribution of Personal Protective Equipment HK\$'000	Consolidated HK\$'000
For the year ended 30 June 2026				
Revenue from contracts with customers by category within the scope of HKFRS 15				
Trading of goods				
— Point in time	—	45,582	—	45,582
For the year ended 30 June 2025				
Revenue from contracts with customers by category within the scope of HKFRS 15				
Trading of goods				
— Point in time	—	61,253	—	61,253

- (iii) The Group derives revenue from the Group's operation regarding the transfer of goods and services by geographical markets.

Information about the Group derives revenue from the Group's operation regarding the transfer of goods and services by geographical markets is set out in Note 6.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. REVENUE FROM CONTRACTS WITH CUSTOMERS – continued**(b) Contract balances**

	<i>Notes</i>	As at 30 June		As at 1 July
		2026	2025	2024
		HK\$'000	HK\$'000	HK\$'000
Trade receivables		16,669	28,815	22,442
Less: Allowance for credit losses		(10,954)	(10,690)	(2,410)
	<i>19</i>	5,715	18,125	20,032
Contract liabilities	<i>23</i>	3,535	3,148	2,630

Details of the Group's trade receivables and contract liabilities are set out in respective notes.

(c) Performance obligations for contracts with customers and revenue recognition policies

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities.

The Group recognises revenue when the significant risks and rewards of ownership of any goods and services have been transferred, and the Group's performance obligations for contracts with customers and revenue recognition policies are as follows:

(i) Supply chain services

Revenue from contracts with customers represents amounts receivable for goods sold in the normal course of business and net of discount and is measured at fair value of the consideration received or receivable from the sales of goods and related products to customers.

No significant financing component is deemed present as the sales are made with a credit term of 30 to 90 days to its customers, which is consistent with market practice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. REVENUE FROM CONTRACTS WITH CUSTOMERS – continued**(c) Performance obligations for contracts with customers and revenue recognition policies – continued****(i) Supply chain services – continued**

The Group enters into sales contracts with customers for each transaction. Revenue from the sale of goods is recognised based on the price specified in the contracts when the customers obtain the control of the goods underlying the particular performance obligations, being when the goods are delivered to the customers at the designated location in accordance with the contracts with the customers and the titles are passed are provided. The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customers and payment by the customers exceeds one year.

A receivable is usually recognised when revenue recognised as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(d) Transaction price allocated to remaining performance obligation

The Group has applied practical expedient in paragraph 121 of HKFRS 15 Revenue from Contracts with Customers, to exempt the disclosure of revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date due to the majority of the Group's revenue contracts are short-term contracts and have a duration of less than one year, the practical expedient for contracts with durations of one year or less is applied and therefore the effect of the time value of money is not considered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. OTHER INCOME, GAINS AND LOSSES, NET

The Group's other income, gains and losses, net is as following:

	2026 HK\$'000	2025 HK\$'000
Interest income	1	3
Gain on disposal of subsidiaries (<i>Note 31</i>)	1	6,932
Gain on loan capitalisation (<i>Notes 24 and 25</i>)	—	3,860
Realised gain on financial asset at fair value through profit or loss	—	43
Other income	1,364	5
	1,366	10,843

9. IMPAIRMENT LOSS ON TRADE RECEIVABLES AND OTHER ASSETS, NET

The Group's impairment loss on trade receivables and other assets, net is as following:

	2026 HK\$'000	2025 HK\$'000
Recognise of impairment losses, net:		
— Trade receivables (<i>Note 19</i>)	(289)	8,136
— Other receivables (<i>Note 20(a)(iii)</i>)	1,172	290
	883	8,426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. FINANCE COSTS

The Group's finance costs is as following:

	2026 HK\$'000	2025 HK\$'000
Interest on:		
— Convertible preference shares (<i>Note 27</i>)	3,276	2,260
— Bank borrowing (<i>Note 24</i>)	87	31
— Lease liabilities (<i>Note 26</i>)	50	129
— Other borrowings (<i>Note 24</i>)	—	1,323
— Amounts due to shareholders (<i>Note 25</i>)	594	2,111
	4,007	5,854

11. INCOME TAX EXPENSES

The Group's income tax expenses is as following:

	2026 HK\$'000	2025 HK\$'000
Current year:		
— PRC Enterprise Income Tax	213	291
Under-provision in prior years		
— Hong Kong Profits Tax	—	—
	213	291

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income in respective jurisdictions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INCOME TAX EXPENSES — continued

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

No provision for Hong Kong Profits Tax has been provided for the year ended 30 June 2026 and 2025 as there was no assessable profits incurred by the Group for the year.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, except for one of the PRC subsidiary which is subject to rate of 5% according to Inclusive Tax Relief Policy for Small Low-profit Enterprises.

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

	2026 HK\$'000	2025 HK\$'000
Loss before taxation	(11,690)	(1,079)
Tax at the applicable tax rate	(1,304)	187
Tax effect of income not taxable for tax purposes	(224)	(2,906)
Tax effect of expenses not deductible for tax purposes	695	2,423
Tax effect of tax losses not recognised	1,230	1,615
Utilisation of tax losses not previously recognised	(397)	(912)
Tax effect of temporary differences not recognised	213	(116)
Income tax expenses	213	291

As at 30 June 2026, deductible temporary differences in respect of tax losses not recognised in these consolidated financial statements were approximately HK\$1,514,000 (2025: HK\$1,907,000). No deferred tax asset has been recognised in respect of such deductible temporary differences due to the unpredictability of future profit streams. Included in the above are tax losses of approximately HK\$9,180,000 (2025: HK\$11,560,000) which can be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INCOME TAX EXPENSES — continued

At the end of the reporting period, the Group has deductible temporary differences of approximately HK\$417,000 (2025: HK\$1,012,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

12. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2026 HK\$'000	2025 HK\$'000
Staff costs (including directors' emoluments (<i>Note 13</i>)):		
— Directors' fees, staff wages and salaries	3,090	5,160
— Retirement benefits scheme contributions	164	263
— Equity-settled share-based payment	—	288
	3,254	5,711
Auditor's remuneration	620	680
Cost of sales and services	39,161	47,022
Depreciation of property, plant and equipment	689	716
Depreciation of right-of-use assets	539	617
Expenses relating to short-term leases	198	397

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS**(a) Directors' and the Chief Executive Officer's emoluments**

The remuneration paid or payable to the Directors and Chief Executive Officer of the Company were as follows:

	Fee HK\$'000	Salaries, allowance and other benefits HK\$'000	Performance related bonuses HK\$'000	Contributions to retirement benefits scheme HK\$'000	Equity- settled share-based expense HK\$'000	Total HK\$'000
For the year ended 30 June 2026						
Executive directors						
Mr. CHIU Siu Nang Keung (Note(i))	60	—	—	—	—	60
Ms. KWOK Shuk Yi	60	648	—	18	—	726
Non-executive directors						
Dr. CHENG Yanjie	28	—	—	—	—	28
Independent non-executive directors						
Mr. LAU Fai Lawrence	60	—	—	—	—	60
Mr. HSU Dong An (Note (iii))	28	—	—	—	—	28
Mr. HEUNG PIK Lun (Note (iv))	60	—	—	—	—	60
Mr. DIU Peter (Note (v))	80	—	—	—	—	80
Mr. YU Ping Ming (Note (vi))	80	—	—	—	—	80
	456	648	—	18	—	1,122

For the year ended 30 June 2025**Executive directors**

Mr. CHIU Sin Nang Kenny (Note (i))	5	—	—	—	—	5
Ms. KWOK Shuk Yi	60	648	—	18	70	796
Mr. HO Kam Kin (Note (ii))	55	1,273	—	18	70	1,416

Non-executive directors

Dr. CHENG Yanjie	60	—	—	—	7	67
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Independent non-executive directors

Mr. LAU Fai Lawrence	60	—	—	—	7	67
Mr. HSU Dong An (Note (iii))	60	—	—	—	—	60
Mr. HEUNG Pik Lun (Note (iv))	60	—	—	—	—	60

	360	1,921	—	36	154	2,471
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS – continued**(a) Directors' and the Chief Executive Officer's emoluments – continued***Notes:*

- (i) Mr. CHIU Sin Nang Kenny was appointed as executive director of the Company with effect on 13 June 2025.
- (ii) Mr. HO Kam Kin resigned as executive director with effect from 13 June 2025.
- (iii) Mr. HSU Dong An was appointed as independent non-executive director of the Company with effect on 15 August 2023 and resigned on 19 December 2025.
- (iv) Mr. HEUNG Pik Lun was appointed as independent non-executive director of the Company with effect on 15 September 2023.
- (v) Mr. DIU Peter was appointed as independent non-executive director of the Company with effect on 19 December 2025.
- (vi) Mr. YU Ping Ming was appointed as independent non-executive director of the Company with effect on 19 December 2025.

The Chief Executive Officer's and executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and its subsidiaries.

(b) Five highest paid employees' emoluments

The five highest paid employees of the Group during the year included two (2025: two) directors of the Company of whose remuneration are set out in note 13(a) above. Details of the remuneration for the year of the remaining three (2025: three) highest paid employees who are neither a director nor Chief Executive Officer of the Company are as follows:

	2026 HK\$'000	2025 HK\$'000
Salaries, allowance and other benefits	1,095	1,374
Performance related bonuses	—	—
Retirement benefit scheme contributions	44	54
	1,139	1,428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS
– continued****(b) Five highest paid employees' emoluments — continued**

The number of the highest paid employees who are not the Directors whose remuneration fell within the following bands is as follows:

	2026 HK\$'000	2025 HK\$'000
Nil to HK\$1,000,000	3	3

During the year ended 30 June 2026 and 2025, no emoluments were paid by the Group to any of the Directors or the Chief Executive Officer of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

There was no arrangement under which a director or the Chief Executive Officer or any of the five highest paid employees waived or agreed to waive any remuneration for both years.

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 30 June 2026, nor has any dividend been proposed since the end of the reporting period (2025: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. LOSS PER SHARE

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

Loss figures are calculated as follows:

	2026 HK\$'000	2025 HK\$'000
Loss for the year attributable to owners of the Company	(9,142)	(867)

Weighted average number of ordinary shares for the purpose of calculating basic loss per share:

	2026 (thousands of shares)	2025 (thousands of shares)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	464,789	464,789

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share for the both years have been adjusted for the Capital Reorganisation and details of which are set out in Note 28(a).

The loss per share for the years ended 30 June 2026 and 2025 are as following:

	2026 HK Cents	2025 HK Cents
Loss for the year	(1.97)	(0.19)

The computation of the diluted loss per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both year ended 30 June 2026 and 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment HK\$'000	Plant and machinery HK\$'000	Leasehold improvement HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Total HK\$'000
Cost						
As at 1 July 2024	330	2,280	617	2,573	1,172	6,972
Exchange realignments	1	43	12	2	5	63
As at 30 June 2025 and 1 July 2025	331	2,323	629	2,575	1,177	7,035
Exchange realignments	2	123	33	6	14	178
As at 30 June 2026	333	2,446	662	2,581	1,191	7,213
Accumulated depreciation						
As at 1 July 2024	264	418	112	2,488	941	4,223
Depreciation charged for the year	36	458	124	21	77	716
Exchange realignments	—	14	4	1	2	21
As at 30 June 2025 and 1 July 2025	300	890	240	2,510	1,020	4,960
Depreciation charged for the year	13	474	128	21	53	689
Exchange realignments	1	62	17	3	7	90
As at 30 June 2026	314	1,426	385	2,534	1,080	5,739
Net book value						
As at 30 June 2026	19	1,020	277	47	111	1,474
As at 30 June 2025	31	1,433	389	65	157	2,075

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

Furniture, fixtures and equipment	20%
Plant and machinery	20%
Leasehold improvement	Over the lease term
Motor vehicles	20%
Computer equipment	20%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. RIGHT-OF-USE ASSETS

	Leased properties HK\$'000	
As at 30 June 2026		
Carrying amounts		—
As at 30 June 2025		
Carrying amounts		528
For the year ended 30 June 2026		
Depreciation		539
For the year ended 30 June 2025		
Depreciation		617
	2026 HK\$'000	2025 HK\$'000
Expense relating to short-term leases	198	397
Total cash outflow for leases	—	1,184
Additions to right-of-use assets	—	—
Interest on lease liabilities	50	129

For the year ended 30 June 2026 and 2025, the Group leases office and warehouse for its operations. Lease contracts are entered into for fixed terms of 13 to 36 months. Lease terms are negotiated on an individual basis and contained a wide range of different terms and conditions. In determining the lease terms and assessing the length of the non- cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. INVENTORIES

	2026 HK\$'000	2025 HK\$'000
Finished goods	118	13,481

19. TRADE RECEIVABLES

	2026 HK\$'000	2025 HK\$'000
Trade receivables — contract with customers	16,669	28,815
Less: Allowance for credit losses	(10,954)	(10,690)
	5,715	18,125

The following is an aged analysis of trade receivables presented based on dates of delivery of goods.

	2026 HK\$'000	2025 HK\$'000
0 to 30 days	1,702	15,447
31 to 60 days	1,652	—
61 to 180 days	—	597
181 to 365 days	561	2,081
Over one year	1,800	—
	5,715	18,125

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. TRADE RECEIVABLES — continued

In determining the ECL using the provision matrix, it is based on historical default rates taking into consideration both quantitative and qualitative information that is reasonable and supportable including forward-looking information that is available.

For the year ended 30 June 2026, the Group made a reversal of allowance of HK\$289,000 (2025: an allowance of HK\$8,136,000) in respect of trade receivables, which were past due at the reporting date with long age and slow repayments from the respective customers since the due date.

The Group either demands for full settlement upon delivery of goods or allows credit periods of not longer than 30 to 90 days upon delivery of goods, except that the Group allows credit period of not longer than 180 days upon delivery of goods for certain customers.

The Group does not hold any collateral over these balances.

The movements in the allowance for expected credit losses for trade receivables are as follows:

	2026 HK\$'000	2025 HK\$'000
Balance at beginning of the year	10,690	2,410
Impairment losses recognised for the year, net (<i>Note 9</i>)	(289)	8,136
Exchange adjustments	553	144
Balance at end of the year	<u>10,954</u>	<u>10,690</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit term granted to customers are reviewed regularly. The majority of the trade receivables that are neither past due nor impaired have no history of defaulting on repayments.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

Trade receivables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2026 HK\$'000	2025 HK\$'000
RMB	—	—
HK\$	<u>—</u>	<u>—</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	2026 HK\$'000	2025 HK\$'000
Other receivables	(a)	83,542	84,619
Less: Allowance for credit losses		(77,495)	(76,303)
		6,047	8,316
Deposits paid	(b)	165	102
Less: Allowance for credit losses		(2)	(2)
		163	100
Prepayments	(c)	3,305	2,165
		9,515	10,581

Except for compensation receivable relating to the profit guarantee and detailed of which are set out in Note 20(a)(ii) below, the Group does not hold any collateral over these balances.

Notes:

(a) Other receivables

Included in the Group's other receivables, the Group's other receivables include the following balances:

(i) Amount due from Xueliang Zhang Foundation

As described in Note 32(a)(i), included in the Group's other receivables was amount due from a related entity, Xueliang Zhang Foundation of approximately HK\$2,998,000. The amount was unsecured, interest free and had no fixed repayment terms. The Company's former director, Madam Cheung Kwai Lan, is the member of committee of the related entity.

In view of the long outstanding balance of the amount, during the year ended 30 June 2024, the Directors consider that the Company has very low chance to recover the amount and thus, as allowance for credit loss or the amount was fully recognised and charged to the consolidated statement of profit or loss and other comprehensive income.

(ii) Compensation receivable relating to the profit guarantee

On 4 January 2019, the Group entered into the sale and purchase agreement ("Agreement") with Sinopharm Traditional Chinese Medicine Overseas Holdings Limited (the "Vendor") to acquire 100% equity interests in Hero Global Holdings Limited ("Hero Global") at the consideration of approximately HK\$139.10 million, by way of allotment and issue of 650,000,000 consideration shares by the Company to the Vendor at the issue price of HK\$0.214 per consideration share ("Hero Global Acquisition").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – continued

Notes: – continued

(a) Other receivables – continued

(ii) Compensation receivable relating to the profit guarantee – continued

Pursuant to the Agreement, the Vendor warranted to the Group that (i) the actual net profit after taxation of Hero Global for each of the three years ended 31 December 2019, 31 December 2020 and 31 December 2021 shall not be less than HK\$23 million, HK\$23 million and HK\$23 million respectively; or (ii) the aggregate net profit for the three years ended 31 December 2019, 31 December 2020 and 31 December 2021 shall not be less than HK\$69 million in total (“**Profit Guarantee**”). If Hero Global failed to meet the conditions of the Profit Guarantee, the Vendor shall compensate to the Group in accordance with a formula that the compensation is equal to the shortfall multiplied by a compensation factor of 1.7 and is to be settled in cash.

The consideration shares were subjected to the locked-up period for not less than three years and was kept by the Company as custody unless the conditions of Profit Guarantee were being satisfied. If the Vendor failed to pay the compensation in cash, the purchaser has the right to sell the locked-up shares as the compensation.

However, Hero Global recorded net profit after taxation of approximately HK\$10.5 million and HK\$5.9 million for the two years ended 31 December 2019 and 31 December 2020 respectively, and net loss after taxation of approximately HK\$2.0 million for the year ended 31 December 2021, which was less than the Profit Guarantee of HK\$69 million and the condition for the Profit Guarantee could not be fulfilled.

On 23 May 2022, the Group and the Vendor signed a confirmation letter and mutually agreed on the amount of the compensation of approximately HK\$92,838,000 (“**Compensation**”) and entered into a settlement agreement for the Compensation. Due to the fact that the Vendor still failed to settle the Compensation after entering into the settlement agreement, the Group exercised the right to sell the locked-up consideration shares for the settlement of Compensation. Accordingly, on 23 August 2022, the Group and the Vendor signed a deed of authorisation pursuant to which the Vendor authorised the right to the Group, to sell 650,000,000 locked-up shares for the settlement of the Compensation to the Group.

During the year ended 30 June 2023, 530,200,000 lock-up shares were sold by the Company and approximately HK\$16,358,000 was received in cash and recognised as compensation income in profit or loss for the year. As at 30 June 2023, the market value for the remaining 119,800,000 lock-up shares was approximately HK\$1,677,000.

As at 30 June 2023, the market value for the outstanding lock-up shares balance was approximately HK\$1,677,000, representing compensation receivable related to the profit guarantee of approximately HK\$76,498,000, less the provision of loss allowance of approximately HK\$74,821,000 which was recognised and charged to the profit or loss during the year ended 30 June 2023.

During the year ended 30 June 2024, 63,856,000 lock-up shares were sold by the Company and approximately HK\$616,000 was received in cash. As a result, the compensation receivables related to the profits guarantee is reduced to approximately HK\$75,882,000. As at 30 June 2024, the market value for the remaining 2,244,000 lock-up shares was approximately HK\$213,000. In view of the trading of the lock-up shares were suspended by the date the consolidated financial statements were approved, the compensation receivable related to the profit guarantee was fully impaired as the recoverable amount is considered as insignificant and HK\$1,061,000 is recognised as provision of loss allowance which was charged to the profit or loss during the year ended 30 June 2024.

During the year ended 30 June 2025, 2,200,000 lock-up shares were sold by the Company and approximately HK\$213,000 was received in cash. As a result, a reversal of loss allowance of HK\$213,000 was credited to the profit or loss.

During the year ended 30 June 2026, 44,000 lock-up shares were sold by the Company and approximately HK\$13,000 was received in cash. As a result, a reversal of loss allowance of HK\$13,000 was credited to the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – continued*Notes: – continued***(a) Other receivables – continued****(iii) Allowance for expected credit losses for other receivables**

The movements in the allowance for expected credit losses for other receivables are as follows:

	2026 HK\$'000	2025 HK\$'000
Balance at beginning of the year	76,303	76,009
Impairment losses recognised for the year (Note 9)	1,172	290
Exchange alignments	20	4
Balance at end of the year	77,495	76,303

(b) Deposits paid

The movements in the allowance for expected credit losses for deposits paid are as follows:

	2026 HK\$'000	2025 HK\$'000
Balance at beginning of the year	2	4
Eliminated on disposal of Disposed Subsidiaries	—	(2)
Balance at end of the year	2	2

(c) Prepayments

Included in prepayments is the prepayment for inventories of approximately HK\$634,000 (2025: HK\$1,880,000) as at 30 June 2026.

(d) Others

Other receivables and deposits denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2026 HK\$'000	2025 HK\$'000
RMB	—	—
HK\$	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. BANK BALANCES AND CASH

	2026 HK\$'000	2025 HK\$'000
Bank balances and cash	5,617	6,946

Bank balances and cash denominated in currencies other than the functional currency of the relevant group entities and the Company are set out below:

	2026 HK\$'000	2025 HK\$'000
HK\$	—	—
RMB	—	—
US\$	—	—

As at 30 June 2026 and 2025, the Group's bank balances and cash denominated in RMB kept in the PRC. RMB is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

For the years ended 30 June 2026 and 2025, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant as the Group only transacts with reputable banks with high credit ratings assigned by international credit rating agencies.

Details of impairment assessment of bank balances for the years ended 30 June 2026 and 2025 are set out in note 35(b).

22. TRADE PAYABLES

	2026 HK\$'000	2025 HK\$'000
Trade payables	9,163	22,944

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. TRADE PAYABLES – continued

The following is an aged analysis of trade payable presented based on date of goods received, is as follows:

	2026 HK\$'000	2025 HK\$'000
0 to 30 days	54	14,818
31 to 120 days	—	903
121 to 180 days	—	—
181 to 365 days	—	—
Over one year	9,109	7,223
	9,163	22,944

The credit period ranged from 30 days to 60 days.

Trade payables denominated in currencies other than the functional currency of the relevant group entities are set out below.

	2026 HK\$'000	2025 HK\$'000
HK\$	—	—
RMB	—	426

23. ACCRUALS AND OTHER PAYABLES

	<i>Notes</i>	2026 HK\$'000	2025 HK\$'000
Amount due to non-controlling interest	(a)	2,593	6,239
Contract liabilities	(b)	3,535	3,148
Accrued salaries		891	1,123
Other payables and accrued charges		1,871	8,084
		8,890	18,594

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. ACCRUALS AND OTHER PAYABLES – continued*Notes:***(a) Amount due to non-controlling interest**

The amount due to non-controlling interest is unsecured, interest free and repayable on demand.

(b) Contract liabilities

Contract liabilities represent advances received from customers for sale of goods.

When the customer initially purchases the goods, the transaction price received at that point by the Group is recognised as contract liability until the goods have been delivered to the customer. The contract liabilities at the end of the reporting period is expected to be recognised as revenue of the Group for the next financial year.

Contract liabilities of approximately HK\$2,064,000 (2024: HK\$1,117,000) at 30 June 2025 was recognised as revenue of the Group for the current year.

The expected timing of the revenue recognition of the performance obligations that are unsatisfied (or partially unsatisfied) at 30 June 2026 and 2025 is within one year. As permitted under HKFRS 15, the transaction price allocated to those contracts is not disclosed.

(c) Others

Other payables denominated in currencies other than the functional currency of the relevant group entities are set out below.

	2026 HK\$'000	2025 HK\$'000
HK\$	—	—
RMB	—	—
	—	—

24. BORROWINGS

	Notes	2026 HK\$'000	2025 HK\$'000
Bank loan	(a)	—	3,283
Other borrowing			
— Creative Big borrowings	(b)	—	1,557
		—	4,840
Secured		—	3,283
Unsecured		—	1,557
		—	4,840

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. BORROWINGS – continued

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

	Bank loan		Other borrowings	
	2026	2025	2026	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The carrying amounts of the borrowings are repayable:				
Within one year	—	3,283	—	1,557

Notes:

- (a) The bank loan granted from a bank to Jiangxi Luyu is guaranteed by Jiangxi Luyu's immediate holding company. The bank loan is interest bearing at a fixed rate of 3.2%.
- (b) Creative Big Limited ("**Creative Big**") a BVI business company incorporated with limited liability and is wholly and beneficially owned by Mr. CHIU Sin Nang Kenny is the bondholder of the unlisted Creative Big Convertible Bonds with a principal amount of HK\$50,000,000 at a coupon of 7% per annum issued by the Company on 30 August 2021.

As at 30 June 2023, the outstanding Creative Big borrowings amounted to approximately HK\$52,997,000, included (i) the principal amount of HK\$50,000,000 which was reclassified from Creative Big Convertible Bonds to "Other borrowing"; (ii) the accrued interest of approximately HK\$1,750,000 up to the maturity of the Creative Big Convertible Bonds on 20 February 2023 which was also reclassified to "Other borrowing"; and (iii) Subsequent to the maturity of the Creative Big Convertible Bonds, the Company and Creative Big agreed that the interests in respect of all outstanding principal under the Creative Big Convertible Bonds would be remained at the interest rate of 7% per annum on a simple interest and daily basis and thus, the accrued interest for the period from 21 February 2023 to 30 June 2023 amounted to approximately HK\$1,247,000.

In view of the above circumstances, the Creative Big borrowings, including the accrued interests were overdue and would be immediately repayable if and when requested by Creative Big.

As at 31 December 2023, the Company was indebted to Creative Big an aggregate amount of approximately HK\$54,761,000 (the "**Creative Big Debt**"), comprising the outstanding principal of HK\$50,000,000 and outstanding interest of approximately HK\$4,761,000.

On 14 June 2024, the Company and Creative Big entered into the loan capitalisation agreement (the "**Creative Big Loan Capitalisation Agreement**"), pursuant to which the Company has conditionally agreed to allot and issue, and Creative Big has conditionally agreed to subscribe for an aggregate of approximately HK\$547,601,000 non-voting convertible preference shares of par value of HK\$0.0125 each at the issue price of HK\$0.1 per non-voting convertible preference shares (the "**Creative Big CPSs**"), the same of which shall be satisfied by offsetting the balance of the Creative Big Debt of approximately HK\$54,761,000 (the "**Creative Big Loan Capitalisation**").

During the year ended 30 June 2024, interest expenses of HK\$3,509,000, was charged to the statement of profit or loss and other comprehensive income.

As at 30 June 2024, the Company was indebted to Creative Big an aggregate amount of approximately HK\$56,506,000, comprising the outstanding principal of HK\$50,000,000 and outstanding interest of approximately HK\$6,506,000.

Upon completion of the Creative Big Loan Capitalisation, the Creative Big Debt (including the accrued interests of the Creative Big borrowings held by Creative Big up to 31 December 2023) shall be deemed to have been fully repaid and the Company shall be released from its obligations under the Creative Big Debt.

During the year ended 30 June 2025, interest expenses of HK\$1,323,000 was charged to the consolidated statement of profit or loss and other comprehensive income.

A gain on Loan Capitalisation of approximately HK\$1,095,000 was recognised for the year ended 30 June 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. AMOUNTS DUE TO SHAREHOLDERS

	2026 HK\$'000	2025 HK\$'000
Unsecured amount due to shareholders:		
— Quantum (<i>Note (a)</i>)	18,438	9,844
— IAM (<i>Note (b)</i>)	3,929	3,929
	22,367	13,773

(a) Quantum borrowings

Pursuant to a loan agreement (the “**Quantum Loan Agreement**”) dated 8 November 2023 entered into between the Company as borrower and Quantum Worldwide Investment Limited (“**Quantum**”), a BVI business company incorporated with limited liability and is wholly and beneficially owned by Mr. YAM Tak Cheung, a shareholder of the Company as lender for a term loan facility of HK\$20,000,000 to the Company for the purpose of financing the general working capital of the Group. The loan facility is unsecured and interest bearing at 5% per annum with a term of one year from the date of the Quantum Loan Agreement. The Company drawn down HK\$10,000,000 and HK\$5,000,000 of loans from Quantum on 8 November 2023 and 1 February 2024 respectively.

On 14 June 2024, the Company and Quantum entered into the loan capitalisation agreement (the “**Quantum Loan Capitalisation Agreement**”), pursuant to which the Company has conditionally agreed to allot and issue, and Quantum has conditionally agreed to subscribe for an aggregate of 15,000,000 shares at the issue price of HK\$0.1 per share (the “**Quantum Shares**”), the same of which shall be satisfied by offsetting HK\$15,000,000 of the Quantum Debt) (the “**Quantum Loan Capitalisation**”).

During the year ended 30 June 2024, the interest expenses of the Quantum borrowings amounted to HK\$426,000, which was charged to the profit or loss for the year (see Note 10).

As at 30 June 2024, the Company was indebted to Quantum an aggregate amount of approximately HK\$15,426,000, comprising the outstanding principal of HK\$15,000,000 (the “**Quantum Debt**”) and outstanding interest of approximately HK\$426,000.

Upon completion of the Quantum Loan Capitalisation on 15 November 2024, the Quantum Debt was deemed as fully repaid and the remaining balance was reclassified as an amount due to a shareholder. The Company was released from its obligations under the Quantum Debt.

On 11 December 2024, the Company entered into a new loan facility agreement with Quantum for a loan facility of HK\$12,000,000 to the Company for the purpose of financing the general working capital of the Group. During the year ended 30 June 2025, an aggregate amount of HK\$9,000,000 was drawn down by the Company from Quantum. The loan facility is unsecured, interest bearing at 5% per annum and repayable.

During the year ended 30 June 2025, interest expenses of HK\$417,000 was charged to the consolidated statement of profit or loss and other comprehensive income.

A gain on Loan Capitalisation of approximately HK\$300,000 was recognised for the year ended 30 June 2025.

During the year ended 30 June 2026, the Group newly advanced from Quantum for an aggregate amount of HK\$8,000,000 with an interest rate of 5% per annum. The interest expense of approximately HK\$594,000 was recognised during the year.

(b) IAM borrowings

The amount represents the convertible bonds (the “**IAM Convertible Bonds**”) issued to Integrated Asset Management (Asia) Limited (“**IAM**”) a BVI business company incorporated with limited liability and is wholly and beneficially owned by Mr. YAM Tak Cheung, a shareholder of the Company).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. AMOUNTS DUE TO SHAREHOLDERS — Continued**(b) IAM borrowings — Continued**

The IAM Convertible Bonds carried interest at 10% per annum, that would be convertible into 405,542,986 new shares at the convertible price of HK\$0.221 per share.

The IAM Convertible Bonds was matured on 17 January 2022 and the IAM Convertible Bonds was not repaid or converted into shares of the Company upon their maturity on 17 January 2022. In view of this circumstance, the IAM Convertible Bonds, together with the accrued interests would be immediately repayable if and when requested by IAM. In this respect, the total outstanding balance of the IAM Convertible Bonds amounted to approximately HK\$105,747,000, comprising the principal amount of approximately HK\$89,625,000 and the related accrued interests of approximately HK\$16,122,000 (included in accruals and other payables), that was classified as amount due to the shareholder as at 30 June 2022.

The amount due to the shareholder, as mentioned above, was interest-free and repayable on demand.

Pursuant to the IAM Loan Capitalisation Agreement entered into between IAM and the Company, both the Company and IAM agreed that the interests in respect of all outstanding principal under the IAM Convertible Bonds from 18 January 2022 to 31 December 2023 were calculated at the rate of 10.0% per annum on a simple interest and daily basis, thus, the outstanding interests for the period from 18 January 2022 to 31 December 2023 was approximately HK\$17,507,000. As a result, as at 31 December 2023, the total amount due to the shareholder, including the accrued interest, amounted to approximately HK\$123,254,000 (the **"IAM Debt"**).

The Company and IAM further agreed that the interests in respect of all outstanding principal under the IAM Convertible Bonds from 1 January 2024 up to the date of the completion of the IAM Loan Capitalisation was reduced to 5.0% per annum on a simple interest and daily basis.

On 14 June 2024, the Company and IAM entered into the loan capitalisation agreement (the **"IAM Loan Capitalisation Agreement"**), pursuant to which the Company has conditionally agreed to allot and issue, and IAM has conditionally agreed to subscribe for:

- (1) an aggregate of 300,000,000 shares at the issue price of HK\$0.1 per share (the **"IAM Shares"**), the same of which shall be satisfied by offsetting HK\$30,000,000 of the IAM Debt; and
- (2) an aggregate of 932,541,460 non-voting convertible preference shares of par value of HK\$0.0125 each at the issue price of HK\$0.1 per non-voting convertible preference shares (the **"IAM CPSS"**, together with the IAM Shares, collectively referred to the **"IAM Loan Capitalisation"**), the same of which shall be satisfied by offsetting the remaining balance of the IAM Debt of approximately HK\$93,254,000.

During the year ended 30 June 2024, an interest expense amounted to HK\$19,742,000 was recognised and charged to the statement of profit or loss and other comprehensive income.

As at 30 June 2024, the outstanding unsecured amount due to the shareholder amounted to approximately HK\$125,489,000, being the outstanding principal and accrued interests under the IAM Convertible Bonds held by IAM up to 30 June 2024.

Upon completion of the IAM Loan Capitalisation on 15 November 2024, the IAM Debt (including the accrued interests of the IAM Convertible Bonds held by IAM up to 31 December 2023) was deemed as fully repaid and the Company was released from its obligations under the IAM Debt.

During the year ended 30 June 2025, an interest expense amounted to HK\$1,694,000 was recognised and charged to the statement of profit or loss and other comprehensive income.

A gain on Loan Capitalisation of approximately HK\$2,465,000 was recognised for the year ended 30 June 2025.

On 17 August 2026, the Group obtained letter of undertaking (the **"Letters"**) from both IAM and Quantum that both of them agreed not to request the Group repay the amounts due to them within the next 18 months from the date of the Letters.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. LEASE LIABILITIES

	2026 HK\$'000	2025 HK\$'000
Lease liabilities payable:		
Within one year	—	665
More than one year, but not more than two years	—	—
	—	665
Less: Amount due for settlement within 12 months shown under current liabilities	—	(665)
Amount due for settlement after 12 months shown under non-current liabilities	—	—

As at 30 June 2026, the weighted average incremental borrowing rates applied to lease liabilities range from 5.9% to 13.2% (2025: 5.9% to 13.2%).

All the lease obligations are denominated in the relevant group entities' functional currencies.

27. CONVERTIBLE PREFERENCE SHARES ("CPSs")

On 14 June 2024, the Company, IAM and Creative Big entered into loan capitalisation agreements, pursuant to which the Company has conditionally agreed to allot and issue, and IAM and Creative Big have conditionally agreed to subscribe for 932,541,460 and 547,609,590 non-voting convertible preference shares respectively. The issuance and allotment of the aggregate of 1,480,151,050 non-voting CPSs were completed on 15 November 2024 (the "**Date of Issue**"). The CPSs shall be convertible at the option of the holder(s) during the period of 10 years starting from the Date of Issue and ending on the 10th anniversary of the Date of Issue (the "**Conversion Period**") without the payment of any additional consideration therefor, into such number of fully-paid ordinary shares as determined in accordance with the ratio of 1: 1. Any CPS that has not been converted, redeemed or cancelled during the Conversion Period shall remain as preference shares in the share capital of the Company. The CPSs are perpetual and have no maturity date and interest rate. The subscription price was HK\$0.1 per CPS (which is not subject to any adjustment). The Company may, at any time at its sole discretion, by written notice of not less than 10 days to the holders of CPSs whose CPSs are to be redeemed and subject to compliance with the articles of association of the Company and the Companies Act of the Cayman Islands, request to redeem part or all of the CPSs at a price equivalent to the subscription price of such CPSs, so long as such CPSs have not been previously converted, redeemed or cancelled. The holders of CPSs do not have any right to request or demand the Company to redeem any CPSs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. CONVERTIBLE PREFERENCE SHARES (“CPSs”) — continued

Conversion of the CPSs to ordinary shares of the Company (the “**Ordinary Shares**”) shall be subject to (i) the condition that any CPSs holders and/or the parties acting in concert with any of them and/or their respective associates being interested in such issued share capital of the Company will not trigger a mandatory general offer obligation under Rule 26 of the Codes on Takeovers and Mergers (the “**Takeovers Code**”) upon exercise of the conversion rights of the CPSs, except that the relevant whitewash waiver for making such mandatory general offer has been granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (the “**SFC**”) pursuant to the Takeovers Code; (ii) the compliance of all requirements imposed by the Stock Exchange and/or the SFC in relation to the allotment and issue of any new Ordinary Shares due to conversion, whether under the GEM Listing Rules, the Takeovers Code or otherwise; (iii) the approval by the Stock Exchange of the listing of, and permission to deal in, the new Ordinary Shares arising from conversion; and (iv) the condition that the conversion of the CPSs to Ordinary Shares shall not reduce the public float of the Shares to less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued Shares in breach of the public float requirement. The relevant whitewash waiver in the condition (i) above has been granted by the SFC and the condition (ii) above has been fulfilled before the Date of Issue.

During the first five years from the Date of Issue, each holder of issued CPS has the right to receive a preferred distribution at the fixed rate of 5.0% per annum on the aggregate issue price of the CPSs paid by the initial subscriber for its initial subscription, payable annually in arrears on each anniversary of the Date of Issue until the 5th anniversary of the Date of Issue (each, an “**Annual Payment Date**”), subject to the sole discretion of the Company to defer any such payment for a maximum period of 10 years from the date when such payment falls due by giving written notice to the holders of CPSs prior to the relevant Annual Payment Date. Each of such preferred distribution is cumulative. The holders of CPSs do not have any right to receive any preferred distribution after the 5th anniversary of the Date of Issue, except for any unpaid distribution accrued during the first five anniversary years.

If the Board elects to defer a preferred distribution, the Company shall not (i) pay any dividends, distributions or make any other payment on any Ordinary Shares or (ii) redeem, cancel, repurchase or acquire for any consideration any other Ordinary Shares, unless at the same time it pays to the holders of the CPSs any deferred or declared but unpaid preferred distribution which was scheduled to be paid on a day falling in the same financial year in respect of which payment of such dividends, distributions or other payments on such Ordinary Shares are made. Other than the preferred distribution as mentioned above, the holders of CPSs have no right to receive any dividend or distribution prior to its conversion into Ordinary Shares.

At initial recognition, the equity component of the CPSs was separated from the liability component. The equity element is presented in equity heading Convertible preference share reserve. The effective interest rate of the liability component is 14.35%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. CONVERTIBLE PREFERENCE SHARES ("CPSs") — continued

The movement of the liability component of the CPSs for the year is set out below:

	2026 HK\$'000	2025 HK\$'000
Carrying amount at the beginning of the year	27,455	—
Issue of CPSs	—	25,195
Interest charge	3,276	2,260
Carrying amount at the end of the year	30,731	27,455
Represented by:		
Current portion	14,801	7,401
Non-current portion	15,930	20,054
	30,731	27,455

28. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
<i>Ordinary share</i>		
As at 1 July 2024 (HK\$0.3125 each)	640,000	200,000
Capital Reorganisation (<i>Note (a)</i>)	12,160,000	—
As at 30 June 2025, 1 July 2025 and 30 June 2026 (HK\$0.0125 each)	12,800,000	160,000
Issued and fully paid:		
<i>Ordinary share</i>		
As at 1 July 2024 (HK\$0.3125 each)	183,693	57,404
Capital Reorganisation (<i>Note (a)</i>)	—	(55,108)
Issue of ordinary shares (<i>Note (b)</i>)	450,000	5,625
As at 30 June 2025, 1 July 2025 and 30 June 2026 (HK\$0.0125 each)	633,693	7,921

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. SHARE CAPITAL — continued

- (a) The capital reorganisation (the “**Capital Reorganisation**”) consisting of the reduction of the par value of each issued share from HK\$0.3125 to HK\$0.0125 by cancelling the paid-up share capital to the extent of HK\$0.3 per issued share and the sub-division of each of the authorised but unissued shares with par value of HK\$0.3125 each into 25 authorised but unissued new shares with par value of HK\$0.0125 each, was approved by the Shareholders by way of special resolution at the extraordinary general meeting of the Company on 8 August 2024 and became effective on 6 November 2024 after fulfillment of other conditions for completion of the Capital Reorganisation. The authorized share capital of the Company remained at HK\$160,000,000 but was divided into 12,800,000,000 ordinary shares of par value of HK\$0.0125 each.
- (b) The IAM Loan Capitalisation Agreement, the Quantum Loan Capitalisation Agreement and the transactions contemplated thereunder were approved by way of ordinary resolutions at the extraordinary general meeting of the Company on 8 August 2024. All of the conditions precedent under the IAM Loan Capitalisation Agreement and the Quantum Loan Capitalisation Agreement have been fulfilled and the completion took place on 15 November 2024 (the “**Completion Date**”).

Upon the completion of the IAM Loan Capitalisation Agreement, 300,000,000 IAM Shares at HK\$0.1 per ordinary share of the Company were allotted and issued to IAM, the subscription price of which was satisfied by offsetting HK\$30,000,000 of the IAM Debt. Upon completion of the IAM Loan Capitalisation Agreement, the IAM Debt has been fully repaid and the Company has been released from its obligations under the IAM Debt.

Upon the completion of the Quantum Loan Capitalisation Agreement, 150,000,000 Quantum Shares at HK\$0.1 per ordinary share of the Company were allotted and issued to Quantum, the subscription price of which was satisfied by offsetting the full amount of the Quantum Debt, which is approximately HK\$15,000,000. Upon completion of the Quantum Loan Capitalisation Agreement, the Quantum Debt has been fully repaid and the Company has been released from its obligations under the Quantum Debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. SHARE BASED PAYMENTS TRANSACTIONS**Equity-settled share option scheme of the Company**

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 9 June 2021 under which the Board may, at its discretion, invite eligible persons to take up share options to subscribe for the Shares. The purpose of the Share Option Scheme is to enable the Group to grant the share options to selected eligible persons (the “**Eligible Persons**”) as incentives or rewards for their contribution to the Group. The Share Option Scheme will provide the Eligible Persons with an opportunity to acquire proprietary interests in the Company with the view to achieving the following principal objectives: (i) motivate the Eligible Persons (in case of the Eligible Employees, as defined below) to optimise their performance and efficiency for the benefit of the Group; (ii) attract and retain or otherwise maintain ongoing business relationship with the Eligible Persons (in case of the Eligible Consultants, as defined below) whose contributions are, will be or are expected to be beneficial to the Group; and (iii) align the interests of the Eligible Persons with the Shareholders. Eligible persons shall include any employee and any Director (including executive, non- executive and independent non-executive Directors) (both collectively, the “**Eligible Employee(s)**”) and any consultant (collectively, the “**Eligible Consultant(s)**”) of the Company or of any subsidiary of the Company or such other persons who, at the sole determination of the Board, have contributed to the Group at the time when an option is granted to such persons. The Share Option Scheme will remain valid for a period of 10 years commencing from the date of its adoption.

The maximum number of shares issued and to be issued on the exercise of options granted and to be granted to each eligible participant (included both exercised and outstanding options) in any 12 month period must not exceed 1% of the total issued share capital of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to Shareholder’s approval in a general meeting.

The maximum number of shares of the Company which may be issued upon exercise of all the outstanding options granted and yet to be issued under the Share Option Scheme or any other schemes must not, in aggregate, exceed 30% of the shares of the Company in issue from time to time.

The exercise price of the share options is determinable by the Directors, and may not be less than the highest of:

- (i) the closing price of the shares of the Company as stated in the Stock Exchange’s daily quotation sheets on the date of grant, which must be a business day;
- (ii) the average closing price of the shares of the Company as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a share of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. SHARE BASED PAYMENTS TRANSACTIONS – continued**Equity-settled share option scheme of the Company – continued**

Details of the share options granted, exercised, cancelled and lapsed during both of the years presented are set out as follows:

Year ended 30 June 2026

Grantee	Grant date	Exercise price per share	Exercisable period	Number of share options			
				Balance as at 1 July 2025	Granted during the year	Lapsed during the year	Balance as at 30 June 2026
		HK\$					
Directors	28/12/2022	1.00	01/07/2023 to 30/06/2028	1,920,000	—	(160,000)	1,760,000
Employees	28/12/2022	1.00	01/07/2023 to 30/06/2028	3,520,000	—	(320,000)	3,200,000
			Total	5,440,000	—	(480,000)	4,960,000
Exercisable at the end of year							4,960,000
Weighted average exercise price				1.00	—	1.00	1.00

Year ended 30 June 2025

Grantee	Grant date	Exercise price per share	Exercisable period	Number of share options			
				Balance as at 1 July 2024	Granted during the year	Lapsed during the year	Balance as at 30 June 2025
		HK\$					
Directors	28/12/2022	1.00	01/07/2023 to 30/06/2028	3,520,000	—	(1,600,000)	1,920,000
Employees	28/12/2022	1.00	01/07/2023 to 30/06/2028	3,520,000	—	—	3,520,000
			Total	7,040,000	—	(1,600,000)	5,440,000
Exercisable at the end of year							5,440,000
Weighted average exercise price				1.00	—	1.00	1.00

The share options outstanding at 30 June 2026 had a weighted average remaining contractual life of 2 years (2025: 3 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. SHARE BASED PAYMENTS TRANSACTIONS – continued**Equity-settled share option scheme of the Company – continued**

Details of specific categories of options are as follows:

Date of grant	Number of shares under options granted	Exercise price per share	Exercisable period
		HK\$	
28 December 2022	263,900,000	0.04	1 July 2023 to 30 June 2028

The fair value of the options at 28 December 2022 was estimated to be approximately HK\$3,302,000. The fair value of the options granted was calculated using the Binomial Model. The inputs into the model were as follows:

	Share options granted on 28 December 2022
Exercise price	HK\$0.04
Expected volatility	49.16%
Expected life	5.51 years
Risk-free rate	4.00%
Expected dividend yield	0%
Exercise multiple	2.2–2.8 times

Expected volatility was determined by reference to the historical volatility of the Company's share prices over the previous 5.51 years for share options granted on 28 December 2022. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

No share options were exercised during the year ended 30 June 2026 and 2025.

During the year ended 30 June 2026, no expenses was recognised (2025: HK\$288,000) in relation to share options granted by the Company.

30. RETIREMENT BENEFITS SCHEMES

The Company and its subsidiaries in Hong Kong operate a defined contribution retirement benefits scheme for their qualifying employees pursuant to the Mandatory Provident Fund Schemes Ordinance. The assets of the scheme are held separately in funds which are under the control of independent trustees. The retirement benefits schemes contributions charged to the consolidated statement of profit or loss represent contributions payable by the Company and its subsidiaries in Hong Kong to the funds at rates specified in the rules of the schemes. When there are employees who leave the defined contribution retirement benefits scheme prior to becoming fully vested in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Company and its subsidiaries in Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. RETIREMENT BENEFITS SCHEMES – continued

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

At the end of the reporting period, no forfeited contributions were available to reduce the contribution payable in future years.

Details of retirement benefits scheme contributions made by the Group for the year ended 30 June 2026 and 2025 are set out in Note 12.

31. DISPOSAL OF SUBSIDIARIES**For the year ended 30 June 2026**

During the year ended 30 June 2026, the Group disposed the entire equity interest of two subsidiaries, B&B International Marketing (HK) Limited ("**B&B International**") and SPT Technology Development Limited ("**SPT Technology**"), to a third party.

	Notes	Net cash inflows upon disposal HK\$'000	Gain upon disposal HK\$'000
B&B International	(i)	—*	—*
SPT Technology	(ii)	1	1
		<u>1</u>	<u>1</u>

* Less than HK\$1,000.

(i) B&B International

During the year ended 30 June 2026, the Group disposed of the 50% equity interest in B&B International, a Hong Kong company incorporate with limited liabilities for a total consideration HK\$1.

B&B International is a dormant company.

Pursuant to the sale and purchase agreement, the Group transferred all shareholder rights, obligations, and economic returns to the purchaser. Accordingly, the Group lost control over B&B International, and B&B International ceased to be a subsidiary and was deconsolidated from the Group's financial statements.

The disposal was completed in May 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. DISPOSAL OF SUBSIDIARIES – continued**For the year ended 30 June 2026 – continued****(ii) SPT Technology**

During the year ended 30 June 2026, the Group disposed of its entire 99.9% equity interest in SPT Technology, a Hong Kong company incorporate with limited liabilities, for a total consideration HK\$999.

SPT Technology is a dormant company.

Pursuant to the sale and purchase agreement, the Group transferred all shareholder rights, obligations, and economic returns to the purchaser. Accordingly, the Group lost control over SPT Technology, and SPT Technology ceased to be a subsidiary and was deconsolidated from the Group's financial statements.

The disposal was completed in May 2026.

Financial information

Set out below is the information relating to the assets and liabilities of those subsidiaries disposed as at their respective dates and the income and expenses of those subsidiaries disposed during the period from 1 July 2025 up to their respective dates the Disposal, which is based on the best information available and retained books and records of the Company:

Unaudited assets and liabilities and income and expenses of the subsidiaries for the year ended 30 June 2026

An analysis of the gains on disposal and the net assets/(liabilities) of the subsidiaries at their respective dates is as following:

	B&B International HK\$'000	SPT Technology HK\$'000	Total HK\$'000
Consideration satisfied by:			
— Cash consideration	<u>—*</u>	<u>1</u>	<u>1</u>
Gain on disposal of the subsidiaries:			
Consideration received	<u>—*</u>	<u>1</u>	<u>1</u>
Net assets disposed of (<i>Note</i>)	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>1</u>	<u>1</u>
Gain on disposal of the subsidiaries	<u>—</u>	<u>1</u>	<u>1</u>

Note: Both subsidiaries has net assets of HK\$Nil on the date of disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. DISPOSAL OF SUBSIDIARIES – CONTINUED – continued

For the year ended 30 June 2026 – continued

Financial information — continued

Unaudited assets and liabilities and income and expenses of the subsidiaries for the year ended 30 June 2026 — continued

An analysis on net inflow of bank balances and cash in respect of the disposal of the subsidiaries as follows:

	B&B International HK\$'000	SPT Technology HK\$'000	Total HK\$'000
Cash consideration	—*	1	1
Less: Bank balances and cash disposed of	—	—	—
Net cash inflows	—	1	1

* Less than HK\$1,000.

For the year ended 30 June 2025

During the year ended 30 June 2025, the Group disposed the entire equity interest of two subsidiaries, Sinopharm Health Cross Border E-Commerce Company Limited ("**Sinopharm Health**") and Sinopharm (Hong Kong) Industrial Co., Limited ("**Sinopharm Industrial**"), to a third party.

	<i>Notes</i>	Net cash outflows upon disposal HK\$'000	Gain/(loss) upon disposal HK\$'000
Sinopharm Health	(i)	2	(214)
Sinopharm Industrial	(ii)	7	7,146
		9	6,932

(i) Sinopharm Health

During the year ended 30 June 2025, the Group disposed of the entire equity interest in Sinopharm Health, a Hong Kong company incorporate with limited liabilities for a total consideration HK\$1.

The Sinopharm Health is mainly engaged in the provision of internet plus solution services.

The disposal was completed in February 2025.

(ii) Sinopharm Industrial

During the year ended 30 June 2025, the Group disposed of the entire equity interest in Sinopharm Industrial, a Hong Kong company incorporate with limited liabilities for a total consideration HK\$1,000.

The Sinopharm Industrial is mainly engaged in the manufacturing and distribution of personal protective equipment.

The disposal was completed in April 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. DISPOSAL OF SUBSIDIARIES – continued

For the year ended 30 June 2025 – continued

Financial information of the subsidiaries

Set out below is the information relating to the assets and liabilities of those subsidiaries disposed as at their respective dates and the income and expenses of those subsidiaries disposed during the period from 1 July 2024 up to their respective dates the Disposal, which is based on the best information available and retained books and records of the Company:

Unaudited assets and liabilities and income and expenses of the subsidiaries for the year ended 30 June 2025

An analysis of the gains on disposal and the net assets/(liabilities) of the subsidiaries at their respective dates is as following:

	Sinopharm Health HK\$'000	Sinopharm Industrial HK\$'000	Total HK\$'000
Consideration satisfied by:			
— Cash consideration	—*	—*	—*
Analysis of assets and net liabilities over which control was lost:			
Inventories	314	—	314
Trade receivables	9	—	9
Other receivables, deposits and prepayments	85	494	579
Bank balances and cash	2	7	9
Trade payables	(5,242)	(3,255)	(8,497)
Accruals and other payables	(585)	(4,358)	(4,943)
Income tax payable	(82)	(33)	(115)
Net liabilities disposed of	(5,499)	(7,145)	(12,644)
(Loss)/gains on disposal of the subsidiaries:			
Consideration received and receivables	—*	—*	—*
Net liabilities disposed of	5,500	7,146	12,646
Non-controlling interests	(5,714)	—	(5,714)
(Loss)/gain on disposal of the subsidiaries	(214)	7,146	6,932
An analysis on net outflows of bank balances and cash in respect of the disposal of the subsidiaries as follows:			
Cash consideration	—*	—*	—*
Less: Bank balances and cash disposed of	(2)	(7)	(9)
Net cash outflows	(2)	(7)	(9)

* Less than HK\$1,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. RELATED PARTY DISCLOSURES**(a) Related party balances and transaction with related parties**

Saved as disclosed elsewhere in these consolidated financial statements and the material transactions and balances disclosed below, the Group did not have any other significant outstanding balances with related parties at the end of the reporting period and significant transactions with related parties during both years:

(i) Compensation of key management personnel

The remuneration of the key management personnel, during the year were as follows:

	2026	2025
	HK\$'000	HK\$'000
Short term benefits	3,896	3,745
Performance related bonus	—	—
Post-employment benefits	—	—
	3,896	3,745

33. LITIGATIONS AND CONTINGENT LIABILITIES

The Company did not have any significant litigations and contingent liabilities at the end of the reporting periods.

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes convertible preference shares disclosed in Note 27, and equity attributable to equity holders of the Company, comprising issued share capital, reserves and accumulated losses as disclosed in consolidated statement of changes in equity. Management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issuance of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS**Categories of financial instruments**

	2026 HK\$'000	2025 HK\$'000
Financial assets:		
At amortised cost		
— Trade receivables	5,715	18,125
— Financial assets included in other receivables and deposits	6,210	8,416
— Bank balances and cash	5,617	6,946
	17,542	33,487
Financial liabilities:		
At amortised cost		
— Trade payables	9,163	22,944
— Financial liabilities included in borrowings, accruals and other payables	5,355	20,286
— Amounts due to shareholders	22,367	13,773
— Lease liabilities	—	665
— Convertible preference shares	30,731	27,455
	67,616	85,123

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS – continued**Categories of financial instruments – continued**

The Group's major financial instruments include trade receivables, financial assets included in other receivables, deposits, bank balances and cash, trade payables, financial liabilities included in borrowings, accruals and other payables, amount due to a shareholder and lease liabilities.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall strategy remains unchanged from that of the prior year.

(a) Market risk*Currency risk*

Certain trade receivables, financial assets included in other receivables, deposits, bank balances and cash, trade payables, financial liabilities included in accruals and other payables, amounts due to shareholders and lease liabilities of the Group are denominated in foreign currencies of the respective group entities which are exposed to foreign currency risk.

The Group currently do not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of each reporting period are as follows:

	2026 HK\$'000	2025 HK\$'000
Assets		
US\$	—	—
RMB	—	—
	—	—
Liabilities		
RMB	—	426
	—	426

Sensitivity analysis

The Group is exposed to foreign currency risk on fluctuation of US\$ and RMB for the years ended 30 June 2026 and 2025.

Since the exchange rate of HK\$ is pledged with US\$, the Group does not expect any significant movements in the US\$/HK\$ exchange rates. Therefore, the following sensitivity analysis does not include the effect between US\$ and HK\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS – continued**Categories of financial instruments – continued****(a) Market risk – continued***Currency risk – continued*

Sensitivity analysis – continued

The following table details the Group's sensitivity to a 5% (2025: 5%) increase and decrease in foreign currencies of RMB against HK\$ as at 30 June 2026. The percentage of the sensitivity rate used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis adjusts their translation at the year-end for a 5% change in foreign currency rates at the year ended. A positive number below indicates an increase in post-tax profit where foreign currencies strengthen 5% against HK\$. For a 5% weakening of foreign currencies against HK\$, there would be an equal and opposite impact on post tax profit.

	2026 HK\$'000	2025 HK\$'000
Impact on post-tax loss of the Group	—	(5)

Interest rate risk

The Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates. Interests on amount due to a shareholder and other borrowings are charged at fixed interest rates which expose the Group to fair value interest rate risk. Details of the Group's amounts due to shareholders and borrowings are set out in Notes 25 and 24 respectively.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS – continued**Categories of financial instruments – continued****(b) Credit risk**

The Group's credit risk is primarily attributable to trade receivables, other receivables, deposits and bank balances as stated in note 19, 20 and 21.

The Group is exposed to credit risk and the Group's maximum exposure to credit risk in relation to financial assets is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, having considered available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor/customer
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in the operating results of the customer

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The credit quality of the debtors is assessed based on their financial positions, past experience and other factors. The Group has policies in place to ensure credit terms are granted to reliable debtors.

The Group performed ongoing credit evaluations of its debtors' financial condition and did not require collateral from the debtors on the outstanding balances. Based on the expected recoverability and timing for collection of the outstanding balances, the Group maintained a loss allowance accounts and actual losses incurred had been within management's expectations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS – continued**Categories of financial instruments – continued****(b) Credit risk – continued***Trade receivables arising from contracts with customers*

The Group applies the simplified approach to provide for expected credit losses for trade receivables, which permits the use of the lifetime expected loss provision for all trade receivables.

The loss allowance for trade receivables was determined as follows:

	Average loss rate	Trade receivables HK\$'000	Allowance HK\$'000
As at 30 June 2026			
0–30 days	1.2%	1,723	21
31–60 days	2.8%	1,700	48
61–180 days	N/A	—	—
181–365 days	19.8%	698	137
Over 365 days	85.6%	12,548	10,748
		16,669	10,954
As at 30 June 2025			
0–30 days	0.2%	15,467	28
31–60 days	N/A	—	—
61–180 days	N/A	—	—
181–365 days	19.4%	3,334	648
Over 365 days	100%	10,014	10,014
		28,815	10,690

The above expected credit losses also incorporated forward looking information.

The Group has concentration of credit risk as 10.20% (2025: 17.92%) and 20.54% (2025: 24.06%) of the total trade receivables at 30 June 2026 were due from the Group's largest customer and the five largest customers respectively within the supply chain service business segment. However, the Group concludes that the credit risk in relation to these customers is not significant because they have no history of default in recent years. The Group's historical experience in collection of receivables falls within recorded allowance and the Directors do not expect any additional significant impairment on trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS – continued**Categories of financial instruments – continued****(b) Credit risk – continued***Other receivables*

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group's definition of categories	Basis for recognition of expected credit loss provision
Performing	Low risk of default and strong capacity	12 months expected losses Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Significant increase in credit risk	Lifetime expected losses (not credit-impaired)
Non-performing	High risk of default	Lifetime expected losses (credit-impaired)
Write-off	Interest and/or principal repayments are 365 days past due and there is no reasonable expectation of recovery	Asset is written off

Management made periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. In calculating the expected credit loss rates, the Group considers historical loss rates for the other receivables and adjusts for forward looking macroeconomic data.

The Group has assessed that the expected credit loss for other receivables at 30 June 2026 was estimated to be approximately HK\$1,839,000 (2025: HK\$636,000) under 12 months expected losses method and approximately HK\$75,656,000 under lifetime expected losses (2025: HK\$75,669,000). Impairment loss on other receivables amounted to approximately HK\$1,172,000 (2025: HK\$290,000) was recognised during the year ended 30 June 2026.

35. FINANCIAL INSTRUMENTS – continued

Categories of financial instruments – continued

(b) Credit risk – continued

Bank balances

The credit risk for bank balances is considered not material as such amounts are placed in reputable banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regarded as low.

Deposits (included in other receivables)

For deposits, management of the Group makes periodic as individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits.

(c) Liquidity risk

The Group maintains the cash balance for continuing operations and contingency purposes by using continuity of funding both existing and new sources of financing.

The Group's liquidity management policy involves monitoring liquidity ratios and maintaining debt financing plans. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Having considered the factors and circumstances set out in Note 2 to the consolidated financial statements, the directors are satisfied that the Group will have sufficient liquidity to meet its cash flows requirements for the next twelve from the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL INSTRUMENTS – continued**Categories of financial instruments – continued****(c) Liquidity risk – continued**

The following tables analyse the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay:

*Liquidity tables***As at 30 June 2026**

	Weighted average effective interest rate %	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Non-derivative financial liabilities							
Trade payables	N/A	9,163	—	—	—	9,163	9,163
Financial liabilities included in other borrowings, accruals and other payables	N/A	5,355	—	—	—	5,355	5,355
Amounts due to shareholders	2.7%	22,882	—	—	—	22,882	22,367
Convertible preference share	5%	14,801	7,400	14,800	—	37,001	30,731
As at 30 June 2026		<u>52,201</u>	<u>7,400</u>	<u>14,800</u>	<u>—</u>	<u>74,401</u>	<u>67,616</u>

As at 30 June 2025

	Weighted average effective interest rate %	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Non-derivative financial liabilities							
Trade payables	N/A	22,944	—	—	—	22,944	22,944
Financial liabilities included in other borrowings, accruals and other payables	0.4%	20,361	—	—	—	20,361	20,286
Amounts due to shareholders	2.3%	14,090	—	—	—	14,090	13,773
Convertible preference share	5%	7,401	7,400	22,200	—	37,001	27,455
As at 30 June 2025		<u>64,796</u>	<u>7,400</u>	<u>22,200</u>	<u>—</u>	<u>94,396</u>	<u>84,458</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Convertible preference shares HK\$'000	Bank borrowings HK\$'000	Other borrowings HK\$'000	Amounts due to shareholders HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 July 2024	—	—	71,933	125,490	1,323	198,746
Financing cash inflows/(outflows)	—	3,252	(1,512)	9,000	(787)	9,953
Reclassification	—	—	(15,426)	15,426	—	—
Finance cost	2,260	31	1,323	2,111	129	5,854
Loan capitalisation	25,195	—	(54,761)	(138,254)	—	(167,820)
As at 30 June 2025 and 1 July 2025	27,455	3,283	1,557	13,773	665	46,733
Financing cash inflows/(outflows)	—	(3,370)	(1,557)	8,000	—	3,073
Reclassified to other payables	—	—	—	—	(715)	(715)
Finance cost	3,276	87	—	594	50	4,007
As at 30 June 2026	30,731	—	—	22,367	—	53,098

37. MAJOR NON-CASH TRANSACTIONS

Saved as disclosed following and elsewhere in these consolidated financial statements, the Group did not have major non-cash transaction during the year ended 30 June 2026 and 2025.

During the year ended 30 June 2025, the Group disposed of unlisted equity securities with a carrying amount of approximately HK\$3,600,000 at a consideration of approximately HK\$3,643,000, which was satisfied by way of novation of debt owed by the Group to the purchaser. There was no cash settlement received from the purchaser in respect of the disposal. The transaction resulted in a release and discharge of all liabilities and obligations related to the repayment of the relevant debt through execution of a deed of novation at completion.

During the year ended 30 June 2026, written back of trade payables and contract liabilities of HK\$427,000 and HK\$930,000 were recognised as other income. There was no cash inflow/outflow in respect of these write back.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. FINANCIAL INFORMATION OF THE COMPANY

	2026 HK\$'000	2025 HK\$'000
NON-CURRENT ASSETS		
Interests in subsidiaries	—	—
Property, plant and equipment	—	5
	—	5
CURRENT ASSETS		
Other receivables, deposits and prepayments	2,328	2,344
Bank balances and cash	2,467	2,779
	4,795	5,123
CURRENT LIABILITIES		
Accruals and other payables	1,362	2,073
Amounts due to subsidiaries	12,373	12,438
Borrowings	—	1,556
Amounts due to shareholders	22,367	13,773
Convertible preference shares	14,801	7,401
	50,903	37,241
NET CURRENT LIABILITIES	(46,108)	(32,118)
TOTAL ASSETS LESS CURRENT LIABILITIES	(46,108)	(32,113)
NON-CURRENT LIABILITIES		
Convertible preference shares	15,930	20,054
NET LIABILITIES	(62,038)	(52,167)
CAPITAL AND RESERVES		
Share capital	7,921	7,921
Reserves	(69,959)	(60,088)
TOTAL CAPITAL DEFICIENCY	(62,038)	(52,167)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. FINANCIAL INFORMATION OF THE COMPANY – continued

The movements in the Company's reserves are as follows:

	Share premium HK\$'000	Convertible preference shares reserve HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 July 2024	2,703,996	—	1,484	1,882	2,569	16,770	(2,994,819)	(268,118)
Loss and total comprehensive expenses for the year	—	—	—	—	—	—	(4,876)	(4,876)
Capital reorganisation	—	—	—	—	—	—	55,108	55,108
Loan capitalisation	37,651	119,859	—	—	—	—	—	157,510
Recognition of equity settled share-based payments	—	—	—	288	—	—	—	288
Share options lapsed	—	—	—	(468)	—	—	468	—
As at 30 June 2025 and 1 July 2025	2,741,647	119,859	1,484	1,702	2,569	16,770	(2,944,119)	(60,088)
Loss and total comprehensive expenses for the year	—	—	—	—	—	—	(9,871)	(9,871)
Share options lapsed	—	—	—	(143)	—	—	143	—
As at 30 June 2026	2,741,647	119,859	1,484	1,559	2,569	16,770	(2,953,847)	(69,959)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. PARTICULARS OF SUBSIDIARIES

- (a) Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Name of companies	Place of principal business/ incorporation	Issued and fully paid share capital	Ownership interest held by the Group (%)		Principal activities
			2026	2025	
Directly owned subsidiary					
China Success Enterprises Limited	Hong Kong/BVI	Ordinary shares US\$2,000	100%	100%	Investment Holding
Sinopharm Tech Corporate Management Limited	Hong Kong/ Hong Kong	Ordinary shares HK\$20,000,000	100%	100%	Investment Holding
Indirectly owned subsidiary					
Next Champion Limited	Hong Kong/ Hong Kong	Ordinary shares HK\$1	100%	100%	Distribution of personal protective equipment
Jovial Sky Limited (“Jovial Sky”)	Hong Kong/BVI	Ordinary shares US\$100	57%	57%	Investment Holding
Jiangxi Luyu (Note 1)	PRC/PRC	Registered capital RMB10,000,000	51%	51%	Distribution of medical products

Note:

1. A limited liability company established under the law of the PRC.

None of the subsidiaries had issued any debt securities during both years and at the end of the reporting period.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. PARTICULARS OF SUBSIDIARIES – continued**(b) Details of non-wholly owned subsidiaries that have material non-controlling interests**

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Jovial Sky and its subsidiaries	
	2026	2025
	HK\$'000	HK\$'000
Current		
— Current assets	8,029	32,086
— Current liabilities	(16,262)	(35,494)
Total net current liabilities	(8,233)	(3,408)
Non-current		
— Non-current assets	1,474	2,599
— Non-current liabilities	—	—
Total non-current net assets	1,474	2,599
Net liabilities	(6,759)	(809)
Accumulated non-controlling interests	(2,476)	174
Revenue	19,354	42,876
Total comprehensive loss	(5,672)	(3,417)
Loss allocated to non-controlling interests	(2,761)	(503)
Cash flows generated from/(used in) operating activities	3,165	(2,401)
Cash flows used in investing activities	—	—
Cash flows (used in)/generated from financing activities	(3,370)	3,299
Effect of foreign exchange rate changes	(378)	(17)
Net (decrease)/increase in cash and cash equivalents	(583)	881

39. PARTICULARS OF SUBSIDIARIES – continued

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests – continued

The Directors consider that the non-controlling interests of the other subsidiaries are insignificant to the Group and thus, the financial information of the non-controlling interests of these subsidiaries was not disclosed.

40. EVENTS AFTER THE REPORTING PERIOD

Saves as disclosed elsewhere in these consolidated financial statements, the Company did not have any significant event subsequent to 30 June 2026.

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 30 June 2026

RESULTS

		For the year ended 30 June			
	2026 HK\$'000	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue	45,582	61,253	41,277	42,839	40,985
Cost of sales and services	(39,161)	(47,022)	(36,258)	(37,369)	(35,053)
Gross profit	6,421	14,231	5,019	5,470	5,932
Other income and gains	1,366	10,843	18,085	106,849	39,350
Impairment loss on receivables and other assets, net	(883)	(8,426)	(2,587)	(74,782)	(58,554)
Loss on dilution of interests in associates	—	—	—	(1,131)	(21,889)
Loss on deemed disposal of associates	—	—	—	(19,217)	—
Fair value change on financial assets at fair value through profit or loss	—	1,060	(2,734)	1,815	—
Selling and distribution expenses	(4,685)	(1,648)	(495)	(2,251)	(1,003)
Administrative and operating expenses	(9,902)	(11,285)	(13,687)	(19,775)	(41,431)
Finance costs	(4,007)	(5,854)	(23,933)	(8,571)	(16,410)
Share of profits/(losses) of associates	—	—	—	186	(153)
Loss before taxation	(11,690)	(1,079)	(20,332)	(11,407)	(94,158)
Income tax (expenses)/credit	(213)	(291)	(83)	1,307	387
Loss for the year	(11,903)	(1,370)	(20,415)	(10,100)	(93,771)

ASSETS AND LIABILITIES

	30-6-2026 HK\$'000	30-6-2025 HK\$'000	30-6-2024 HK\$'000	30-6-2023 HK\$'000	30-6-2022 HK\$'000
Total assets	22,439	51,736	44,490	33,482	76,886
Total liabilities	(71,319)	(88,430)	(250,089)	(213,236)	(250,283)
Net liabilities	(48,880)	(36,694)	(205,599)	(179,754)	(173,397)
Capital deficiency to equity holders of the Company	(46,404)	(36,868)	(199,480)	(172,733)	(166,777)
Non-controlling interests	(2,476)	174	(6,119)	(7,021)	(6,620)
Total (capital deficiency)/equity	(48,880)	(36,694)	(205,599)	(179,754)	(173,397)