



AOM INTERNATIONAL GROUP COMPANY LIMITED
權識國際集團股份有限公司

(Incorporated in the Cayman Islands with limited liability and continued in Bermuda with limited liability)
(Stock Code: 00381)

LEADING THE
WAY TOWARDS
**A BRIGHT
FUTURE**

ANNUAL REPORT
2025

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Corporate Information

EXECUTIVE DIRECTORS:

Mr. Yang Ling (*Chairman*)
Mr. Yang Bincheng
Mr. Li Lizhong (*Co-chairman*)
Mr. Liu Mingqing
Mr. Fan Xuefei

NON-EXECUTIVE DIRECTOR:

Mr. Tang Sing Hing, Kenny

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Wang Xiao Ning
Ms. Chen Yuxin
Mr. Chak Ching Long

REGISTERED OFFICE

The Penthouse Level,
5 Reid Street,
Hamilton, HM11,
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Flat E, 20th Floor
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Wan Chai
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Cohort Limited
The Penthouse Level,
5 Reid Street,
Hamilton, HM11,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

KTC Partners CPA Limited
Room 1305–07, 13/F
New East Ocean Centre
9 Science Museum Road
Tsim Sha Tsui East
Kowloon, Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Head Office
G/F, The Center
99 Queen's Road Central
Central, Hong Kong

COMPANY'S WEBSITE

www.aom381.com

Financial Highlights

FINANCIAL PERFORMANCE

For the year ended 31 December	2025 HK\$'000	2024 HK\$'000	Change Increase/ (Decrease)
Revenue	300,643	386,662	(22.2%)
Gross profit	108,202	141,666	(23.6%)
Loss for the year	(111,186)	(72,825)	52.7%
Loss attributable to shareholders	(121,747)	(84,626)	43.9%
Basic and diluted loss per share (in HK cents)	(14.17)	(24.83)	(43.0%)
Total assets	769,722	796,611	(3.38%)
Total equity	336,288	383,649	(12.34%)

Chairman's Statement

On behalf of the board (the **"Board"**) of the directors (the **"Director(s)"**) of AOM International Group Company Limited (the **"Company"**, together with its subsidiaries, the **"Group"**), I am pleased to present the annual report of the Group for the financial year ended 31 December 2025 (the **"Year"**).

RESULTS AND DIVIDENDS

For the Year, the Group recorded turnover of approximately HK\$300.6 million (2024: HK\$386.7 million), representing a decrease of approximately 22.2% as compared with last year.

The Group's loss attributable to equity holders of the Company for the Year was approximately HK\$121.7 million (2024: loss attributable HK\$84.6 million), representing an increase of approximately HK\$37.1 million comparing to last year. The increase in loss attributed to equity holders of the Company for the Year was mainly attributed to (i) decrease in gross profit of approximately HK\$33.5 million; and (ii) share of results of associates amounted to HK\$46.4 million, during the Year. Basic loss per share for the Year was HK cents 14.17 (2024: Basic loss per share HK cents 24.83).

BUSINESS REVIEW

The gross profit ratio of the toys and gifts business was approximately 35.9% for the Year which was comparable to the previous year of 37.7%.

The gross profit ratio of the Chinese Herbs business was approximately 45.8% for the Year as compared with 51.9% for 2024.

The gross profit ratio of the wines, food and beverage business was approximately 25.8% for the Year as compared with 5.32% for the previous year.

For further details of the Group's business and operational review, please refer to the "Management Discussion and Analysis" section of this annual report.

BUSINESS PROSPECTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group has been reviewing its operations and exploring other investment opportunities that have earning potentials in order to expand its existing operations and diversify its businesses and income base to maximize the interests of the Group and the shareholders as a whole.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our most sincere thanks and gratitude for the continuing supports of our shareholders, business partners and parties from various fields, and also for the contribution and dedication of our management and dedicated staff in previous year.

Yang Ling

Chairman

Hong Kong, 31 March 2026

Management Discussion and Analysis

BUSINESS OVERVIEW

In the year 2025, the global economy faced multifaceted pressures, including high inflation, escalating international trade tensions, and geopolitical turmoil, leading to a slowdown in growth. Despite these challenges, China's economy showcased strong resilience in the complex global market, driven by robust macroeconomic control and domestic demand stimulation. In view of this, the Group started wine trading business during the year 2024. This move is in line with the Group's diversified investment strategy to ensure the Company's long-term development.

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2025 (the "Year"), the Group recorded turnover of approximately HK\$300.6 million (2024: HK\$386.7 million), representing a decrease of approximately 22.2% as compared with last year.

The Group's loss attributable to equity holders of the Company for the Year was approximately HK\$121.7 million (2024: loss attributable of HK\$84.6 million), representing an increase of approximately HK\$37.1 million comparing to last year. The increase in loss attributable to equity holders of the Company for the Year was mainly attributable to (i) decrease in gross profit of approximately HK\$33.5 million; and (ii) share of results of associates amounted to HK\$46.4 million. Basic loss per share for the Year was HK cents 14.17 (2024: Basic loss per share HK cents 24.83).

BUSINESS AND OPERATIONAL REVIEW

Segmental Information Analysis

During the Year, the Group has seven reportable segments, namely "Toys and gifts items", "Exploration", "Fruit plantation", "Leisure", "Culture", "Chinese herbs" and "Wines, food and beverage products".

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business has different economic characteristics.

Toys and Gifts Items

Turnover from toys and gifts business for the Year was approximately HK\$195.4 million (2024: HK\$239.7 million), representing a decrease of approximately 18.5% comparing to last year. The decrease in turnover was mainly attributable to the decrease in revenue generated from the North America. The gross profit margin was decreased which was 35.9% (2024: 37.7%) during the Year, showing the production and logistic cost was increased with the unstable global situation.

Management Discussion and Analysis

Exploration

The Group owns the minor interest of exploration rights of Bayanhushuo Coal Field and Guerbanhada Coal Mine, all located in Inner Mongolia Autonomous Region (the “**Inner Mongolia**”), the PRC with total estimated coal resources of approximately 500.05 million tonnes under the JORC Code.

The retained equity interest was regarded as financial assets at FVTOCI since the Group has no significant influence to participate in the financial and operating policy decisions of the Investment Group.

In the opinion of the directors of the Company as at 31 December 2025, the Investment Group is still unable to generate cash flows to the Group due to the absence of the mining rights of coal mines concerned. Fair value of approximately HK\$3,435,000 was recognised for the year ended 31 December 2020 to fully write down the carry amount of the investment and no reversal of impairment for the years ended 31 December 2025 and 2024.

Fruit Plantation

(a) *Multijoy Group*

Multijoy Developments Limited, 40% equity interest of which was acquired by the Group, together with its subsidiaries (the “**Multijoy Group**”) is principally engaged in the business of holding of forestry concession rights in relation to a parcel of forest land situated in Nanfeng County, Fuzhou City, Jiangxi Province, the PRC with an aggregate site area of approximately 1,765.53 Chinese mu (the “**Forest Land**”). The cooperation agreement with an independent third party has expired during the Year. The Multijoy Group is changing the use of land and developing a diversified ecological sightseeing farm business on the Forest Land.

The Group’s share of result of loss amounted to approximately HK\$39.5 million for the Year (2024: loss of HK\$24.8 million).

(b) *USO Management & Holding Co. Ltd (“USO”)*

USO entered into a development cooperation agreement with Plantation Construction & Development Co Ltd. (the “**Development Company**”), pursuant to which USO and the Development Company will jointly develop the leased properties. The management expected that the leased properties will be mainly developed for commercial purposes such as residential properties and hotels, residential villas, high-end hotel and casino, and ancillary public amenities. Under the impact of weak global economic environment, the commencement date of construction of the luxury hotel and casino, as well as the first 100 residential villas is delayed, and expected to be taken place in October 2026. The management of the Group is assessing the operational and financial impacts of the proposed arrangements to the Group.

The Group’s share of result of loss amounted to approximately HK\$0.5 million for the Year (2024: loss of HK\$9.1 million).

Leisure

(a) *Tea related business*

In the recent years, the competition in tea industries becomes more fierce as the traditional sales model is facing a keen competition from those online business platform. During the Year, Fujian Yuguo has continued to fine-tune its operation model to meet its customers’ needs, including but not limited to provide more attractive terms to its selected customers to increase its competitiveness in the markets.

The Group’s share of result of loss amounted to approximately HK\$15,000 (2024: loss of HK\$20,000) for the Year.

Management Discussion and Analysis

(b) Wine related business

Wine culture forms an important part and has a long history in the Chinese culture. In view of the increase in the living standard of the Chinese people in the recent years, the Group is optimistic about the future growth in the wine industry and has intention to invest in the wine business, especially for the yellow wine products. Since the end of 2016, the Group has invested in the yellow base wine.

Since 31 May 2018, the Group has 20% equity interest Anhui Fu Lao. Due to the lack of cooperation from the administrator of the deceased vendor of Anhui Fu Lao (the “**Administrator**”), the transfer procedures of 20% equity to the Group remains incomplete. Reference to announcement of the Company date on 14 March 2023, the case was concluded on 24 February 2023. The Civil Judgment proclaimed that the 20% equity interests in Anhui Fu Lao under the name of Mr. Chen Jun Wei, son of the deceased shall belong to the Group. Such judgment is final. In the opinion of the Directors, the Group is the rightful owner of the 20% equity interests in Anhui Fu Lao. On 5 February 2025, the Company applied to the courts to exercise its right to enforce the judgement. On 23 April 2025, the Courts have frozen the 20% equity interests by Mr. Chen Jun Wei. Based on the legal opinion from the PRC lawyers dated 27 March 2026, any further action is pending from the courts.

The Group’s share of result of loss amounted to HK\$6.4 million for the year (2024: loss of HK\$2.9 million).

(c) Outbound tourism

No turnover from outbound tourism business for the year and 2024.

Culture

No turnover from culture business for the year and 2024.

Chinese Herbs

Hubei Jincaotang Pharmaceutical Co., Ltd. (湖北金草堂藥業有限公司), 51% equity interest of which was acquired by the Group in 2021, is principally engaged in the business of Chinese herbs and the decoction business in Mainland China. Turnover from the Chinese herbs related business for the Year was approximately HK\$54.4 million (2024: HK\$95.3 million).

The management believes that with its own TCM herbs plantation bases and enhancing the existing TCM production bases are critical for the Chinese Herbs Business. These measures will not only ensure a stable and high-quality supply of Chinese herbs but also contribute to the sustainable growth of the business in alignment with the government’s policies to optimise the TCM industry.

Management Discussion and Analysis

Wines, food and beverage products

On 31 May 2024, Kiu Hung (Fujian) Investment Limited, a wholly owned indirect subsidiary of the Group entered into a sales and purchase agreement with Jiang Ping, independent third party for the acquisition 60% of the equity interest in Fujian Laojiu Investment Co., Ltd ("**Fujian Laojiu**"). Fujian Laojiu is principally engaged in the wine trading business in Mainland China. Turnover from the Wines business for the Year was approximately HK\$47.5 million (2024: HK\$51.6 million).

On 22 October 2025, Heilongjiang Yingli International Trade Co., Ltd. ("**Heilongjiang Yingli**"), a wholly owned indirect subsidiary of the Group entered into a sales and purchase agreement with Meng Fanyou, Sun Linhao and Heilongjiang Yingli Agricultural Group Co., Ltd, independent third parties for the acquisition 65% of the equity interest in Heilongjiang Yingli for a consideration of RMB6,500,000 (equivalent to approximately HK\$7,088,000). Heilongjiang Yingli is principally engaged in the trading of food and beverage product in the PRC. The acquisition has been accounted for as an acquisition of assets. The acquisition was completed on 22 October 2025. Income from trading of food and beverage products for the Year was approximately HK\$3.3 million.

Geographical Information

During the Year, the Group recorded revenue in North America (includes the USA and Canada) of approximately HK\$190 million as compared to approximately HK\$239 million last year and represented approximately 63.2% (2024: approximately 61.8%) of the Group's total revenue. Revenue in the PRC (including Hong Kong) amounted to approximately HK\$105.8 million for the Year as compared to approximately HK\$147.7 million last year and represented approximately 35.2% (2024: approximately 38.2%) of the Group's total revenue of the Year. Revenue in the Europe amounted to approximately HK\$4.6 million for the Year as compared to HK\$nil last year and represented approximately 1.54% (2024: 0%) of the Group's total revenue.

Selling and Distribution Costs

The amount of the selling and distribution costs for the Year was approximately HK\$34.8 million (2024: approximately HK\$36.2 million). The decrease was mainly attributable by the decrease in advertising and promotional costs of the toys segment during the Year.

Administrative Expenses

Administrative expenses for the Year increased by approximately 4% to approximately HK\$86.3 million as compared to approximately HK\$83.0 million in the previous year. The increase in administrative expenses was mainly attributable the increase in salary and bonus during the Year.

Finance Costs

Finance costs for the Year increased by approximately 10% to approximately HK\$31.8 million as compared to approximately HK\$28.9 million in the previous year. The increase in finance costs was mainly attributable by the increase in other loans interest during the Year.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group generally finances its operations with internally generated cash flow and facilities provided by its bankers in Hong Kong and in PRC. As at 31 December 2025, the Group had bank balances and cash of approximately HK\$156.2 million (2024: HK\$135.9 million). The Group's bank balances and cash were mostly denominated in Hong Kong dollars, United States Dollars and Renminbi.

As at 31 December 2025, the Group's borrowings amounted to approximately HK\$203.0 million (2024: HK\$143.1 million). The Group's borrowings were mainly denominated in Hong Kong dollars, United States Dollars and Renminbi.

The Group monitors its capital using a gearing ratio, which is the Group's net debt (comprising trade payables, accruals and other payables, lease liabilities, borrowings, amount due to an associate and convertible bonds less bank balances and cash) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratio as at 31 December 2025 was 72% (2024: 68%).

Management Discussion and Analysis

As the majority of the Group's transactions and borrowings were denominated in Hong Kong dollars, United States dollars and Renminbi, the Group's exposure to exchange rate fluctuation was relatively insignificant, and the Group had not used any financial instruments for hedging during the Year.

PLACING OF NEW SHARES

On 22 July 2025, the Company completed the issue of 157,800,000 subscription shares were allotted and issued to the subscriber at the subscription price of approximately HK\$0.4309 per subscription share pursuant to the terms of the subscription agreement. The money payable by the Subscriber of approximately HK\$68 million under the Subscription Agreement shall be satisfied by way of (i) off-setting against the principal amount of the Second Hubei CB of HK\$34 million payable by the Company to the Subscriber; and (ii) early redemption of the Third Hubei CB by the Company, whereupon the redemption money payable by the Company to the Subscriber in respect of the Third Hubei CB in the principal amount of HK\$34 million be set off against the subscription money payable by the Subscriber. The subscription has been fulfilled and completed on 21 July 2025 at the market price of HK\$0.53 each. Details of subscription are disclosed in the announcement of the Company dated 4 July 2025 and 22 July 2025.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

Acquisition of a Subsidiary

On 22 October 2025, Heilongjiang Yingli, a wholly owned indirect subsidiary of the Group entered into a sales and purchase agreement with Meng Fanyou, Sun Linhao and Heilongjiang Yingli Agricultural Group Co., Ltd, independent third parties for the acquisition 65% of the equity interest in Heilongjiang Yingli for a consideration of RMB6,500,000 (equivalent to approximately HK\$7,088,250). Heilongjiang Yingli is principally engaged in the trading of food and beverage product in the PRC. The acquisition has been accounted for as acquisition of business using the acquisition method. The acquisition was completed on 22 October 2025.

DEPOSIT PAID FOR ACQUISITION OF PROPERTY

On 24 October 2024, Kiu Hung (Fujian) Investment Co., Ltd, a wholly-owned subsidiary of the Group in the PRC entered into a sales and purchase agreement with an independent third party not connected with the Group for the purchase of 2,580.39 squares metres of office space in Beijing, the PRC for a consideration of RMB51,608,000 (equivalent to approximately HK\$56,283,000) as its new headquarters in the PRC for the wine segment. The original real estate ownership certificate (房產證) have been held by an independent lawyer 福建乾順律師事務所, as security until the completion of the sale. A refundable deposit of RMB45,000,000 (equivalent on approximately HK\$49,010,000) was paid to the vendor on 25 October 2024 and included as deposit at 31 December 2024.

On 30 June 2025, the acquisition of property was cancelled due to encumbrances on some units affecting the complete of transfer and the deposit was refunded to the Group during the year.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2025 and 2024.

CAPITAL COMMITMENT

As at 31 December 2025 and 2024, the Group had no significant capital commitment.

DIVIDEND

The Directors do not recommend any payment of final dividend for the years ended 31 December 2025 and 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, redeemed or sold any of the Company's listed securities during the years ended 31 December 2025 and 2024.

Management Discussion and Analysis

PROSPECTS

The Group has been reviewing its existing operations from time to time and exploring other investment opportunities that have earning potentials in order to expand its existing operations and diversify its businesses and income base to maximize the interests of the Group and the shareholders as a whole.

CAPITAL STRUCTURE

On 22 July 2025, 157,800,000 Subscription Shares were allotted and issued to the Subscriber at the Subscription Price of HK\$0.4309 per Subscription Share pursuant to the terms and conditions of the Subscription Agreement.

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 31 December 2025, the Group had a total of 378 employees (2024: 365 employees). The Group maintains good working relations with its employees and has committed itself to staff training and development. Remuneration packages are maintained at a competitive level and are being reviewed on a yearly basis. Bonus and share options are awarded to employees according to the assessment of individual performance and industrial practice.

Profile of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Yang Ling (“Mr. Yang”), aged 40, had been appointed by the Company to serve as an executive director of the Company on 5 April 2024. Mr. Yang was also appointed chairman of the Company since 4 October 2024. Since 2021, he has served as vice president of Fujian Laojiu Investment Group* (福建老酒投資集團), responsible for company management, business development and strategic planning.

Mr. Li Lizhong (“Mr. Li”), aged 49, had been appointed as an executive director of the Company since 4 October 2024. He is also the chairman of Lizhan Group (立旌集團), fellow of the Canadian Academy of Social Sciences, fellow of the World Academy of Productivity Sciences, adjunct professor of Krirk University of Thailand, chief scientist for digital currency and blockchain technology of National Financial Security and System Equipment Engineering Research Center, chief scientist for blockchain of an online class project — Southern Digital (南方有數), rotating chairman of China Mobile Communications Federation Blockchain and Data Elements Professional Committee, president of the branch association for the promotion of blockchain industry of China Private Technology Industrialists Association, president of the new quality productivity branch of China International Association for Promotion of Science and Technology, vice president of the business innovation branch of China Society of Business Economics, executive vice president of Shenzhen Blockchain Association (深圳區塊鏈協會), elder of the elder house of Ali Chucheng Club (阿里初橙會), executive member of the blockchain professional committee of China Computer Federation, executive member of the 60-Person Forum on Integrated Application of Blockchain and Industrial Internet (區塊鏈與產業互聯網融合應用60人論壇), founder of Ali Blockchain Alliance (阿里人區塊鏈聯盟), member of the executive committee of the World Finance Forum, senior expert of the Metaverse Working Committee of China Association, and other positions. He is the inventor of over 100 patents, including more than 70 blockchain invention patents, and ranked 24th in the Top 100 Global Blockchain Patent Innovation Talents 2017 (2017年全球區塊鏈專利創新人才百人榜). He was the CEO assistant of Alibaba Ant Financial Group (阿里巴巴螞蟻金服集團) and the CEO of Ning Sheng Financial Control Group (甯聖金控集團).

Mr. Liu Mingqing (“Mr. Liu”), aged 47, had been appointed as an executive director of the Company on 27 March 2020. Mr. Liu has over 15 years of experience in financial and investment related business and considerable experience in securities and futures, corporate finance, derivative products and other various financial services. Mr. Liu is currently involved in Private Equity investment and enterprise management.

Mr. Yang Bincheng (“Mr. Yang”), aged 41, had been appointed as an executive director of the Company since 9 September 2024. He has 15 years of extensive experience in the food and beverage sales sector. With a deep understanding of food culture and an accurate insight into market trends, he successfully stood out in the highly competitive market.

Mr. Fan Yuefei (“Mr. fan”), aged 41, graduated from Xi’an Institute of Physical Education with a bachelor’s degree. He is an excellent management talent with extensive practical experience in real estate development, project management, digital transformation and consumer product sales. Since 2009, Mr. Fan has been engaged in real estate and related industries, and has served in many important positions such as business manager, sales manager, digital industry project manager and property manager. Leveraging his excellent ability of formulating sales strategy and property management expertise, he is currently the deputy general manager for projects in one real estate group, fully demonstrating his top-tier capabilities in the overall management of large projects.

In the field of consumer product sales, Mr. Fan has demonstrated outstanding market acumen and sales strategy planning capabilities. He is adept at flexibly formulating marketing plans based on market demand and using diversified promotion methods to effectively increase product sales, leading the team to achieve great results in a highly competitive market environment. Mr. Fan pays particular attention to the management and maintenance of customer relationships. Through continuous communication and service, he has earned the trust and praise of a wide range of customers and established a good brand image for the company.

Mr. Fan has also accumulated relevant experience in blockchain and digital economy. He has participated in promoting the digital transformation of enterprises, is familiar with the basic knowledge of emerging fields such as blockchain technology, digital assets and industrial

Profile of Directors and Senior Management

digitalization, and has the ability to learn and apply new technologies. Mr. Fan has experience in participating in cross-border business, digital assets and related financial technology projects, and has a certain understanding of cross-border capital flows, foreign exchange supervision and compliance requirements. In addition, he is also familiar with the process of formulating compliance operation standards, assisting enterprises to establish compliance systems in the fields of digital economy and cross-border finance, and possesses an international perspective and cross-cultural communication skills, and can grasp the opportunities for regional cooperation and international development.

Mr. Fan has been deeply involved in the real estate industry for many years. With his keen insight into the real estate market and extensive project management experience, Mr. Fan can efficiently coordinate the entire project process, flexibly coordinate the resources of various departments, and promote the steady implementation of projects. He is proficient at formulating practical market expansion strategies, leading the team to achieve great results, and has won high recognition from the industry and partners. Mr. Fan pays attention to team building and talent training, has strong leadership and communication and coordination skills, and can maintain forward-looking and scientific decision-making in a complex and changing market environment.

Non-executive Director

Mr. Tang Sing Hing Kenny ("Mr. Tang"), aged 57, had been appointed as a non-executive director of the Company since 12 December 2024. Currently, Mr. Tang serves as the Managing Director at Crosby Securities Limited, and holds various leadership roles, including Non-Executive Director at Legendary Education Group Limited (a company listed on the GEM of the Stock Exchange of Hong Kong), independent non-executive director of Hin Sang Group (International) Holding Co. Ltd. (a company listed on the Main Board of the Stock Exchange of Hong Kong) and Managing Partner at VS Culture Limited. Mr. Tang's career has been marked by a commitment to operational excellence, strategic planning, and compliance within the financial sector.

Independent Non-executive Directors

Mr. Chak Ching Long ("Mr. Chak"), aged 40, had been appointed as an independent non-executive Director on 4 October 2024. He has over 10 years of experience in finance, investor relations and auditing. Mr. Chak has many years of experience in corporate consulting, restructuring and bankruptcy, mergers and acquisitions, due diligence, valuation, investigation and fund tracing services involving businesses in Hong Kong, China and foreign countries. Mr. Chak has served as a member of management in different accounting firms and multinational corporations, responsible for acquisitions and initial public offerings.

Mr. Wang Xiao Ning ("Mr. Wang"), aged 66, had been appointed as an independent non-executive director of the Company since June 2015. Mr. Wang joined the field of import and export trading in 1990. He is currently the general manager of 福建省鄉鎮企業進出口公司 (Fujian Township Enterprises Import and Export Corporation*). Mr. Wang has over 25 years of experience in the import and export trading management.

Ms. Chen Yuxin ("Ms. Chen"), aged 28, had been appointed as an independent non-executive Director on 13 May 2020. Over the years, she has actively expanded the overseas business operation, and currently serves as the investment director of China Commerce Huaxia Products Co., Ltd..

SENIOR MANAGEMENT

Mr. Hui Ki Yau ("Mr. Hui"), aged 65, is the president of the Group's toys and gifts business. He is responsible for the operations and the sales and marketing functions of the toy and gift business of the Group. Mr. Hui has over 25 years of experience in the sales and marketing field. He is currently a Standing Committee Member of the Chinese People's Political Consultative Conference of Putian City, Fujian Province, the PRC, an Executive Member of Fujian Putian Commerce Association, a member of the Hong Kong Trade Development Council Toys Advisory Committee, a Director of The Fujian Putian University and an honorary citizen of Putian, Fujian, the PRC. Mr. Hui is the brother of Mr. Hui Kee Fung and Madam Hui Hung Tan, Teresa.

Madam Hui Hung Tan, Teresa, aged 58, is the Director of operations and sales of the Group's toys and gifts business. Madam Hui has over 20 years of experience in the toy and decorative gift industries. Madam Hui is a Director of The Fujian Putian University and an honorary citizen of Putian, Fujian, the PRC. She is the sister of Mr. Hui Kee Fung and Mr. Hui Ki Yau.

Report of The Directors

The directors of the Company herein present their report and the audited consolidated financial statements of the Company for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 48 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's turnover and results by principal activities and geographical area of operations for the year ended 31 December 2025 is set out in note 6 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's result for the year ended 31 December 2025 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 32 to 35 of this annual report. The directors of the Company do not recommend the payment of any final dividend for the year ended 31 December 2025.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the Group's investment properties are set out in note 17 to the consolidated financial statements.

BORROWINGS

Details of the borrowings of the Group as at 31 December 2025 are set out in note 33 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 36 and 41 respectively to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 42 to the consolidated financial statements and the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company had no distributable reserves (2024: Nil). Under the Company's Bye-Laws (Bermuda) and the Companies Act 1981 of Bermuda, the contributed surplus and share premium of the Company of approximately HK\$125.2 million (2024: HK\$125.2 million) and approximately HK\$1,924.7 million (2024: HK\$1,856.9 million), respectively, at 31 December 2024 are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 142 of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws (Bermuda) or the laws of Bermuda, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

CHARITABLE CONTRIBUTIONS

During the year, the Group made no charitable contributions (2024: nil).

Report of The Directors

RETIREMENT BENEFITS SCHEMES

The Group operates a Pension Scheme and a MPF Scheme for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of the trustees. The employees of the subsidiaries in the PRC participate in the state-managed retirement benefits schemes operated by the relevant local government authority in the PRC. The subsidiaries are required to make contributions to the schemes at a certain percentage of the basic salaries of their employees. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

The total cost charged to the consolidated statement of profit or loss of approximately HK\$3,270,000 (2024: approximately HK\$3,064,000) represents contributions payable to the schemes by the Group at the rates specified in the rules of the schemes.

No employer's contribution was forfeited during the year. No unutilised forfeited contribution (2024: Nil) was available at 31 December 2025 to reduce the Group's future contributions.

The Group does not have any other pension scheme for its employees. In the opinion of the directors of the Company, the Group did not have any significant contingent liabilities as at 31 December 2025 in respect of the retirement of its employees.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 67.73% of the total revenue for the year and sales to the largest customer included therein accounted for approximately 26.56%. Purchases from the Group's five largest suppliers accounted for approximately 23.62% of the total purchases for the year and purchases from the largest supplier included therein accounted for approximately 15.63%.

None of the directors of the Company or any of their associates or any shareholders (which to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers during the year.

DIRECTORS

The directors of the Company during the year were:

Executive Directors:

Mr. Yang Ling (*Chairman*)
Mr. Li Lizhong (*the co-chairman*)
Mr. Liu Mingqing
Mr. Sun Weiwei (resigned on 24 June 2025)
Mr. Yang Bincheng
Mr. Fan Xuefei (*appointed on 15 July 2025*)

Non-executive Director:

Tang Sing Hing Kenny

Independent non-executive Directors:

Mr. Chak Ching Long
Mr. Wang Xiao Ning
Ms. Chen Yuxin

The directors of the Company, including the non-executive directors and the independent non-executive directors are subject to retirement by rotation and re-election in accordance with the provisions of the Company's Bye-Laws (Bermuda).

According to articles 97 of the Company's Bye-Laws (Bermuda) (the "**Bye-Laws**"), at each annual general meeting of the Company (the "**AGM**"), one-third of the directors of the Company for the time being (or, if such number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every director of the Company shall be subject to retirement by rotation at least once every three years. A retiring director of the Company shall be eligible for re-election. In accordance with Articles 97 of the Bye-Laws, Mr. Liu Mingqing, Mr. Fan Xuefei, Mr. Wang Xiao Ning and Ms. Chen Yuxin shall retire from office by rotation at the forthcoming AGM. Being eligible, Mr. Liu Mingqing, Mr. Fan Xuefei, Mr. Wang Xiao Ning and Ms. Chen Yuxin will offer themselves for re-election as the executive director and the independent non-executive director respectively.

Report of The Directors

In accordance with Article 100(B) of the Bye Laws, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to their number) and shall then be eligible for re-election at that meeting.

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the directors of the Company and of the senior management of the Group are set out on pages 11 to 12 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. Yang Ling entered his service contract with the Company to serve as an executive director of the Company for a term of one year from 5 April 2025 to 4 April 2026, which may be terminated by either party thereto by giving to the other one month's prior notice in writing.

Mr. Li Lizhong entered his service contract with the Company to serve as an executive director of the Company for a term of one year from 4 October 2025 to 3 October 2026, which may be terminated by either party thereto by giving to the other one month's prior notice in writing.

Mr. Liu Mingqing entered into a service contract with the Company to serve as an executive director of the Company for a term of two years from 27 March 2024 to 26 March 2026, which may be terminated by either party thereto by giving to the other three months' prior notice in writing.

Mr. Yang Bincheng entered his service contract with the Company to serve as an executive director of the Company for a term of one year from 9 September 2025 to 8 September 2026, which may be terminated by either party thereto by giving to the other one month's prior notice in writing.

Mr. Fan Xuefei entered his service contract with the Company to serve as an executive director of the Company for a term of one year from 15 July 2025 to 14 July 2026, which may be terminated by either party thereto by giving to the other one month's prior notice in writing.

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

TERMS OF NON-EXECUTIVE DIRECTORS

Each of the independent non-executive directors is appointed for a fixed term of one or two years as follows:

Name of directors	Term period
Mr. Chak Ching Long	4 October 2025 to 3 October 2026
Mr. Wang Xiao Ning	1 June 2025 to 31 May 2027
Ms. Chen Yuxin	13 May 2024 to 12 May 2026

DIRECTORS' INTERESTS IN CONTRACTS

Save for transactions as disclosed in note 45 to the consolidated financial statements, no director had a significant beneficial interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party during the year.

Report of The Directors

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2025, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures ordinance (the “SFO”)) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities transactions by Directors of Listed Companies (the “Model Code”) contained in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) to be notified to the Company and the Stock Exchange were as follows:

Long position in the shares of the Company

Name of director	Number or attributable number of shares held or short positions	Capacity			Approximate percentage or attributable percentage of shareholdings
		Interest of controlled corporation	Interest of child under 18 or spouse	Beneficial owner	
Mr. Li Lizhong	70,200,000	–	–	70,200,000	7.41%

Save as disclosed above and under the heading “Substantial Shareholders” below, none of the directors of the Company nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, none of the directors and the chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code contained in the Listing Rules to be notified to the Company and the Stock Exchange.

Report of The Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the headings "Directors' Interests in Shares" above and "Share Option Scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme which became effective on 31 May 2013 and being refreshed on 15 May 2019, had been expired on 31 May 2023.

The following table discloses movements in the outstanding share options granted under the Share Option Schemes during the year:

		Number of share options					
Grantee	Date of grant	Outstanding at 1 January 2025	Cancelled during the year	Outstanding at 31 December 2025	Exercise price HK\$	Exercise Period	

N/A

SUBSTANTIAL SHAREHOLDERS

So far as is known to any director or chief executive of the Company, as at 31 December 2025, the persons or companies (other than a director or chief executive of the Company) who had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Report of The Directors

Long position in the shares of the Company

Name of shareholder	Number of shares or underlying approximate shareholding	Capacity		
		Beneficial owner	Interest of child under 18 or spouse	Interest of controlled corporation
OU ZHU	53,220,754	–	53,220,754	5.62%

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to date of this report, no directors are considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, pursuant to the Listing Rules, other than those businesses of which the directors of the Company were appointed as directors to represent the interest of the Company and/or the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is available to the Company and within the knowledge of the directors, there is sufficient public float of more than 25% of the Company's issued shares as at the date of this report.

CORPORATE GOVERNANCE

Information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 21 to 26 of this annual report.

INDEPENDENT CONFIRMATION

The Company has received, from each independent non-executive director, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive directors are independent.

Report of The Directors

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group respects the environment and is committed to minimising its carbon footprints as a socially responsible enterprise in Hong Kong. Carbon footprint is defined as the total amount of direct and indirect emissions of Green House Gases (GHGs) expressed in terms of the equivalent amount of Carbon Dioxide of (CO₂) emission. Non-hazardous wastes produced from the Group mainly consist of used paper such as office papers and marketing materials. To minimise the impact of carbon footprints on the environment, the Group implements the following practices to use paper efficiently:

- duplex printing is set as the default mode for most network printers;
- employees are reminded to practice photocopying wisely;
- employees are encouraged to use both sides of paper;
- paper waste is recycled instead of being directly disposed of in landfills;
- paper is separated from other waste for easier recycling; and
- boxes and trays are placed beside photocopiers as containers to collect single-sided paper for reuse purpose.

Electricity consumption is identified as having an adverse impact on the environment and natural resources. A typical commercial building uses more energy for lighting than for other electric equipment. The Group is determined to reduce energy consumption and implement conservation practices to reduce the effect of carbon footprint. Air conditioning and light zone arrangements reduce unnecessary electricity usage; employees enforce good practices in maintenance of lighting and electric equipment to ensure they are kept in good and proper condition to maximise efficiency.

The Group will review its environmental practices periodically and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2025, there was no evidence of non-compliance with the relevant laws and regulations that have significant impacts on the Group as far as the Board is aware.

Relationship with Employees, Customers and Suppliers

The Group recognises the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found during the year under review.

The Group encompasses working relationships with suppliers to meet our customers' needs effectively and efficiently. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well communicated to suppliers before the commencement of a project.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and conduct regular analysis on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

During the year ended 31 December 2025, there was no circumstances of any event between the Group and its employees, customers and suppliers which would have a significant impact on the Group's business and on which the Group's success depends.

Report of The Directors

PERMITTED INDEMNITY

The Company's Bye-Laws provides that every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, by reason of any act done in or about the execution of his duty, or supposed duty; and none of them shall be answerable for the acts, receipts, neglects or for any other loss, misfortune or damage which may happen in the execution of his duty, or in relation thereto; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

Dividend policy

The Company has adopted an updated dividend policy paying on a half-yearly basis ("**Dividend Policy**"), pursuant to which the Company endeavors to maintain stable dividend return with progressive increment and special dividend, so as to offer the utmost in rewarding the shareholders of the Company.

In deciding whether to propose or declare a dividend and in determining the dividend amount, the Board shall take into account projected cash-flow and retained profit requirement for future development of the Company, inter alia:

- financial performance and operating results;
- effective allocation of distributable retained earnings and reserves;
- maintaining regularity in pay-out frequency, amount and/or ratio; and
- other factors it may deem relevant at such time.

The dividend to be proposed or declared shall be determined at the sole discretion of the Board and is subject to the restrictions under the Bye-Laws of the Company and all applicable laws and regulations.

The Company will review the Dividend Policy from time to time and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy. The Dividend Policy shall not constitute a legally binding commitment by the Company and there is no assurance that dividends will be paid in any particular amount in any given period.

EVENTS AFTER THE REPORTING PERIOD

No events after the reporting period.

LITIGATIONS

Details of the litigations are set out in note 47 to the consolidated financial statements.

AUDITOR

KTC Partners CPA Limited was appointed as auditor of the Company at the AGM held on 16 June 2025. And a resolution for its reappointment as auditor of the Company will be proposed at the forthcoming AGM. There have been no changes of auditor in the past three years.

On behalf of the Board

Yang Ling

Chairman

Hong Kong, 31 March 2026

Corporate Governance Report

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to ensuring high standards of corporate governance. During the Year, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 “Corporate Governance Code and Corporate Governance Report” to the Listing Rules, except for the deviation from code provisions A.6.7 of the Corporate Governance Code as described below.

Code Provision A.6.7

Under code provision A.6.7 of the Corporate Governance Code, the independent non-executive Directors should attend the general meetings. However, the independent non-executive Directors, Mr. Chak Ching Long, Ms. Chen Yuxin and Mr. Wang Xiao Ning, had other important engagements at the same time and did not attend the annual general meeting of the Company held on 18 June 2025.

DIRECTORS’ SECURITIES TRANSACTIONS

The Group has adopted the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiry, all directors have fully complied with the required standard set out in the Model Code throughout the year ended 31 December 2025.

BOARD OF DIRECTORS

As at 31 December 2025, the Board currently comprises five executive directors, one non-executive director and three independent non-executive directors. For a director to be considered independent, the Board follows the requirements set out in the Listing Rules and must determine that the director does not have any direct or indirect material relationship with the Group. Under the Company’s Bye-Laws, every director is subject to retirement by rotation at least once every three years and their re-election are subject to a vote by the shareholders. All independent non-executive directors are appointed for a specific terms of one or two years.

The Board determines the overall strategies, monitors and controls operating and financial performance and sets appropriate policies to manage risks in pursuit of the Group’s strategic objectives. Day-to-day management of the Group’s business is delegated to the executive directors. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate. Matters reserved for the Board are those affecting the Group’s overall strategic and financial policies including dividend policy, material contracts and major investments. All Board members have separate and independent access to the Group’s senior management to fulfill their duties. They also have full and timely access to relevant information about the Group and are kept abreast of the conduct, business activities and development of the Group. Independent professional advice can be sought at the Group’s expense upon their request.

As at the date of this report, the Company appointed three independent non-executive directors, namely, Mr. Chak Ching Long, Mr. Wang Xiao Ning and Ms. Chen Yuxin who have appropriate and sufficient experiences and qualifications to carry out their duties so as to protect the interests of shareholders.

The Company hereby confirms that it had arranged for appropriate insurance cover in respect of legal actions against directors before the year 2019. However, since year 2019, the Company has not yet made this insurance arrangement as the Board considered that no suitable director liability insurance could be identified on the market which could provide adequate suitable security to the Directors.

Corporate Governance Report

Board meets regularly to review the financial and operating performance of the Group, to make important decisions and to approve future strategies. Seven Board meetings were held in 2025. Individual attendance of each director at the Board meetings, the Audit Committee meetings, the Nomination Committee meeting, the Remuneration Committee meetings and the general meetings of the Company during 2025 is set out below:

Director	Board	Attendance/number of meetings			General meeting
		Audit committee	Nomination committee	Remuneration committee	
Executive Directors:					
Mr. Yang ling (Chairman)	6/6	N/A	1/1	N/A	2/2
Mr. Li Lizhong (the co-chairman)	2/6	N/A	N/A	N/A	N/A
Mr. Liu Mingqing	3/6	N/A	N/A	N/A	N/A
Mr. Sun Weiwei (resigned on 24 June 2025)	N/A	N/A	N/A	N/A	N/A
Mr. Yang Bincheng	3/6	N/A	N/A	N/A	N/A
Mr. Fan Xuefei (appointed on 15 July 2025)	2/6	N/A	N/A	N/A	N/A
Non-executive Director:					
Tang Sing Hing Kenny	N/A	N/A	N/A	N/A	N/A
Independent non-executive Directors:					
Mr. Chak Ching Long	3/6	2/2	N/A	N/A	N/A
Mr. Wang Xiao Ning	3/6	2/2	1/1	N/A	N/A
Ms. Chen Yuxin	2/6	N/A	N/A	N/A	N/A

To implement the strategies and plans adopted by the Board effectively, directors and senior management meet regularly to review the performance of the businesses of the Group and make financial and operational decisions.

Biographical details of the directors, together with information about the relationship among them, can be found under the Profile of Directors and Senior Management section on pages 11 to 12 of this annual report.

CHAIRMAN

The Group has appointed Mr. Yang Ling as the Chairman. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in discharging its responsibilities.

REMUNERATION COMMITTEE

The Remuneration Committee has clear terms of reference and is accountable to the Board. The principle role of the committee is to exercise the powers of the Board to determine and review the remuneration packages of individual executive directors and senior management, considering factors such as salaries paid by comparable companies, time commitment and responsibilities of individuals. The terms of reference of the Remuneration Committee can be obtained from the Company's website.

Corporate Governance Report

During the year, the Remuneration Committee reviewed the remuneration policies and approved the salary of directors and senior management. The remuneration of each director is determined by the committee with reference to his/her duties and responsibilities with the Company. No executive director has taken part in any discussion about his own remuneration. No meeting was held by the Remuneration Committee in 2025. Two out of three of the committee members is independent non-executive director of the Company. Its members as at 31 December 2025 include:

Mr. Chak Ching Long — *Chairman*
Mr. Liu Mingqing
Mr. Wang Xiao Ning

Directors' remunerations for the year are disclosed in note 12 to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee has clear terms of reference and is accountable to the Board. The principle role of the committee is to exercise the powers of the Board to review the structure, size and composition (including the skills, knowledge and experiences) of the Board on a regular basis and make recommendations to the Board regarding any proposed change. The terms of reference of the Nomination Committee can be obtained from the Company's website.

The Board adopted a Board Diversity Policy in August 2013 setting out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. It endeavours to ensure that the Board has a balance of, amongst other factors, skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will be made on a merit basis, and candidates will be considered against a range of selection criteria, having regard for the benefits of diversity on the Board.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time. 1 meetings were held by the Nomination Committee in 2025. One out of two of the committee members are independent non-executive directors of the Company. Its members as at 31 December 2025 include:

Mr. Yang Ling — *Chairman*
Mr. Wang Xiao Ning

AUDIT COMMITTEE

The Audit Committee has clear terms of reference and is accountable to the Board. The committee assists the Board in meeting its responsibilities for ensuring an effective system of internal control and compliance, and in meeting its external financial reporting objectives. The terms of reference of the Audit Committee can be obtained from the Company's website. Two meetings were held by the Audit Committee in 2025. All committee members are independent non-executive directors. Its members as at 31 December 2025 include:

Mr. Chak Ching Long — *Chairman*
Mr. Wang Xiao Ning
Ms. Chen Yuxin

The committee members possess diversified industry experience and the Chairman of the committee has appropriate professional qualifications and experience in accounting matters. During the year, the committee considered the external auditors' re-appointment and their projected audit fees, reviewed the interim and annual financial statements and reviewed the Group's risk management and internal control systems.

AUDITOR'S REMUNERATION

During the year, the Group has incurred auditor's remuneration of approximately HK\$2,710,000 which was paid/payable to the Company's existing auditor, KTC Partners CPA Limited.

Corporate Governance Report

COMPANY SECRETARY

Mr. Tam Tsz Ming, aged 53, was appointed as the company secretary of the Company on 14 June 2018. Mr. Tam hold a Bachelor Degree of Business Administration in Accounting from Hong Kong Metropolitan University (previously known as the Open University of Hong Kong). He also holds the Diploma in Legal Studies from HKU SPACE. Mr. Tam is a member of Hong Kong Institute of Certified Public Accountants and a member of Institute of Chartered Accountants in England and Wales. Mr. Tam has accumulated extensive working experience in the fields of auditing, accounting and financial management.

SHAREHOLDERS' RIGHTS

The Board may whenever it thinks fit call extraordinary general meetings. Any one 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 extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) because of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURE BY WHICH ENQUIRIES PUT TO THE BOARD

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong Branch Share Registrar. Shareholders may also make enquiries to the Board by writing to the Company Secretary at the Company's principal place of business in Hong Kong or via email to info@kh381.com.

INVESTOR RELATIONS

The Company highly values its relationship with its shareholders and other stakeholders. It has put in place an effective corporate communication system which provides transparent, regular and timely public disclosures to its shareholders and other stakeholders. The main features of the system are as follows:

- The Company maintains a corporate website www.aom381.com on which comprehensive information about the Group, including core business, financial reports, public announcements, circulars and news of the Group, is disclosed. Shareholders can obtain corporate communication electronically via the Company's website.
- The Company establishes and maintains different communication channels with its shareholders and other stakeholders through annual reports, interim reports and other publication.
- AGM provides a useful forum for shareholders to exchange views with the Board. The respective chairmen of the Board and Audit, Remuneration and Nomination Committees (or in the absence of the chairmen of such Committees, another member of each Committee or failing this his duly appointed delegate) will endeavor to be available to answer questions raised by shareholders.
- Separate resolutions are proposed at general meetings for each substantially separate issue, including the election of individual Directors.
- Details of the proposed resolutions to be put forward at a general meeting are, where necessary or appropriate, included in a circular to the shareholders dispatched prior to the date of the relevant general meeting.
- All resolutions put to the vote of a general meeting are taken by poll. The poll results are published on the Stock Exchange's website www.hkexnews.hk and on the Company's website.

Corporate Governance Report

In addition, the Company has established the investor relations department with designated senior management for maintaining regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from shareholders and other stakeholders are dealt with in an informative and timely manner.

Shareholders and other stakeholders may write directly to the Company at its principal place of business in Hong Kong or via email to info@kh381.com for any enquiries. The shareholders' communication policy is available on the Company's website www.aom381.com under the "Investor Relations/Corporate Governance" section.

FINANCIAL REPORTING

The directors of the Company acknowledge their responsibility for preparing the Group's and the Company's financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies are being selected and applied consistently.

The responsibilities of the external auditors with respect to financial reporting are set out in the Independent Auditor's Report on pages 27 to 31 of this annual report.

Going concern

For the year ended 31 December 2025, the Group incurred a loss of approximately HK\$111,186,000 and as at that date, the Group had net current liabilities of approximately HK\$26,582,000 and had defaulted on secured other borrowings of approximately HK\$60,000,000 and unsecured other borrowings of HK\$3,858,000 together with accrued interest of HK\$37,850,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In order to improve the Group's financial position, the Directors are implementing various plans and measures, as follows:

- (a) subsequent to 31 December 2025, the Group is negotiating with the lender of the defaulted loans for settlement/extension;
- (b) After 31 December 2025, an amount of approximately HK\$37,524,000 due to a shareholder, which is included in borrowings and related party transactions became subject to a written agreement by the shareholder not to demand for repayment of the amount due to her before 31 March 2027; and
- (c) the Group is considering to raise new capital by carrying out fund raising activities including but not limited to right issue, open offer, placing of new shares and issuance of convertible bonds.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful implementation and outcome of the abovementioned plans and measures to be undertaken by the Group. The Directors are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 31 December 2025. The Directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard the assets of the Group and shareholder investments. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses.

Corporate Governance Report

During the year under review, the Board has engaged **MOSS Valuation & Advisory Limited** as independent consultant to undertake a review of the internal control system of the Group on material issues covering financial, operational and regulatory compliance controls and risk management function.

The Directors considered that the Group has implemented appropriate procedures for safeguarding the Group's assets against unauthorised use or misappropriation, maintaining proper accounting records, segregation of duties and putting plans and routines into execution with appropriate authority and in compliance with the relevant laws and regulations.

The Company does not have an internal audit function for the year ended 31 December 2025. Taking into account the size and complexity of the operations of the Group and the potential costs of setting up an internal audit function, the Company considers that the existing organisation structure and the close supervision of the management could provide sufficient risk management and internal control for the Group. However, the Board will regularly review the need to set up an internal audit function or engage an independent professional service provider to review the Group's internal control and risk management system.

The Group adopts a risk management framework which comprises the following processes:

- Identify significant risk in the Group's operation environment and evaluate the impacts of those risks on the Group's business;
- Develop necessary measures to manage those risks; and
- Monitor and review the effectiveness of such measures.

The Group formulated the policies and procedures of risk management and internal control as follows:

- The Group established an organisational structure with clear operating and reporting procedures, lines of responsibility and delegated authority;
- Each operating subsidiary maintains internal controls and procedures appropriate to its structure whilst complying with the Group's policies, standards and guidelines;
- Relevant executive Directors and senior management have been delegated with specific accountability for monitoring the performance of designated business operating units;
- A systematic review of the financial and business processes in order to provide management on the adequacy and effectiveness of internal controls. Where weaknesses are identified in the system of internal controls, management will evaluate and take necessary measures to ensure that improvements are implemented; and
- Code of ethics are established and adhered to by all employees to ensure high standards of conduct and ethical values in all business practices.

The Board reviewed that the risk management and internal control system adopted by the Group for the year ended 31 December 2025 and considered that it was effective.

DISSEMINATION OF INSIDE INFORMATION

The Company is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information about the Group. The Company has adopted a Policy on Disclosure of Inside Information which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. With those guidelines and procedures, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure.

Independent Auditor's Report



KTC Partners CPA Limited

Certified Public Accountants (Practising)

中瑞和信會計師事務所有限公司

TO THE SHAREHOLDERS OF

AOM International Group Company Limited

權識國際集團股份有限公司

(Incorporated in the Cayman Islands with limited liability and continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of AOM International Group Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 32 to 141, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, 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.

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3.2 to the consolidated financial statements which highlights that the Group incurred a loss of approximately HK\$111,186,000 for the year ended 31 December 2025 and as of that date, the Group was in net current liability position of approximately HK\$26,582,000 and had defaulted on secured other borrowings of approximately HK\$60,000,000 and unsecured other borrowings of HK\$3,858,000 together with accrued interest of HK\$37,850,000. As stated in note 3.2, these conditions, along with other matters as set forth in note 3.2, indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Room 1305-07, 13/F., New East Ocean Centre, 9 Science Museum Road, Tsimshatsui East, Kowloon, Hong Kong

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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 matters described in the 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.

1. Provision for expected credit losses ("ECL") of trade receivables

Refer to notes 26 and 39(b) to the consolidated financial statements.

As at 31 December 2025, the Group had gross trade receivables of approximately HK\$52,443,000 and accumulated provision for impairment of approximately HK\$19,112,000.

ECL for trade receivables are based on management's estimate of the lifetime ECL to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgment.

We have identified ECL assessment of trade receivables as a key audit matter because assessing ECL of trade receivables is a subjective area which requires the exercise of significant judgment by management and uses of estimates.

Our procedures in relation to management's ECL assessment on trade receivables included:

- Obtaining an understanding of the key controls over management's assessment of the impairment of trade receivables;
- Evaluating techniques and methodology adopted by the management in the ECL model against the requirements of HKFRS 9;
- Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances;
- Inquiring management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and
- Checking, on a sample basis, the ageing profile of the trade receivables as at 31 December 2025 to the underlying financial records.

Independent Auditor's Report

2. Impairment assessment of investments in associates

Refer to note 20 to the consolidated financial statements.

Included in investments in associates in the consolidated statement of financial position as at 31 December 2025 are investments in Multijoy Development Limited ("**Multijoy**") and Anhui Fu Lao Wine Development Company Limited ("**Anhui Fu Lao**") with carrying amounts of approximately HK\$77,645,000 and HK\$85,131,000 respectively. For the year ended 31 December 2025, no impairment loss was recognised for Multijoy and Anhui Fu Lao.

The Group tested the carrying amounts of the investments in Multijoy and Anhui Fu Lao for impairment as the associates was loss making for the year ended 31 December 2025. We identified investments in associates as a key audit matter due to the balances of investments in these associates as at 31 December 2025 are material to the consolidated financial statements and the Group's impairment test involves the application of significant judgement and is based on assumptions and estimates made by management and independent professional valuers (the "**Valuer**").

Our audit procedures included, among others:

- Assessing the competence, independence and objectivity of the external valuers engaged by the Group;
- Challenging the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;
- Assessing the arithmetical accuracy of fair value less costs of disposal calculations;
- Engaging an auditors' expert to assist our assessment on the appropriateness of the methodologies and the reasonableness of underlying assumptions and data used in determining the fair value less cost of disposal; and
- Checking input data to supporting evidence.

OTHER INFORMATION

The directors of the Company ("**Directors**") are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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 performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

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

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as 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 is responsible for overseeing the Group's financial reporting process.

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

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

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

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

Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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.

KTC Partners CPA Limited

Certified Public Accountants (Practising)

Wong Kin Shing

Audit Engagement Director

Practising Certificate Number P07435

Hong Kong, 31 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	5	300,643	386,662
Cost of sales		(192,441)	(244,996)
Gross profit		108,202	141,666
Other income	7	1,126	2,626
Other gains, net	7	251	889
Selling and distribution costs		(34,837)	(36,171)
Administrative expenses		(86,277)	(82,964)
Finance costs	8	(31,795)	(28,919)
Reversal of/(impairment loss) under expected credit loss model, net	9	1,936	(8,979)
Loss on extinguishment of financial liabilities by issue of ordinary shares	36(e), (f)	(15,634)	(17,186)
Share of results of associates		(46,363)	(36,806)
Loss before income tax		(103,391)	(65,844)
Income tax expense	10	(7,795)	(6,981)
Loss for the year	11	(111,186)	(72,825)
(Loss)/profit attributable to:			
— owners of the Company		(121,747)	(84,626)
— non-controlling interests		10,561	11,801
		(111,186)	(72,825)
Loss per share attributable to the owners of the Company		HK cents	HK cents
Basic and diluted loss per share	14	(14.17)	(24.83)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Loss for the year	(111,186)	(72,825)
Other comprehensive income/(loss):		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Surplus/(deficit) on revaluation of properties	736	(2,985)
Deferred tax effect on revaluation of properties	(121)	547
<i>Items that may be reclassified to profit or loss:</i>		
Exchange difference arising from translation of foreign operations	11,470	(16,921)
Share of exchange translation difference of associates	13,426	(5,270)
Other comprehensive income/(loss) for the year, net of tax	25,511	(24,629)
Total comprehensive loss for the year	(85,675)	(97,454)
Total comprehensive (loss)/income attributable to:		
— owners of the Company	(102,882)	(106,094)
— non-controlling interests	17,207	8,640
	(85,675)	(97,454)

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	15	105,655	99,722
Right-of-use assets	16	28,189	29,275
Investment properties	17	11,635	11,251
Goodwill	18	52,770	50,199
Other intangible assets	19	5,846	5,897
Investments in associates	20	171,957	204,894
Deposit paid for acquisition of property	22	–	48,423
Deferred income tax assets	23	143	70
Prepayment	27	7,867	13,900
		384,062	463,631
Current assets			
Inventories	24	101,607	97,643
Biological assets	25	5,789	7,615
Trade and bills receivables	26	41,609	57,429
Prepayments, deposits and other receivables	27	79,286	33,206
Tax recoverable		1,148	1,186
Bank balances and cash	28	156,221	135,901
		385,660	332,980
Current liabilities			
Trade payables	29	49,417	27,362
Accruals and other payables	30	90,991	121,344
Contract liabilities	31	5,914	586
Income tax payable		16,933	3,183
Lease liabilities	32	2,434	2,064
Borrowings	33	199,572	143,149
Amount due to an associate		175	167
Convertible bonds	34	46,806	61,553
		412,242	359,408
Net current liabilities		(26,582)	(26,428)
Total assets less current liabilities		357,480	437,203

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Lease liabilities	32	4,631	4,168
Borrowings	33	3,455	–
Deferred income tax liabilities	23	11,994	12,964
Convertible bonds	34	–	36,422
Long service payment obligation	35	1,112	–
		21,192	53,554
Net assets		336,288	383,649
Equity			
Share capital	36	94,712	78,924
Reserves		135,205	170,233
Equity attributable to owners of the Company		229,917	249,157
Non-controlling interests		106,371	134,492
Total equity		336,288	383,649

The consolidated financial statements on pages 32 to 141 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Yang Ling
Director

Liu Mingqing
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

Attributable to owners of the Company												
	Share capital	Share premium	Statutory surplus	Contributed surplus	Foreign currency translation reserve	Property revaluation reserve	Fair value reserve for financial assets at FVTOCI	Convertible Bond reserve	Accumulated losses	Total	Non-controlling interests	Total equity
Notes	HK\$'000	Note (a) HK\$'000	Note (b) HK\$'000	Note (c) HK\$'000	Note (d) HK\$'000	Note (e) HK\$'000	HK\$'000	Note (f) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As 1 January 2024	9,667	1,785,068	18,290	303	8,758	87,258	55,383	–	(1,750,519)	214,208	125,768	339,976
(Loss)/profit for the year	–	–	–	–	–	–	–	–	(84,626)	(84,626)	11,801	(72,825)
Other comprehensive loss for the year	–	–	–	–	(19,030)	(2,438)	–	–	–	(21,468)	(3,161)	(24,629)
Total comprehensive (loss)/income	–	–	–	–	(19,030)	(2,438)	–	–	(84,626)	(106,094)	8,640	(97,454)
Issue of convertible bonds	34	–	–	–	–	–	–	15,600	–	15,600	–	15,600
Transfer to statutory surplus	–	–	9	–	–	–	–	–	(9)	–	–	–
Conversion of convertible bonds	36(c)	15,000	30,000	–	–	–	–	(15,600)	–	29,400	–	29,400
Placement of shares	36(d)	47,000	4,687	–	–	–	–	–	–	51,687	–	51,687
Loan capitalisation	36(e)	7,257	37,099	–	–	–	–	–	–	44,356	–	44,356
Acquisition of a subsidiary	37(a)	–	–	–	–	–	–	–	–	–	84	84
At 31 December 2024 and 1 January 2025	78,924	1,856,854	18,299	303	(10,272)	84,820	55,383	–	(1,835,154)	249,157	134,492	383,649
(Loss)/profit for the year	–	–	–	–	–	–	–	–	(121,747)	(121,747)	10,561	(111,186)
Other comprehensive income for the year	–	–	–	–	18,250	615	–	–	–	18,865	6,646	25,511
Total comprehensive income	–	–	–	–	18,250	615	–	–	(121,747)	(102,882)	17,207	(85,675)
Shares issued upon derecognition of financial liability	36(a)	8	–	–	–	–	–	–	–	8	–	8
Dividend declared to non-controlling interests	48	–	–	–	–	–	–	–	–	–	(49,145)	(49,145)
Acquisition of a subsidiary	37(b)	–	–	–	–	–	–	–	–	–	3,817	3,817
Placement of shares	36(f)	15,780	67,854	–	–	–	–	–	–	83,634	–	83,634
At 31 December 2025	94,712	1,924,708	18,299	303	7,978	85,435	55,383	–	(1,956,901)	229,917	106,371	336,288

Notes:

- Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.
- In accordance with the relevant regulations of the People's Republic of China (the "PRC"), the subsidiaries of the Group registered in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve. Subject to certain restrictions as set out in the relevant regulations and the articles of association of these PRC subsidiaries, the statutory reserve may be used to offset the accumulated losses, or for capitalisation as paid-up capital of the subsidiaries.
- The contributed surplus of the Group represents the excess of the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the group reorganisation prior to the listing of the Company's shares on The Stock Exchange of Hong Kong Limited over the nominal value of Company's shares issued in exchange thereof.
- The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3.3 to the consolidated financial statements.
- The property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for land and buildings in note 3.3 to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities			
Loss before income tax		(103,391)	(65,844)
Adjustments for:			
Amortisation of other intangible assets	19	344	2,874
Depreciation of property, plant and equipment	15	10,926	10,599
Depreciation of right-of-use assets	16	5,337	4,043
(Reversal of)/impairment loss under expected credit loss model, net	9	(1,936)	8,979
Write-off of other intangible assets	19	–	953
Loss on extinguishment of financial liabilities by issue of ordinary shares	36(e), (f)	15,634	17,186
Fair value loss on investment properties	17	17	925
Fair value change on convertible bonds — derivative component	34	(5)	(1)
Fair value change on biological assets	25	(974)	–
Provision for long service payment	35	1,112	–
Interest expenses	8	31,795	28,919
Interest income	7	(721)	(638)
Written-off of biological assets	25	1,183	–
Written-off and loss on disposal of property, plant and equipment	15	49	47
Share of results of associates		46,363	36,806
Operating results before movements in working capital		5,733	44,848
Changes in inventories		815	(12,766)
Changes in biological assets		1,947	(2,789)
Changes in trade receivables		18,004	(10,854)
Changes in bills receivables		(2,176)	11,661
Changes in prepayments, deposits and other receivables		(29,486)	15,643
Change in contract liabilities		5,164	170
Changes in trade payables		20,450	(6,856)
Changes in accruals and other payables		35,599	10,432
Changes in amount due to an associate		8	(5)
Cash generated from operations		56,058	49,484
Interest paid		(6,327)	(9,936)
Income taxes paid		(157)	(5,886)
Net cash from operating activities		49,574	33,662

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Investing activities			
Interest received		721	638
Deposit paid for acquisition of property	22	–	(48,423)
Purchase of property, plant and equipment		(13,730)	(6,557)
Proceeds from disposal of property, plant and equipment		13	–
Net cash outflow on acquisition of a subsidiary	37(b)	(2,061)	1
Net cash used in investing activities		(15,057)	(54,341)
Financing activities			
Bank and other loans raised		45,077	11,235
Proceeds from issue of convertible bonds	34(ii)	–	45,000
Proceeds from issue and placement of shares, net of expenses	36(d), (f)	68,000	51,300
Repayment of bank and other loans		(24,545)	(22,920)
Repayment of convertible bond	34(i)	(68,000)	(51,000)
Repayment of principal portion of lease liabilities	16	(2,703)	(1,377)
Changes in amount due to related parties		4,642	11,387
Dividend paid to non-controlling interests		(39,316)	–
Net cash (used in)/from financing activities		(16,845)	43,625
Net increase in cash and cash equivalents		17,672	22,946
Cash and cash equivalents at the beginning of the year		135,901	111,867
Effect of foreign exchange rate changes		2,648	1,088
Cash and cash equivalents at end of the year		156,221	135,901

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

AOM International Group Company Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company and continued in Bermuda with limited liability under the Companies Act 1981 of the Bermuda. The address of its registered office is The Penthouse Level, 5 Reid Street, Hamilton HM11, Bermuda. The address of its principal place of business is Flat E, 20/F., Lucky Plaza, 315–321 Lockhart Road, Wanchai, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in (i) the manufacturing and trading of toys and gifts items, (ii) development, processing and manufacturing of Chinese herbs products, (iii) the investment in various businesses including fruit plantation, leisure and culture and (iv) trading of wines, food and beverage products.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. The directors of the Company (“**Directors**”) consider HK\$ is the most appropriate presentation currency for the users of the Group’s consolidated financial statements as the Company is listed on the Stock Exchange. The functional currency of the Company’s major subsidiaries in the People’s Republic of China (“**PRC**”) and the United States of America (“**USA**”) is Renminbi (“**RMB**”) and United States dollars (“**US\$**”) respectively.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

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

Amendments to HKAS 21

Lack of Exchangeability

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

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

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

Amendments to 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 1 ^{1 2}
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
HKFRS 18	Presentation and Disclosure in Financial Statements ³

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

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

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

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the Directors 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 the foreseeable future.

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 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA, and include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance. 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.

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.

3.2 Going concern basis

For the year ended 31 December 2025, the Group incurred a loss of approximately HK\$111,186,000 and as at that date, the Group had net current liabilities of approximately HK\$26,582,000 and had defaulted on secured other borrowings of approximately HK\$60,000,000 and unsecured other borrowings of HK\$3,858,000 together with accrued interest of HK\$37,850,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In order to improve the Group's financial position, the Directors are implementing various plans and measures, as follows:

- (a) subsequent to 31 December 2025, the Group is negotiating with the lender of the defaulted loans for settlement/extension;
- (b) After 31 December 2025, an amount of approximately HK\$37,524,000 due to a shareholder, which is included in borrowings and related party transactions became subject to a written agreement by the shareholder not to demand for repayment of the amount due to her before 31 March 2027; and
- (c) the Group is considering to raise new capital by carrying out fund raising activities including but not limited to right issue, open offer, placing of new shares and issuance of convertible bonds.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful implementation and outcome of the abovementioned plans and measures to be undertaken by the Group. The Directors are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 31 December 2025. The Directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

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 from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the 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.

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.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Business combinations *(continued)*

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 *Leases*) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the noncontrolling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets or at fair value.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash generating units).

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in HK\$, which is the Company's functional and presentation currency.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Property, plant and equipment

Land and buildings comprise mainly factories, offices and warehouse. Land and buildings are carried at fair values, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent impairment losses, if any.

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

Roadings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Revaluation increases of land and buildings are recognised in profit or loss to the extent that the increases reverse revaluation decreases of the same asset previously recognised in profit or loss. All other revaluation increases are credited to the property revaluation reserve as other comprehensive income. Revaluation decreases that offset previous revaluation increases of the same asset remaining in the property revaluation reserve are charged against the property revaluation reserve as other comprehensive income. All other decreases are recognised in profit or loss. On the subsequent sale or retirement of a revalued land and building, the attributable revaluation increases remaining in the property revaluation reserve is transferred directly to accumulated losses.

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as property, plant and equipment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Property, plant and equipment *(continued)*

Depreciation is recognised so as to write off the cost, or revalued amount of assets, less their residual values over their estimated useful lives using the straight-line method. The principal annual rates are as follows:

Leasehold land and buildings	Over the lease terms
Roadings	Over the lease terms
Farming plant and equipment	20 years with 5% residual value or over the lease terms
Leasehold improvements	Shorter of 10 years or over the lease terms
Machineries	5 to 10 years
Moulds	2 to 10 years
Furniture, fixtures and equipment	3 to 10 years
Motor vehicles	4 to 6 years
Bearer plant	25 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

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.

Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. Investment properties are initially measured at its cost, including any directly attributable expenditure.

Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in fair value of the investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Intangible assets *(continued)*

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at revalued amounts, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The principal annual rates of amortisation of intangible assets are as follows:

Trademark	:	99 years
Customer contracts	:	2 to 4 years
Forestry rights	:	29 to 36 years
Patent use	:	15 years

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

Leases

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

(a) The Group as a lessee

(i) 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.

(ii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases 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 straightline basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Leases *(continued)*

(a) The Group as a lessee (continued)

(iii) Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- 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 principal annual rates are as follows:

Leased properties	Over the lease term
Motor vehicle	4 to 5 years

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

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

(iv) Refundable rental deposits

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Leases *(continued)*

(a) The Group as a lessee (continued)

(v) Lease liabilities

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

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 lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Leases *(continued)*

(b) The Group as a lessor

(i) Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

(ii) Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Biological assets

Biological assets comprise fresh herb bunches and herbs before harvest in leased farming lands and are classified as current assets if they could be harvested within one year. Trees owned by the Group are bearer plants and accounted for as property, plant and equipment.

Biological assets are stated at fair value less costs to sell from initial measurement up to the point of harvest, except where fair value cannot be measured reliably due to unavailability of quoted market prices and no reliable alternative estimates exist to determine fair value, in which case the assets are held at cost less accumulated depreciation and impairment losses. Once the fair value becomes reliably measurable, the biological assets are measured at fair value less costs to sell and changes in fair value are recognised in the consolidated statement of profit or loss.

Costs to sell include the incremental selling costs, including auctioneers' fees, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. For Chinese herbs products, cost is determined using a first-in, first-out method. For toys and gifts items, cost is determined using a weighted average method. The cost of finished goods and work in progress comprises costs of raw materials and direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

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

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

The effective interest method is a method of calculating the 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.

(a) Financial assets

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

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

Classification and subsequent measurement of financial assets

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments *(continued)*

(a) Financial assets (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for debt instruments 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.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and bills receivables, deposits and other receivables and bank balances and cash) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments *(continued)*

(a) Financial assets (continued)

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments *(continued)*

(a) Financial assets (continued)

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

(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.

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, 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 where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments *(continued)*

(a) Financial assets (continued)

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions, and forward-looking information including time value of money where appropriate, that is available without undue cost or effort.

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments *(continued)*

(a) Financial assets (continued)

Derecognition of financial assets

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

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

(b) Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including trade payables, accruals and other payables, amount due to an associate, borrowings and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments *(continued)*

(b) Financial liabilities and equity (continued)

Convertible bonds

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bonds using the effective interest method.

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.

(c) Offsetting a financial asset and a financial liability

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

Cash and cash equivalents

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5.

Employee benefits

(a) Employee leave entitlements

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

In Hong Kong

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

In PRC

The Group also participates in a defined contribution retirement scheme organized by the government in the PRC. The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) Long service payment ("LSP")

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund ("MPF") Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme.

Contributions are made based on 5% (2024: 5%) of the employee's basic salaries with a cap of HK\$1,500 per month. The assets of the plan are held separately from those of the Group, in funds under the control of trustees.

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

The amount of long service benefit that an employee will receive on cessation of employment in certain circumstances is defined by reference to the employee's length of service and corresponding salary. The legal obligations for any benefits remain with the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Employee benefits *(continued)*

(c) Long service payment ("LSP") (continued)

The LSP obligations recognised in the consolidated statement of financial position is the present value of the LSP obligation at the end of the reporting period.

Management estimates the LSP obligations annually. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period by reference to government bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related defined benefit liability.

Defined benefit costs are categorised as follows:

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

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

Net interest expense on the net defined benefit liability is included in employee benefits expenses. Gains and losses resulting from remeasurements of the net defined benefit liability, comprising actuarial gains and losses, are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods

Borrowing costs

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 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. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arise from the initial recognition of goodwill.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Taxation *(continued)*

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) *Deferred tax for investment properties*

For the purposes of measuring deferred tax for investment properties in the PRC that are measured using the fair value model, the Directors have reviewed the Group's investment property in the PRC portfolios and concluded that the Group's investment properties in the PRC are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties in the PRC over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties in the PRC, the directors have rebutted the presumption that investment properties in the PRC measured using the fair value model are recovered through sale.

For the purposes of measuring deferred tax for investment properties in Hong Kong that are measured using the fair value model, the Directors have reviewed the Group's investment property in Hong Kong and concluded that the Group's investment properties in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax for investment properties in Hong Kong, the directors have adopted the presumption that investment properties in Hong Kong measured using the fair value model are recovered through sale.

(b) *Significant influence over USO Management & Holding Co. Limited ("USO")*

Note 20(d) describes that USO is an associate of the Group as the Group has 47% ownership interest and voting rights in USO. The Group has a 47% ownership in USO; the other 53% of shareholdings are owned by two investors that are unrelated to the Group.

The Directors assessed whether the Group has control over USO based on whether the Group has the practical ability to direct the relevant activities of USO unilaterally. In making the judgement, the Directors considered the Group's absolute size of holding in USO and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the Directors concluded that the Group does not have sufficiently dominant voting interest to direct the relevant activities of USO and therefore the Group does not have control over USO.

(c) *Determining whether the acquisition of subsidiaries constituted a business combination*

Management determines whether the acquisition of subsidiaries constitutes the acquisition of assets and liabilities or a business combination by assessing if there is a business has been acquired. Management exercises judgements to determine if the acquired set of activities and assets includes an input and a substantive process that, together, significantly contribute to the ability to create outputs in each acquisition. If the acquired subsidiaries do not contain these elements, management accounts for the acquisition of subsidiaries as the acquisition of assets and liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

Key sources of estimation uncertainty

The key assumptions 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, are discussed below.

(a) Fair values of investment properties, leasehold land and buildings

In making its estimates, the Group considers the information from the valuations of investment properties (note 17) and leasehold land and buildings (note 15) performed by an external professional valuer using the market approach. Had the Group used different valuation techniques, the fair value of the investment properties and leasehold land and buildings would be different and thus may have an impact on the consolidated financial statements.

At 31 December 2025, the fair values of investment properties and leasehold land and buildings would change by approximately HK\$1,164,000 (2024: HK\$1,125,000) and approximately HK\$4,861,000 (2024: HK\$5,470,000) respectively if the market values of comparable properties or the unobservable inputs adopted under the valuation approach differ by 10% from the Group's estimates.

(b) Net realisable value of inventories

Net realisable value of inventories (note 24) is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions. The Group will reassess the estimates by the end of each reporting period. The carrying amount of inventories at 31 December 2025 was approximately HK\$101,607,000 (2024: HK\$97,643,000). During the year ended 31 December 2025, no allowance was recognised (2024: no allowance was recognised).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

Key sources of estimation uncertainty *(continued)*

(c) Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on aging of trade receivables in groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit-impaired are assessed for ECL individually. At 31 December 2025, the carrying amount of the trade receivables and accumulated impairment loss under expected credit loss model amounted to approximately HK\$33,331,000 and HK\$19,112,000 respectively (2024: HK\$51,327,000 and HK\$18,846,000 respectively).

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 26 and 39(b).

(d) Current and deferred income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary difference and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

Key sources of estimation uncertainty *(continued)*

(e) Estimated impairment of investments in associates

As at 31 December 2025, in view of significant losses incurred by the associates, the Group performed impairment assessment on investments in associates. Determining whether impairment loss should be recognised requires an estimation of the recoverable amount of the relevant associates which is the higher of value-in-use and fair value less costs of disposal. The value-in-use calculation requires the management of the Group to estimate the present value of the estimated cash flows expected to arise from dividends to be received from the associates and the proceeds from the ultimate disposal of the investment taking into account of factors such as discount rate. The fair value less costs of disposal calculation requires the management of the Group to estimate the present value of the expected future economic benefits to be derived from the major assets of the associates based on market data. In cases where the actual cash flows or future economic benefits are less or more than expected, or change in facts and circumstances which result in revision of future cash flows estimation or discount rate, a material reversal or further recognition of impairment may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

As at 31 December 2025, the carrying amount of the investments in associates amounted to approximately HK\$171,957,000 (2024: HK\$204,894,000), no impairment was recognised during the year (2024: Nil).

(f) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss or further impairment loss may arise.

As at 31 December 2025, the carrying amount of goodwill was approximately HK\$52,770,000 (2024: HK\$50,199,000) (net of accumulated impairment loss of Nil (2024: Nil)). Details of the recoverable amount calculation are disclosed in note 18.

(g) Valuations of biological assets

The Group's biological assets are valued at fair values less costs to sell with reference to the work performed by International Valuation Limited ("IVL"), an independent firm of professional valuer, which involves the use of assumptions and estimates. Any changes in the estimates may affect the fair values less costs to sell of these biological assets and result in fair value re-measurement changes in future accounting periods. The directors and IVL have exercised their judgement and are satisfied that the valuation is reflective of their fair values. As at 31 December 2025, the carrying amount of the Group's biological assets was approximately HK\$5,789,000 (2024: HK\$ 7,615,000). A gain on change in fair value of approximately HK\$974,000 was recognised for the year ended 31 December 2025 (2024: Nil).

Further details about the valuations of biological assets are set out in note 25 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE

(a) Disaggregation of revenue from contracts with customers

	2025 HK\$'000	2024 HK\$'000
Sales of toys and gifts items	195,440	239,744
Sales of Chinese herbs products	54,355	95,286
Sales of wines, food and beverage products	50,848	51,632
	300,643	386,662
By revenue source		
<i>Manufacturing of goods items</i>		
— Toys and gifts items	122,567	146,093
— Chinese herbs products	54,355	95,286
<i>Trading of goods items</i>		
— Toys and gift items	72,873	93,651
— Wines, food and beverage products (note)	50,848	51,632
	300,643	386,662
Timing of revenue recognition		
At point in time	300,643	386,662

Note:

Revenue from the trading of wines, food and beverage products recognised on gross basis and net basis for the years ended 31 December 2025 and 2024 are as follows:

	2025 HK\$'000	2024 HK\$'000
Gross basis	47,501	51,632
Net basis	3,347	—
	50,848	51,632

Revenue recognised on gross basis relates to revenue from contracts where the Group acts as principal, whereas revenue recognised on net basis relates to contracts where the Group acts as agent in the trading of wines, food and beverage products.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE *(continued)*

(b) Performance obligations for contracts with customers

Revenue from (1) sales of toys and gifts items, (2) sales of Chinese herbs products and (3) sales of wines, food and beverage products are recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery).

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for toys and gifts items, Chinese herbs products and sales of wines, food and beverage products such that the above information does not include information about revenue that the Group will be entitled to in future periods when it satisfies the remaining performance obligations under the contracts for sales of toys and gifts items, Chinese herbs products and wines, food and beverage products that had an original expected duration of one year or less.

Principal versus agent consideration

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 is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. When the Group acts as a principal, it recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party and revenue is recognised on a net basis.

Indicators taken into account by management of the Group to determine whether the Group acts as a principal or an agent include, but are not limited to, the following:

- (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified good or service;
- (b) whether the entity has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer (for example, if the customer has a right of return); and
- (c) whether the entity has discretion in establishing the price for the specified good or service, indicating that the entity has the ability to direct the use of that good or service and obtain substantially all of the remaining benefits.

Sales of toys and gifts items, Chinese herbs products and wines, food and beverage 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 bears the inventory risk, and has the discretion in establishing prices. Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when to sell the goods, bears the risks of obsolescence and loss in relation to the goods. When the Group satisfies the performance obligation, the Group recognises service revenue in the gross amount. Invoices are usually payable within 90 days, 120 days and 30 days for sales of toys and gifts items, sales of Chinese herbs products and sales of wines respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. REVENUE *(continued)*

(b) Performance obligations for contracts with customers *(continued)*

Sales of wines, food and beverage products

The Group is considered as an agent for its contracts with customers relating to the sales of wines, food and beverage products as the Group did not obtain the control over products before passing to customers taking into consideration indicators such as the Group is not primarily responsible for fulfilling the promise and not exposed to inventory risk. The Group evaluates its role as an agent and recognises revenue on the net amount earned. Invoices are usually payable within 30 days for sales of wines, food and beverage products.

6. OPERATING SEGMENT INFORMATION

For the year ended 31 December 2025, the Group has seven (2024: seven) reportable and operating segments as follows:

Exploration	—	Exploration of natural resources
Toys and gifts items	—	Manufacturing and trading of toys and gifts items
Fruit plantation	—	Investment in business related to fruit plantation
Leisure	—	Investment in the PRC outbound tourism and tea and wine products related business through associates of the Group
Culture	—	Trading of ceramic items
Chinese herbs	—	Development, processing and manufacturing of Chinese herbs
Wines, food and beverage products	—	Trading of wines, food and beverage products

Upon completion of acquisition of Heilongjiang Yingli International Trade Co., Ltd. ("**Heilongjiang Yingli**") on 22 October 2025 (note 37(b)), the wines segment was expanded to wines, food and beverage products — trading of wines, food and beverage products for the year ended 31 December 2025.

Upon completion of acquisition of Fujian Laojiu Investment Co., Ltd ("**Fujian Laojiu**") on 31 May 2024 (note 37(a)), wines — trading of wines business became a new reportable and operating segment of the Group for the year ended 31 December 2024.

The Group's reportable and operating segments are strategic business units that offer different products and services. They are managed separately because each business has different economic characteristics. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment results do not include corporate finance costs, fair value gain on convertible bonds — derivative component, loss on extinguishment of financial liabilities by issue of shares, and other corporate income and expenses. Segment assets do not include assets at corporate level, bank balances and cash, prepayments, deposits and other receivables and right-of-use assets. Segment liabilities do not include liabilities at corporate level, borrowings, accruals and other payables, convertible bonds, lease liabilities, income tax payable and long service payment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. OPERATING SEGMENT INFORMATION (continued)

(a) The segment results for the year ended 31 December 2025 and 2024:

	Exploration		Toys and gifts items		Fruit plantation		Leisure		Culture		Chinese herbs		Wines, food and beverage products		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment profit or loss																
Year ended 31 December																
Revenue from external customers	-	-	195,440	239,744	-	-	-	-	-	-	54,355	95,286	50,848	51,632	300,643	386,662
Segment (loss)/profit	-	-	(20,623)	(12,386)	(39,993)	(33,886)	(6,370)	(3,125)	-	-	18,360	40,444	1,199	(748)	(47,427)	(9,701)
Unallocated amounts:																
Corporate finance costs															(22,633)	(27,077)
Fair value gain on convertible bonds – derivative component															5	1
Loss on extinguishment of financial liabilities by issue of shares															(15,634)	(17,186)
Other corporate income and expenses															(25,497)	(18,862)
Loss for the year															(111,186)	(72,825)

Notes:

(i) There were no inter-segment sales during the years.

(b) Segment assets:

	Exploration		Toys and gifts items		Fruit plantation		Leisure		Culture		Chinese herbs		Wines, food and beverage products		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December																
Segment assets	2	2	206,965	213,413	84,381	125,974	87,577	89,917	-	-	288,811	295,213	101,567	22,137	769,303	746,656
Unallocated corporate assets																
Bank balances and cash															173	68
Prepayments, deposits and other receivables															19	49,604
Right-of-use assets															227	283
Total assets															769,722	796,611

(c) Segment liabilities:

	Exploration		Toys and gifts items		Fruit plantation		Leisure		Culture		Chinese herbs		Wines, food and beverage products		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December																
Segment liabilities	(93)	(88)	(189,200)	(176,145)	(1,005)	(1,005)	(16,990)	(16,540)	-	-	(8,057)	(5,892)	(96,558)	(22,807)	(311,903)	(222,477)
Unallocated corporate liabilities																
Borrowings															(28,469)	(23,327)
Accruals and other payables															(40,876)	(68,894)
Convertible bonds															(46,806)	(97,975)
Lease liabilities															(228)	(289)
Income tax payable															(5,015)	-
Long service payment															(137)	-
Total liabilities															(433,434)	(412,962)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. OPERATING SEGMENT INFORMATION *(continued)*

(d) Other information:

	Exploration		Toys and gifts items		Fruit plantation		Leisure		Culture		Chinese herbs		Wines, food and beverage products		Unallocated		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation and amortisation	-	-	(7,892)	(7,990)	-	-	-	-	-	-	(6,224)	(8,678)	(2,249)	(656)	(242)	(192)	(16,607)	(17,516)
Reversal of/(impairment loss) under expected credit loss model, net	-	-	66	(7,362)	-	-	-	(204)	-	-	-	347	(756)	(158)	2,626	(1,602)	1,936	(8,979)
Share of results of associates	-	-	-	-	(39,993)	(33,886)	(6,370)	(2,920)	-	-	-	-	-	-	-	-	(46,363)	(36,806)
Interest income	-	-	648	584	-	-	-	-	-	-	72	53	1	1	-	-	721	638
Interest expenses	-	-	(8,698)	(1,723)	-	-	-	-	-	-	(56)	(57)	(396)	(40)	(22,645)	(27,099)	(31,795)	(28,919)
Additions to segment non-current assets (note)	-	-	144	387	-	-	-	-	-	-	13,575	5,957	2,695	10,175	185	474	16,599	16,993
Investment in associates included in segment assets	-	-	-	-	84,381	115,356	87,576	89,538	-	-	-	-	-	-	-	-	171,957	204,894
Income tax (expense)/credit	-	-	1,021	(1,565)	-	-	-	-	-	-	(3,954)	(5,456)	153	40	(5,015)	-	(7,795)	(6,981)
Cost of sales	-	-	(125,284)	(150,321)	-	-	-	-	-	-	(29,446)	(45,790)	(37,711)	(48,885)	-	-	(192,441)	(244,996)
Selling and distribution costs	-	-	(30,026)	(33,716)	-	-	-	-	-	-	(1,672)	(1,942)	(3,139)	(513)	-	-	(34,837)	(36,171)

Note:

Non-current assets included property, plant and equipment, right-of-use assets and goodwill.

(e) Geographical information:

	Revenue		Non-current assets	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The PRC (including Hong Kong)	105,808	147,696	375,640	454,801
North America ¹	190,044	238,852	1,543	1,539
Europe ²	4,627	-	-	-
Samoa	-	-	6,736	7,221
Others ³	164	114	-	-
	300,643	386,662	383,919	463,561

Note: Non-current assets excluded deferred tax assets.

¹ North America include USA and Canada.

² Europe include United Kingdom.

³ Others include Asia.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. OPERATING SEGMENT INFORMATION *(continued)*

(e) Geographical information: *(continued)*

The geographical analysis of revenue is based on location of customers which is determined based on the location at which the goods were delivered and information about the geographical analysis of non-current assets, which include goodwill, property, plant and equipment, right-of-use assets, investment properties, other intangible asset, investments in associates, deposit paid for acquisition of property and prepayment, is classified in accordance with geographical location of the assets or the associates' country of domicile at the end of the reporting period.

Revenue from customers of the corresponding years which contributed more than 10% of the Group's total revenue for the year represented approximately 38.77% of the total Group's revenue for the year ended 31 December 2025 (2024: 73.04%), which are shown as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A ¹	79,581	123,231
Customer B ²	— ⁴	57,003
Customer C ³	36,964	51,528
Customer D ¹	— ⁴	50,655

¹ Revenue from toys and gifts item.

² Revenue from Chinese herbs.

³ Revenue from wines, food and beverage products.

⁴ The corresponding revenue did not contribute 10% or more of the total revenue of the Group in the respective year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. OTHER INCOME/OTHER GAINS, NET

	2025 HK\$'000	2024 HK\$'000
Other income		
Bank interest income	721	638
Rental income from investment properties	356	405
Written back of accrued expenses (Note)	–	1,172
Others	49	411
	1,126	2,626
Other gains, net		
Fair value loss on investment properties	(17)	(925)
Fair value gain on biological assets	974	–
Fair value gain on convertible bonds — derivative component	5	1
Net foreign exchange (loss)/gain	(711)	1,813
	251	889

Note:

During the year ended 31 December 2024, the Group recognised an over provision in the amount of approximately HK\$1,172,000 in respect of provision for rental expenses. Details of the information are set out in the note 47(b) to the consolidated financial statements.

8. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest expenses on:		
Bank borrowings and overdrafts	280	573
Effective interest expense on convertible bonds	16,836	18,815
Other loans	14,297	9,345
Trust receipt loans	12	19
Interest on lease liabilities	370	167
	31,795	28,919

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. (REVERSAL OF)/IMPAIRMENT LOSS UNDER EXPECTED CREDIT LOSS MODEL, NET

	2025 HK\$'000	2024 HK\$'000
(Reversal of)/impairment losses recognised on:		
— Trade receivables	(155)	7,525
— Deposit and other receivables	(1,781)	1,454
	(1,936)	8,979

10. INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	208	719
Overprovision in prior year	—	(2)
	208	717
Current tax — Overseas		
Provision for the year	3,908	5,093
Total current tax	4,116	5,810
Withholding tax on dividend declared by PRC subsidiary	5,015	—
Deferred income tax	(1,336)	1,171
Income tax expense	7,795	6,981

Under the two-tiered profits tax rates regime, one of the subsidiaries of the Company is subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. Other subsidiaries of the Company are subject to Hong Kong Profits Tax at the rate of 16.5% for both years.

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% from 1 January 2008 onwards.

Taxations on overseas profits have been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

According to the relevant laws and regulations in the PRC, the Group is also liable to a 10% withholding tax on dividends to be distributed from the Group's foreign-invested enterprises in the PRC in respect of its profits generated from 1 January 2008. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. INCOME TAX EXPENSE *(continued)*

The reconciliation between the income tax expense and loss before income tax multiplied by Hong Kong profits tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before income tax	(103,391)	(65,844)
Tax at the applicable tax of 16.5% (2024: 16.5%)	(17,060)	(10,864)
Tax effect of income and gains that are not taxable	(170)	(163)
Tax effect of expenses that are not deductible	10,330	7,880
Tax effect of utilisation of tax losses not previously recognised	–	(657)
Tax effect of temporary differences not recognised	(140)	693
Tax effect of share of result of associates	7,650	6,073
Tax effect of unused tax losses not recognised	6	50
Tax effect of two-tiered profits rate regime	(165)	(165)
Tax reductions	(7)	(5)
Over provision for prior year	(10)	(2)
Withholding tax on earnings distributed and anticipated to be remitted	5,015	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,346	4,141
Income tax expense	7,795	6,981

Tax charge relating to each component of other comprehensive income/(loss) is as follows:

	2025			2024		
	Amount before tax HK\$'000	Tax HK\$'000	Amount after tax HK\$'000	Amount before tax HK\$'000	Tax HK\$'000	Amount after tax HK\$'000
Exchange differences on translating foreign operations	11,470	–	11,470	(16,921)	–	(16,921)
Surplus on revaluation of properties	736	(121)	615	(2,985)	547	(2,438)
Share of exchange translation difference of associates	13,426	–	13,426	(5,270)	–	(5,270)
Other comprehensive loss	25,632	(121)	25,511	(25,176)	547	(24,629)
Current tax		–			–	
Deferred income tax (note 23)		(121)			547	
		(121)			547	

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. LOSS FOR THE YEAR

Loss for the year has been arrived after charging:

	2025 HK\$'000	2024 HK\$'000
Cost of sales		
Amortisation of other intangible assets	344	2,874
Cost of materials consumed and finished goods purchased and sold		
— Toys and gifts items	84,830	104,574
— Chinese herbs products	22,619	37,569
— Wines, food and beverage products	35,870	48,718
	143,319	190,861
Depreciation of property, plant and equipment	3,033	2,902
Depreciation of right-of-use assets	4,151	2,710
Licence fee	7,712	9,891
Write-down of biological assets	1,183	—
Royalty fee	15,335	17,496
Salaries, bonus and allowance	11,202	11,721
Subcontracting fee	1,931	1,396
Others	4,231	5,145
	192,441	244,996
Selling and distribution costs		
Advertising and promotional costs	3,776	2,832
Marketing fee	6,582	6,258
Sales commission	5,115	5,922
Salaries, bonus and allowance	9,263	9,507
Testing	1,707	2,254
Couriers	2,402	2,860
Others	5,992	6,538
	34,837	36,171
Administrative expenses		
Auditor's remuneration		
— Provision for the year	2,736	2,512
— Over-provision in previous year	(26)	(318)
Consultancy fee	1,114	1,165
Depreciation of property, plant and equipment	7,893	7,697
Depreciation of right-of-use assets	1,186	1,333
Entertainment	4,639	3,835
Expense relating to short-term leases	3,530	5,580
Written-off of property, plant and equipment	49	47
Written-off of other intangible assets	—	953
Legal and professional fees	1,700	2,786
Salaries, bonus and allowance (including directors' remuneration)	44,973	37,722
Retirement benefits scheme contributions	3,270	3,064
Long service payment	1,112	—
Others	14,101	16,588
	86,277	82,964

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. DIRECTORS' EMOLUMENTS

(a) The emoluments of each director were as follows:

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Year ended 31 December 2025				
Executive directors:				
Mr. Yang Ling (<i>Chairman</i>)	–	200	–	200
Mr. Li Lizhong (<i>Co-chairman</i>)	–	2,600	–	2,600
Mr. Yang Bincheng	–	120	–	120
Mr. Liu Mingqing	–	600	–	600
Mr. Sun Wei Wei (<i>resigned on 24 June 2025</i>)	–	58	–	58
Mr. Fan Xuefei (<i>appointed on 15 July 2025</i>)	–	55	–	55
Non-executive director:				
Mr. Tang Sing Hing, Kenny	840	–	–	840
Independent non-executive directors:				
Mr. Wang Xiao Ning	144	–	–	144
Ms. Chen Yuxin	120	–	–	120
Mr. Chak Ching Long	120	–	–	120
	1,224	3,633	–	4,857

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. DIRECTORS' EMOLUMENTS *(continued)*

(a) The emoluments of each director were as follows: *(continued)*

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Year ended 31 December 2024				
Executive directors:				
Mr. Yang Ling <i>(appointed on 5 April 2024 & appointed as Chairman on 4 October 2024)</i>	–	148	–	148
Mr. Yang Bincheng <i>(appointed on 9 September 2024)</i>	–	37	–	37
Mr. Zhang Qijun <i>(Chairman)</i> <i>(resigned on 4 October 2024)</i>	–	152	–	152
Mr. Liu Mingqing	–	600	–	600
Mr. Sun Wei Wei	–	–	–	–
Mr. Li Lizhong <i>(Co-chairman)</i> <i>(appointed on 4 October 2024)</i>	–	566	–	566
Non-executive director:				
Mr. Tang Sing Hing, Kenny <i>(appointed on 12 December 2024)</i>	70	–	–	70
Independent non-executive directors:				
Mr. Wang Xiao Ning	144	–	–	144
Ms. Chen Yuxin	–	–	–	–
Ms. Wei Yu <i>(resigned on 4 October 2024)</i>	91	–	–	91
Mr. Chak Ching Long <i>(appointed on 4 October 2024)</i>	29	–	–	29
	334	1,503	–	1,837

During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

Salaries, allowances and other benefits paid to or for the executive directors are generally emoluments in respect of those person's other services in connection with the management of the affairs of the Company and its subsidiaries.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. DIRECTORS' EMOLUMENTS *(continued)*

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included one (2024: Nil) director whose emoluments are reflected in the analysis presented above. The emoluments of the four (2024: five) individuals are set out below:

	2025 HK\$'000	2024 HK\$'000
Salaries, wages and allowances	13,432	10,120
Bonus*	6,287	10,267
Retirement benefits scheme contributions	1,027	1,002
	20,746	21,389

The emoluments fell within the following band:

	Number of individuals	
	2025	2024
HK\$1,000,000 to HK\$1,500,000	–	1
HK\$3,000,001 to HK\$3,500,000	1	1
HK\$4,500,001 to HK\$5,000,000	2	–
HK\$5,000,001 to HK\$5,500,000	–	2
HK\$5,500,001 to HK\$6,000,000	1	–
HK\$6,000,001 to HK\$6,500,000	–	1
	4	5

During the year, no emoluments (2024: Nil) were paid by the Group to the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

* Certain key management of the Company are entitled to bonus payments which are determined based on a percentage of the Group's profit before tax for the year and loyalty bonus. For the year ended 31 December 2025, total bonus amount of approximately HK\$6,387,000 (2024: HK\$10,267,000) included 87%, Nil% (2024: 62%, 29%) which is performance related incentive bonus and loyalty bonus respectively, and remaining bonus balance is double-pay bonus.

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For the year ended 31 December 2025

13. DIVIDEND

The Directors did not recommend the payment of any dividend for the years ended 31 December 2025 and 2024.

14. 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:

	2025 HK\$'000	2024 HK\$'000
Loss		
Loss for the purpose of basic and diluted loss per share	(121,747)	(84,626)
Number of shares		
Weighted average number of ordinary shares in issue	859,362	340,870
Loss per share		
Basic loss per share (HK cents)	(14.17)	(24.83)

Note: The weighted average number of ordinary shares for the year ended 31 December 2024 has been adjusted for the two-to-one share consolidation ("2024 Share Consolidation") of the Company which became effective on 16 January 2024. The loss per share calculations for 2024 have been adjusted so as to be based on the new number of shares under the 2024 Share Consolidation.

Diluted loss per share

For the years ended 31 December 2025 and 31 December 2024, the computation of the basic and diluted loss per share are the same as the convertible bonds are anti-dilutive.

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For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Farming plant and equipment HK\$'000	Leasehold improvements HK\$'000	Machineries HK\$'000	Moulds HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Roading HK\$'000 (note a)	Bearer plant HK\$'000 (note b)	Total HK\$'000
COST/VALUATION										
At 1 January 2024	64,400	20,218	4,663	6,496	14,253	19,517	937	16,662	–	147,146
Acquired on acquisition of a subsidiary (note 36)	–	–	–	–	–	30	365	–	–	395
Adjustment on revaluation	(9,700)	–	–	–	–	–	–	–	–	(9,700)
Additions	–	4,065	61	43	117	379	–	–	1,892	6,557
Written off	–	–	–	(272)	(618)	(46)	–	–	–	(936)
Exchange difference	–	(751)	(50)	(53)	(23)	(359)	(57)	(549)	(39)	(1,881)
At 31 December 2024 and 1 January 2025	54,700	23,532	4,674	6,214	13,729	19,521	1,245	16,113	1,853	141,581
Transfer from right-of-use assets	–	–	–	–	–	–	1,207	–	–	1,207
Adjustment on revaluation	(6,090)	–	–	–	–	–	–	–	–	(6,090)
Additions	–	–	55	24	14	62	–	–	13,575	13,730
Written off and disposed	–	–	–	(433)	(60)	(150)	(176)	–	–	(819)
Exchange difference	–	1,205	70	64	24	515	91	825	474	3,268
At 31 December 2025	48,610	24,737	4,799	5,869	13,707	19,948	2,367	16,938	15,902	152,877
ACCUMULATED DEPRECIATION										
At 1 January 2024	–	2,842	3,197	6,047	13,954	11,968	794	524	–	39,326
Charge for the year	6,715	1,479	130	49	141	1,400	110	518	57	10,599
Adjustment on revaluation	(6,715)	–	–	–	–	–	–	–	–	(6,715)
Written off	–	–	–	(259)	(587)	(43)	–	–	–	(889)
Exchange difference	–	(125)	(24)	(38)	(14)	(183)	(49)	(28)	(1)	(462)
At 31 December 2024 and 1 January 2025	–	4,196	3,303	5,799	13,494	13,142	855	1,014	56	41,859
Transfer from right-of-use assets	–	–	–	–	–	–	1,207	–	–	1,207
Charge for the year	6,826	1,765	124	46	86	1,385	175	519	–	10,926
Adjustment on revaluation	(6,826)	–	–	–	–	–	–	–	–	(6,826)
Written off and disposed	–	–	–	(390)	(57)	(143)	(167)	–	–	(757)
Exchange difference	–	265	38	44	14	308	76	66	2	813
At 31 December 2025	–	6,226	3,465	5,499	13,537	14,692	2,146	1,599	58	47,222
CARRYING AMOUNTS										
At 31 December 2025	48,610	18,511	1,334	370	170	5,256	221	15,339	15,844	105,655
At 31 December 2024	54,700	19,336	1,371	415	235	6,379	390	15,099	1,797	99,722

Note:

- (a) Rading consists of the costs for construction of roads in the PRC for its plantation farms for its Chinese herbs business.
- (b) At 31 December 2025, bearer plants consists of three plantation farms for Wild honeysuckle flower bud (山銀花) ("honeysuckle") in its second year (2024: first) of plantation and two for Chinese Cork-tree (黃柏) ("Cork-tree") in its second year (2024: first) of plantation. Honeysuckle is expected to reach maturity in the third year of plantation and Cork-tree is expected to be ready for harvest in the fifth year of plantation.

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15. PROPERTY, PLANT AND EQUIPMENT (continued)

An analysis of the cost/valuation of the above assets is as follows:

	Leasehold land and buildings HK\$'000	Farming plant and equipment HK\$'000	Leasehold improvements HK\$'000	Machineries HK\$'000	Moulds HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Roading HK\$'000	Bearer plant HK\$'000	Total HK\$'000
31 December 2025										
At cost	-	24,737	4,799	5,869	13,707	19,948	2,367	16,938	15,902	104,267
At valuation	48,610	-	-	-	-	-	-	-	-	48,610
	48,610	24,737	4,799	5,869	13,707	19,948	2,367	16,938	15,902	152,877
31 December 2024										
At cost	-	23,532	4,674	6,214	13,729	19,521	1,245	16,113	1,853	86,881
At valuation	54,700	-	-	-	-	-	-	-	-	54,700
	54,700	23,532	4,674	6,214	13,729	19,521	1,245	16,113	1,853	141,581

An analysis of the carrying amounts of the Group's leasehold land and buildings is as follows:

	2025 HK\$'000	2024 HK\$'000
Held under medium term leases in Hong Kong	48,610	54,700

The Group owns several industrial buildings where its manufacturing facilities in relation to the Group's toy business are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. The leasehold land and buildings are held under medium-term leases expiring in June 2047 in Hong Kong. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties were not presented separately as prepaid lease payment in right-of-use assets as the payments for the acquisitions of the leasehold land and buildings could not be allocated reliably.

At 31 December 2025, the Group's leasehold land and buildings with an aggregate carrying amount of approximately of HK\$47,400,000 (2024: HK\$53,200,000) were pledged to secure other loan granted to the Group.

The Group's leasehold land and buildings were revalued at 31 December 2025 and 2024 using the open market value basis by reference to market evidence of recent transactions for similar properties by IVL, an independent firm of qualified professional valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the leasehold land and buildings being valued.

The carrying amount of the Group's leasehold land and buildings at 31 December 2025 would have been approximately HK\$1,439,000 (2024: HK\$1,505,000) had they been stated at cost less accumulated depreciation and impairment losses.

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16. RIGHT-OF-USE ASSETS

	Leased farming land HK\$'000	Leased properties HK\$'000 (note)	Motor vehicles HK\$'000	Prepaid lease payment HK\$'000	Total HK\$'000
Cost					
As at 1 January 2024	1,088	–	3,511	27,438	32,037
Additions	–	4,997	–	–	4,997
Effect of foreign currency exchange	(35)	(95)	–	(904)	(1,034)
As at 31 December 2024 and 1 January 2025	1,053	4,902	3,511	26,534	36,000
Additions	–	2,869	–	–	2,869
Expiry of lease	–	(179)	–	–	(179)
Transfer to property, plant and equipment	–	–	(1,207)	–	(1,207)
Effect of foreign currency exchange	53	302	–	1,359	1,714
As at 31 December 2025	1,106	7,894	2,304	27,893	39,197
Accumulated depreciation					
As at 1 January 2024	81	–	1,785	915	2,781
Charge for the year	40	591	702	2,710	4,043
Effect of foreign currency exchange	(4)	(8)	–	(87)	(99)
As at 31 December 2024 and 1 January 2025	117	583	2,487	3,538	6,725
Charge for the year	40	1,981	602	2,714	5,337
Expiry of lease	–	(179)	–	–	(179)
Transfer to property, plant and equipment	–	–	(1,207)	–	(1,207)
Effect of foreign currency exchange	7	68	–	257	332
As at 31 December 2025	164	2,453	1,882	6,509	11,008
Carrying amount					
At 31 December 2025	942	5,441	422	21,384	28,189
At 31 December 2024	936	4,319	1,024	22,996	29,275

Note:

The landlord should refer to the consumer price Index of the United States department of labor to adjust the rent fee.

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For the year ended 31 December 2025

16. RIGHT-OF-USE ASSETS *(continued)*

	2025 HK\$'000	2024 HK\$'000
Expenses relating to short-term leases	3,530	5,580
Cash outflows in respect of lease	2,703	1,377

The Group has obtained the right to use properties as its leased farming land in the PRC, offices through tenancy agreements in Hong Kong and the United States of America, and the right to use motor vehicles through lease agreements. The leases typically run for an initial period of 2 to 36 years without extension options. The leases only included fixed lease payment. The prepaid lease payment represents the land use right for plantation farms located in PRC which will expire in 2033.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leased farming land	Over the lease term of 29 to 36 years
Leased properties	Over the lease term of 2 to 3 years
Motor vehicles	4 to 5 years
Prepaid lease payment	Over the lease term of 10 years

17. INVESTMENT PROPERTIES

	2025 HK\$'000	2024 HK\$'000
Fair value		
At 1 January	11,251	12,450
Fair value loss recognised in profit or loss	(17)	(925)
Exchange differences	401	(274)
At 31 December	11,635	11,251

The Group's investment properties consist of commercial properties in the PRC and Hong Kong, which are held under medium term leases. The Directors have determined that the investment properties are commercial assets, based on the nature, characteristics and risks of the properties.

Investment properties were revalued at 31 December 2025 and 2024 on the open market value basis by reference to market evidence of recent transactions for similar properties by IVL, an independent firm of qualified professional valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

At 31 December 2025, the Group's investment properties with an aggregate carrying amount of approximately HK\$8,135,000 (2024: HK\$7,950,000) were pledged to secure banking facilities granted to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

18. GOODWILL

	HK\$'000
Cost	
At 1 January 2024	50,940
Acquisition of a subsidiary (Note 35)	951
Exchange difference	(1,692)
At 31 December 2024 and 1 January 2025	50,199
Exchange difference	2,571
At 31 December 2025	52,770
Carrying amount	
At 31 December 2025	52,770
At 31 December 2024	50,199

Goodwill set out above has been allocated to two individual cash generating units ("CGU") arising from the acquisition of Hubei Jincaotang Pharmaceutical Co., Ltd. ("Hubei Jincaotang") in the Chinese herbs — Chinese herbs business segment and Fujian Laojiu in the wines — trading of wines business segment in 2021 and 2024 respectively.

	2025 HK\$'000	2024 HK\$'000
Goodwill is allocated into:		
Chinese herbs	51,786	49,248
Trading of wines	984	951
	52,770	50,199

Chinese herbs

The goodwill arose from the acquisition of Hubei Jincaotang on 27 May 2021, which is engaged in the development, processing and manufacturing of Chinese herbs.

The recoverable amount of the individual cash generating unit ("CGU") was based on its value-in-use calculation using cash flow projections based on financial budgets approved by management covering the period of 3 years (2024: 3 years).

Key assumptions used in the calculation of value-in-use were discount rate, growth rate and budgeted revenue, gross margins, selling and distribution costs and administrative expenses during the 3-year forecasts period. The pre-tax discount rate applied to the cash flow projections is 17.6% (2024: 17.5%). The CGU's cash flows beyond the 3-year period are extrapolated using a steady 2% growth rate (2024: 2%). This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Budgeted revenue has been estimated based on past experience and future expectations in the light of anticipated economic and market conditions. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales, gross margin, selling and distribution costs and administrative expenses, such estimation is based on the unit's past performance and management's expectations for the market development. There has been no change from the valuation technique used in the prior year. Based on the valuation report prepared by IVL, management of the Group determines that there is no impairment on the CGU for the years ended 31 December 2025 and 2024.

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For the year ended 31 December 2025

18. GOODWILL *(continued)*

Chinese herbs *(continued)*

Management of the Group believes that any reasonable possible change in any of these assumptions would not result in impairment.

Trading of wines

The goodwill arose from the acquisition of Fujian Laojiu on 5 June 2024 (note 37(a)), which is engaged in the trading of wines in the PRC.

The recoverable amount of the individual cash generating unit ("**CGU**") was based on its value-in-use calculation using cash flow projections based on financial budgets approved by management covering the period of 5 years.

Key assumptions used in the calculation of value-in-use were discount rate, growth rate and budgeted revenue, gross margins, selling and distribution costs and administrative expenses during the 5-year forecasts period. The pre-tax discount rate applied to the cash flow projections is 22.1% (2024: 22.1%). The CGU's cash flows beyond the 5-year period are extrapolated using a steady 2% (2024: 2%) growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Budgeted revenue has been estimated based on past experience and future expectations in the light of anticipated economic and market conditions. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales, gross margin, selling and distribution costs and administrative expenses, such estimation is based on the unit's past performance and management's expectations for the market development. Based on the valuation report prepared by IVL, management of the Group determines that there is no impairment on the CGU for the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

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19. OTHER INTANGIBLE ASSETS

	Trademark HK\$'000	Customer contracts HK\$'000 (Note i)	Forestry right HK\$'000	Patent use HK\$'000 (Note ii)	Total HK\$'000
Cost					
At 1 January 2024	1,155	42,969	2,302	–	46,426
Acquisition from subsidiary (note 37)	–	–	–	4,093	4,093
Write-off	(1,155)	–	–	–	(1,155)
Exchange difference	–	(1,415)	(76)	(64)	(1,555)
At 31 December 2024 and 1 January 2025	–	41,554	2,226	4,029	47,809
Expiration of customer contracts	–	(42,494)	–	–	(42,494)
Exchange difference	–	940	114	206	1,260
At 31 December 2025	–	–	2,340	4,235	6,575
Accumulated amortisation					
At 1 January 2024	202	40,291	138	–	40,631
Charge for the year	–	2,645	69	160	2,874
Write-off	(202)	–	–	–	(202)
Exchange difference	–	(1,382)	(6)	(3)	(1,391)
At 31 December 2024 and 1 January 2025	–	41,554	201	157	41,912
Charge for the year	–	–	69	275	344
Expiration of customer contracts	–	(42,494)	–	–	(42,494)
Exchange difference	–	940	12	15	967
At 31 December 2025	–	–	282	447	729
Carrying amount					
At 31 December 2025	–	–	2,058	3,788	5,846
At 31 December 2024	–	–	2,025	3,872	5,897

Notes:

- Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. Those customer contracts have finite useful lives and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straightline method over the expected lives of 2-4 years.
- Patent use arised from the acquisition of Fujian Laojiu for the exclusive use of a brand Gushan “鼓山” for the production and sales of yellow wines under the brand in the PRC for a period of 15 years from the commencement of the exclusive agreement in 2022.

Notes to the Consolidated Financial Statements

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20. INVESTMENTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Unlisted investments:		
Share of net assets	171,957	204,894
Goodwill	698,800	698,800
	870,757	903,694
Impairment losses	(698,800)	(698,800)
	171,957	204,894

The following table shows information of associates that are material to the Group. These associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS Accounting Standards financial statements of the associates.

(a) Multijoy Group

Name	Multijoy Developments Limited ("Multijoy")
Principal place of business/country of incorporation	The PRC/British Virgin Islands
Principal activities	Fruit plantation

	2025	2024
% of ownership interests	40%	40%
	HK\$'000	HK\$'000
At 31 December:		
Non-current assets	280,000	377,522
Current assets	176	12,098
Non-current liabilities	(86,063)	(112,188)
Current liabilities	–	(7,095)
Net assets	194,113	270,337
Group's share of net assets	77,645	108,135
Goodwill	453,886	453,886
	531,531	562,021
Impairment losses	(453,886)	(453,886)
Carrying amount of Group's interests	77,645	108,135
Year ended 31 December:		
Revenue	–	–
Loss before tax	(136,626)	(66,502)
Loss after tax	(98,720)	(62,081)
Other comprehensive income/(loss)	22,496	(5,332)
Total comprehensive loss	(76,224)	(67,413)
Dividends received from associates	–	–

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20. INVESTMENTS IN ASSOCIATES *(continued)*

(a) **Multijoy Group** *(continued)*

Impairment assessment

In light of no generation of revenue and the total comprehensive loss incurred by Multijoy Group during the year ended 31 December 2025, the Directors have performed impairment assessment on investment in Multijoy Group. The recoverable amount of Multijoy Group has been determined by an independent professional valuer, Weisi Limited ("**Weisi**") (2024: Weisi) based on fair value less costs of disposal ("**FVLCO**D").

The FVLCO D of Multijoy Group is estimated by Asset Approach. In this approach, the share of the net asset value has been used to capture the present value of the expected future economic benefits to be derived from the ownership of Multijoy Group. Weisi determined the fair value of the major asset owned by Multijoy Group and the resultant value is to be deducted by its liabilities. The major asset of the Multijoy Group included forestry concession rights in the PRC.

The FVLCO D of investment in Multijoy Group is classified as level 3 measurement. There was no change of fair value hierarchy during the years ended 31 December 2025 and 2024. Significant unobservable input included discount factor of lack of control, the higher the discount factor, the lower the fair value.

As a result of the impairment assessment, no impairment loss had been recognised in respect of the investment in Multijoy Group during the year ended 31 December 2025 (2024: Nil).

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20. INVESTMENTS IN ASSOCIATES *(continued)*

(b) Fujian Yuguo Chaye Limited

Name	Fujian Yuguo Chaye Limited ("Fujian Yuguo")
Principal place of business/country of incorporation	The PRC/the PRC
Principal activities	Trading of tea products

	2025	2024
% of ownership interests	33%	33%
	HK\$'000	HK\$'000
At 31 December:		
Non-current assets	5,775	5,494
Current assets	2,134	2,075
Current liabilities	(501)	(477)
Net assets	7,408	7,092
Group's share of net assets	2,445	2,341
Goodwill	31,360	31,360
	33,805	33,701
Impairment losses	(31,360)	(31,360)
Carrying amount of Group's interests	2,445	2,341
Year ended 31 December:		
Revenue	–	42
Loss before tax	(46)	(62)
Loss after tax	(46)	(62)
Other comprehensive income/(loss)	362	(242)
Total comprehensive income/(loss)	316	(304)
Dividends received from associate	–	–

The management assesses whether there is any indication that the investment in associates may be impaired or impairment loss that is previously made may be reversed at each reporting period. The recoverable amount of the investment in an associate is determined based on the higher of value in use or fair value less cost of disposal.

As a result of the impairment assessment, no impairment loss had been recognised in respect of the investment in Fujian Yuguo during the year ended 31 December 2025 (2024: Nil).

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20. INVESTMENTS IN ASSOCIATES *(continued)*

(c) Anhui Fu Lao Wine Development Company Limited

Name	Anhui Fu Lao Wine Development Company Limited ("Anhui Fu Lao")
Principal place of business/country of incorporation	The PRC/the PRC
Principal activities	Trading of wine products

	2025	2024
% of ownership interests	20%	20%
	HK\$'000	HK\$'000
At 31 December:		
Non-current assets	53,244	53,151
Current assets	372,881	383,300
Current liabilities	(470)	(464)
Net assets	425,655	435,987
Group's share of net assets	85,131	87,197
Year ended 31 December:		
Revenue	2,011	3,235
Loss before tax	(31,776)	(14,496)
Loss after tax	(31,776)	(14,496)
Other comprehensive income/(loss)	21,444	(15,026)
Total comprehensive loss	(10,332)	(29,522)
Dividend received from associate	—	—

Since 31 May 2018, the Group has 20% equity interest Anhui Fu Lao. Due to the lack of cooperation from the administrator of the deceased vendor of Anhui Fu Lao (the "Administrator"), the transfer procedures of 20% equity to the Group remains incomplete. Reference to announcement of the Company date on 14 March 2023, the case was concluded on 24 February 2023. The Civil Judgment proclaimed that the 20% equity interests in Anhui Fu Lao under the name of Mr. Chen Jun Wei, son of the deceased shall belong to the Group. Such judgment is final. In the opinion of the Directors, the Group is the rightful owner of the 20% equity interests in Anhui Fu Lao. On 5 February 2025, the Company applied to the courts to exercise its right to enforce the judgement. On 23 April 2025, the Courts have frozen the 20% equity interests by Mr. Chen Jun Wei. Based on the legal opinion from the PRC lawyers dated 27 March 2026, the Group is now waiting for any further action by the courts in respect of the matter.

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20. INVESTMENTS IN ASSOCIATES *(continued)*

(c) Anhui Fu Lao Wine Development Company Limited *(continued)*

Impairment assessment

In view of the slow recovery pace of the global business environment and significant loss incurred by Anhui Fu Lao during the years ended 31 December 2025 and 2024, the Directors have performed impairment assessment on investment in Anhui Fu Lao. The recoverable amount of Anhui Fu Lao has been determined by IVL based on FVL COD.

The FVL COD of Anhui Fu Lao is estimated by the Asset Approach. In this approach, the share of the net asset value has been used to capture the present value of the expected future economic benefits to be derived from the ownership of Anhui Fu Lao. IVL determined the fair value of major assets (Base Wine (酒基), Wine Tanks (酒壇酒) and Land and Buildings) owned by Anhui Fu Lao and the resultant value is to be deducted by its liabilities.

The FVL COD of investment in Anhui Fu Lao is classified as level 3 measurement. There was no change of fair value hierarchy during the years ended 31 December 2025 and 2024. Significant unobservable input included discount factor of lack of control, the higher the discount factor, the lower the fair value.

As a result of the impairment assessment, no impairment loss had been recognised in respect of the investment in Anhui Fu Lao during the year ended 31 December 2025 (2024: Nil).

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20. INVESTMENTS IN ASSOCIATES *(continued)*

(d) USO Management & Holding Co. Ltd.

Name	USO Management & Holding Co. Ltd. ("USO")
Principal place of business/country of incorporation	Samoa/Samoa
Principal activities	Plantation and trading of noni fruit

	2025	2024
% of ownership interests	47%	47%
	HK\$'000	HK\$'000
At 31 December:		
Non-current assets	20,518	22,132
Non-current liabilities	(5,631)	(6,172)
Current liabilities	(556)	(597)
Net assets	14,331	15,363
Group's share of net assets	6,736	7,221
Goodwill	213,554	213,554
	220,290	220,775
Impairment losses	(213,554)	(213,554)
Carrying amount of Group's interests	6,736	7,221
Year ended 31 December:		
Revenue	–	–
Loss before tax	(1,074)	(19,263)
Loss after tax	(1,074)	(19,263)
Other comprehensive income	41	111
Total comprehensive loss	(1,032)	(19,152)
Dividend received from associate	–	–

The Group has 47% ownership interest and voting rights in USO. By considering that the Group has no sufficiently dominant voting rights to direct the relevant activities of USO unilaterally, the Directors conclude that the Group only has significant influence over USO and therefore it is classified as an associate of the Group.

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20. INVESTMENTS IN ASSOCIATES *(continued)*

(d) USO Management & Holding Co. Ltd. *(continued)*

Impairment assessment

The management assesses whether there is any indication that the investment in associates may be impaired or impairment loss that is previously made may be reversed at each reporting period. The recoverable amount of the investment in an associate is determined based on the higher of value in use or fair value less cost of disposal.

During the years ended 31 December 2025 and 2024, USO did not generate any revenues due to a change in the associate's business model in 2024 whereby the previously harvest land would be used as part of a major development plan in Samoa. During the year ended 31 December 2025, the development project was still pending approval from the relevant parties. The Directors have performed impairment assessment on the investment in USO and the recoverable amount for the years ended 31 December 2025 and 2024 is based on the FVLCD.

The recoverable amount of investment in USO for the years ended 31 December 2025 and 2024 has been arrived at using the asset-based approach based on the fair value of USO's leasehold land to derive at the FVLCD.

Based on the valuation report prepared by IVL (2024: Weisi), the recoverable amount of USO is approximately HK\$55,000,000 (2024: HK\$30,000,000), and no impairment loss was recognised for the year ended 31 December 2025 (2024: nil).

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 HK\$'000
Unlisted investments		
— Equity securities	—	—

The unlisted equity investments represented the Group's 20% equity interest in a group of private entities established in the PRC (the "Investment Group") which owned the exploration rights of coal mines in inner Mongolia, the PRC. The Directors have elected to designate these investments in equity instruments at FVTOCI as the investments are held for long-term strategic purpose. The Investment Group, is not regarded as associates of the Group because the Group has no right to appoint directors of the Investment Group and the Group cannot exercise significant influence through participation in the directors' meeting of the Investment Group. In the absence of mining rights of the coal mining, an impairment loss of approximately HK\$3,435,000 was recognised during the year ended 31 December 2020 to fully write down the carrying amount of the investment.

In the opinion of the Directors as at 31 December 2025 and 2024, the Investment Group was still unable to generate cash flows to the Group due to the absence of the mining rights of the coal mines concerned.

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22. DEPOSIT PAID FOR ACQUISITION OF PROPERTY

On 24 October 2024, Kiu Hung (Fujian) Investment Co., Ltd, a wholly-owned subsidiary of the Group in the PRC entered into a sales and purchase agreement with an independent third party not connected with the Group for the purchase of 2,580.39 squares metres of office space in Beijing, the PRC for a consideration of RMB51,608,000 (equivalent to approximately HK\$56,283,000) as its new headquarters in the PRC for the wine segment. The original real estate ownership certificate (房產證) have been held by an independent lawyer 福建乾順律師事務所, as security until the completion of the sale. A refundable deposit of RMB45,000,000 (equivalent on approximately HK\$49,010,000) was paid to the vendor on 25 October 2024 and included as deposit at 31 December 2024. The acquisition is expected to be completed within the next 12 months. A reversal of impairment loss of HK\$587,000 was recognised for the year ended 31 December 2025 (2024: impairment loss of HK\$587,000).

On 30 June 2025, the acquisition of property was cancelled due to encumbrances on some units affecting the complete of transfer and the deposit of RMB45,000,000 was refunded to the Group during the year.

23. DEFERRED INCOME TAX

The following is the analysis of the deferred income tax balances (after offset) for the consolidated statement of financial position purposes:

	2025 HK\$'000	2024 HK\$'000
Deferred income tax assets	143	70
Deferred income tax liabilities	(11,994)	(12,964)
	(11,851)	(12,894)

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23. DEFERRED INCOME TAX (continued)

The following are the major deferred tax liabilities and assets recognised by the Group:

	Decelerated tax depreciation HK\$'000	Accelerated tax depreciation HK\$'000	Revaluation surplus on investment properties and leasehold land and buildings HK\$'000	Fair value adjustments on property, plant and equipment arising from acquisition of a subsidiary HK\$'000	Fair value adjustments on other intangible assets and right-of-use assets arising from acquisition of subsidiaries HK\$'000	Fair value adjustments on biological assets HK\$'000	Total HK\$'000
At 1 January 2024	1,677	–	(12,237)	(671)	(107)	–	(11,338)
Acquisition from subsidiary (note 37)	–	–	–	–	(1,028)	–	(1,028)
Charge to equity for the year	–	–	547	–	–	–	547
Credit to profit or loss for the year	(1,605)	(233)	1,234	(194)	(373)	–	(1,171)
Exchange differences	(2)	–	39	26	33	–	96
At 31 December 2024 and 1 January 2025	70	(233)	(10,417)	(839)	(1,475)	–	(12,894)
Charge to equity for the year	–	–	(121)	–	–	–	(121)
Credit to profit or loss for the year	70	86	1,171	69	86	(146)	1,336
Exchange differences	3	–	(56)	(42)	(73)	(4)	(172)
At 31 December 2025	143	(147)	(9,423)	(812)	(1,462)	(150)	(11,851)

At 31 December 2025, the Group has unused tax losses of approximately HK\$3,494,000 (2024: HK\$3,458,000) available for offset against future profits. No deferred income tax assets have been recognised due to the unpredictability of future taxable profit of these subsidiaries. Tax losses may be carried forward indefinitely.

At 31 December 2025, the aggregate amount of temporary differences associated with undistributed earnings of a subsidiary in the PRC for which deferred tax liabilities have not been recognised was approximately HK\$127,583,000 (2024: HK\$201,006,000). No deferred tax liability has been recognised in respect of these differences because the Directors considers the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

24. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	4,381	5,148
Work in progress	533	206
Finished goods	96,693	92,289
	101,607	97,643

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24. INVENTORIES (continued)

Inventories is allocated into:

	2025 HK\$'000	2024 HK\$'000
Toys	11,096	9,425
Herbs	90,511	88,218
	101,607	97,643

25. BIOLOGICAL ASSETS

Biological assets comprise solely of fresh herbs growing on herb plants.

	2025 HK\$'000	2024 HK\$'000
At 1 January	7,615	5,051
Increase due to purchase, net of cultivation	–	2,789
Increase due to cultivation	564	–
Gain arising from change in fair value less costs to sell	974	–
Decrease due to harvested	(2,511)	–
Written off (note)	(1,183)	–
Exchange difference	330	(225)
At 31 December	5,789	7,615

Note:

At 31 December 2025, honeysuckle flower of HK\$1,226,000 (2024: 3,694,000) is expected to be harvest within the next twelve months after the end of the reporting period and HK\$4,563,000 (2024: 3,921,000) is expected to be harvest in 2027.

During the year ended 31 December 2025, honeysuckle was harvested for the first time and biological assets of approximately HK\$1,183,000 were written off due to sub-standard quality and natural shrinkage.

Honeysuckle is a Chinese herb which can normally be harvested twice a year in April/May and September/October. At 31 December 2025, the Group has 5 honeysuckle plantation farms (2024: 5) which is expected to produce 682,660 honeysuckle (2024: 682,660). The growth cycle of honeysuckle is 3 years from seeding to first harvest and honeysuckle have a lifespan of approximately 20 years. During the year, 1 plantation farm was ready for harvest (2024: 1).

The fair value less costs to sell the Group's biological assets are derived from many assumptions and are affected by factors including different usage of growth, harvest, growth and death rates of honeysuckle, market prices at the time of harvest, buyers' preference and government policy regarding harvesting and government compensation subsidies, any changes in assumptions and factors may affect the fair values less costs to sell of the Group's biological assets dramatically.

Based on the valuation report prepared by IVL, fair value gain of approximately HK\$974,000 has been recognised in profit or loss during the year (2024: Nil).

For the valuation of the biological assets based on the market research, the independent valuers adopted the market comparison approach with reference to market determined prices, market areas and species, which has taken into consideration (i) the market determined prices of the similar honeysuckle available in the market and (ii) the costs to sell such honeysuckle as of the date of valuation.

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For the year ended 31 December 2025

26. TRADE AND BILLS RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables — contracts with customers	52,443	70,173
Less: Allowance for credit losses	(19,112)	(18,846)
Trade receivables, net	33,331	51,327
Bills receivables	8,278	6,102
	41,609	57,429

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	9,578	22,844
31 days to 90 days	22,723	22,327
91 days to 180 days	1,030	6,156
	33,331	51,327

As of 31 December 2025, trade receivables of approximately HK\$221,000 (2024: HK\$2,694,000) were past due and net of allowance. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables based on due date, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 90 days	221	2,694

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	2025 HK\$'000	2024 HK\$'000
Trade deposits	(a)	29,943	5,338
Deposit and other receivables	(b)	6,881	17,752
Prepayment	(c)	50,329	24,016
		87,153	47,106

	2025 HK\$'000	2024 HK\$'000
Analysed as:		
Non-current	7,867	13,900
Current	79,286	33,206
	87,153	47,106

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

- (a) At 31 December 2025, trade deposits of approximately HK\$5,044,000 and HK\$24,899,000 in relation to the Group's toy business and wines, food and beverage products respectively (2024: toy business HK\$5,338,000) for purchases toys and gift items and wines, food and beverage products.

(b)

	2025 HK\$'000	2024 HK\$'000
Due from associate	–	10,618
Other taxes recoverable	1,782	3,206
Other receivables	5,099	3,928
	6,881	17,752

- (c) As 31 December 2025, prepayments included approximately HK\$39,896,000 and HK\$678,000 (2024: HK\$717,000 and HK\$778,000) in relation to the Group's wine, food and beverage products and toys business respectively for the purchase of inventories, office operating expenses and marketing fees.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28. BANK BALANCES AND CASH

	2025 HK\$'000	2024 HK\$'000
Cash and cash equivalents consisted of:		
Bank balance	156,066	135,708
Cash in hand	155	193
	156,221	135,901

As at 31 December 2025, the bank balances and cash of the Group denominated in RMB amounted to approximately HK\$81,011,000 (2024: HK\$55,441,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

For the year ended 31 December 2025, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided (2024: Nil).

At 31 December 2025 and 2024, bank balances are free from encumbrance.

29. TRADE PAYABLES

An aging analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	27,324	19,692
31 days to 90 days	18,445	2,901
91 days to 180 days	153	1,138
181 days to 360 days	155	1,841
Over 360 days	3,340	1,790
	49,417	27,362

The credit period on payable within 90 days, 120 days and 30 days for sales of toys and gifts items, sales of Chinese herbs products and sales of wines, food and beverage products respectively.

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30. ACCRUALS AND OTHER PAYABLES

	Note	2025 HK\$'000	2024 HK\$'000
Other payables	(a)	27,531	52,399
Obligation under share re-purchase arrangement	36(a)	–	8,000
Other accruals		10,541	11,568
Accrued salaries		27,106	26,807
Accrued professional fees		5,413	5,501
VAT payables		2,139	3,450
Due to related parties	45(b)(iii)	18,261	13,619
		90,991	121,344

(a) Other payables comprised:

	2025 HK\$'000	2024 HK\$'000
Overpayment from customer (Note i)	–	16,000
Guo Jing Sheng ("Mr. Guo") (Note ii)	–	9,538
Royalty payable	4,956	3,958
Commission payable	6,262	5,082
Others	16,313	17,821
	27,531	52,399

Note:

(i) As of 31 December 2025, the overpayment from customer has been refunded.

(ii) As at 31 December 2024, included in other payables is an amount due to Mr. Guo of approximately HK\$9,538,000 in relation outstanding borrowings. The amount was fully settled during the year. Details per note 47(a) to the consolidated financial statements.

Notes to the Consolidated Financial Statements

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31. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Contract liabilities:		
Manufacturing and trading of toys and gifts items	202	401
Trading of wines, food and beverage products	5,712	185
	5,914	586

	Manufacturing and trading of toys and gifts items HK\$'000	Trading of wines, food and beverage products HK\$'000	Total HK\$'000
As at 1 January 2024	416	–	416
Revenue recognised during the year that was included in contract liability at beginning of year	(15)	–	(15)
Consideration received from customers during the year over the amounts of revenue recognised	–	185	185
As at 31 December 2024	401	185	586
Revenue recognised during the year that was included in contract liability at beginning of year	(401)	(185)	(586)
Consideration received from customers during the year over the amounts of revenue recognised	202	5,712	5,914
As at 31 December 2025	202	5,712	5,914

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Contract liabilities represent the deposit amounts received from certain customers when they place orders, typically representing 10% to 30% of the sales order value. The increase in contract liabilities in 2025 was mainly due to the increase in advances received from customers in relation to the sales of toys and gifts items and wine, food and beverage products at the end of the reporting period.

Notes to the Consolidated Financial Statements

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32. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	2,434	2,064
Within a period of more than one year but not more than two years	2,008	1,853
Within a period of more than two years but not more than five years	1,648	1,357
Within a period of more than five years	975	958
	7,065	6,232
Less: Amount due for settlement with 12 months shown under current liabilities	(2,434)	(2,064)
Amount due for settlement after 12 months shown under non-current liabilities	4,631	4,168

The incremental borrowing rates applied to lease liabilities range from 4.6% to 10.2% (2024: from 4.6% to 9.47%).

33. BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Bank loans	38,856	7,355
Other loans	164,171	135,794
	203,027	143,149
Analysed as:		
Secured	109,250	101,853
Unsecured	93,777	41,296
	203,027	143,149
The carrying amounts of the above borrowings are repayable:		
On demand or within one year	199,572	143,149
Between one to two years	3,455	–
	203,027	143,149
Analysed as:		
Current	199,572	143,149
Non-current	3,455	–
	203,027	143,149

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33. BORROWINGS (continued)

The average interest rates at 31 December were as follows:

	2025	2024
Bank loans	4.71%	5%
Other loans	6.11%	7%

At 31 December 2025, borrowings of approximately HK\$108,227,000 (2024: HK\$113,983,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. The remaining borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The directors estimate the fair values of the Group's borrowings to be approximated to its carrying amounts as at the end of the reporting periods.

Notes:

- (i) The Group's leasehold land and buildings with carrying amount as at 31 December 2025 of approximately HK\$47,400,000 (2024: HK\$53,200,000) and investment properties with carrying amount as at 31 December 2025 of approximately HK\$8,135,000 (2024: HK\$7,950,000) were pledged as security for the Group's other loan with carrying amount as at 31 December 2025 of approximately HK\$97,850,000 respectively (2024: 90,650,000). At 31 December 2025, other loan of HK\$60,000,000 and accrued interest of HK\$37,850,000 has been defaulted (2024: HK\$60,000,000 and HK\$30,650,000 respectively).
- (ii) At 31 December 2025, the Group's borrowing of approximately HK\$3,622,000 (2024: HK\$3,445,000) were secured by personal guarantee by senior management of subsidiaries of the Group.
- (iii) The Group's bank loan and other loan of approximately HK\$3,920,000 and HK\$3,858,000 respectively (2024: HK\$3,910,000 and HK\$3,848,000 respectively) were secured by a floating charge and fixed charge respectively over all assets of a subsidiary of the Group and directors with carrying amount of approximately HK\$6,624,000 (2024: HK\$6,607,000) as at 31 December 2025.
- (iv) At 31 December 2025, other loan of approximately USD496,000 (equivalent on approximately HK\$3,858,000) has been defaulted (2024: USD496,000 (equivalent on approximately HK\$3,848,000)).

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34. CONVERTIBLE BONDS

The movements of the liability and the derivative components of the CB are set out as below:

	Liability Component HK\$'000	Equity Conversion Component HK\$'000	Derivative Component HK\$'000	Total HK\$'000
At 1 January 2024	130,605	–	6	130,611
Upon issue of convertible bonds (note (ii))	29,400	15,600	–	45,000
Redemption of convertible bonds (note (i))	(51,000)	–	–	(51,000)
Conversion of convertible bonds (note (ii))	(29,850)	(15,600)	–	(45,450)
Change in fair value	–	–	(1)	(1)
Effective interest expense	18,815	–	–	18,815
At 31 December 2024 and 1 January 2025	97,970	–	5	97,975
Redemption of convertible bonds (note (i))	(68,000)	–	–	(68,000)
Change in fair value	–	–	(5)	(5)
Effective interest expense	16,836	–	–	16,836
At 31 December 2025	46,806	–	–	46,806

	2025 HK\$'000	2024 HK\$'000
Analysed as:		
Current	46,806	61,553
Non-current	–	36,422
	46,806	97,975

(i) Acquisition of a subsidiary

On 11 September 2019, the Group acquired 51% equity interests in Hubei Jincaotang and committed to issue of Convertible Bonds (the "CB") to the vendor in aggregate five tranches of CB. As at 9 June 2023, all five tranches of CB have been issued to the vendor. The aggregate principal amount of the five tranches of the CB that were issued amounted to HK\$170,000,000. The aggregate principal amount of the CB that was outstanding as at 31 December 2025 was HK\$51,000,000 (2024: HK\$119,000,000).

The CB entitle the holders to convert them into ordinary shares of the Company at any time between the date of issuance and the date falling on the third anniversary of the date of issue of each tranche of the CB at a conversion price of HK\$2.00 per share initially. The conversion price was adjusted from HK\$10.00 per share to HK\$50.00 per adjusted share and from HK\$50.00 per share to HK\$100.00 per adjusted share as a result of the share consolidation on 28 April 2023 and 18 January 2024 respectively. If the CB had not been converted, they will be redeemed on maturity date at par. The CB does not bear any coupon interest. The Company has the right to redeem the whole or any part of the principal amount of the CB at any time on any business day prior to the maturity date. The derivative components comprise early redemption option and conversion are measured at fair value with changes in fair value recognised in profit or loss. During the year ended 31 December 2025, none of the CBs issued have been converted (2024: Nil).

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34. CONVERTIBLE BONDS *(continued)*

(i) Acquisition of a subsidiary *(continued)*

1st Tranche Convertible Bonds

During the year ended 31 December 2024, 1st Tranche of the CB issued was redeemed upon maturity.

2nd to 3rd Tranche Convertible Bonds

During the year ended 31 December 2025, the 2nd Tranche of the CB was settled and the 3rd Tranche of the CB was settled early by issue of the Company's share. The details are set out in note 36(f).

4th to 5th Tranche Convertible Bonds

Based on the Auditor's Certificates of Hubei Jincaotang issued by a PRC auditor for the Fourth Relevant Period and Final Relevant Period issued on 17 April 2023 and 9 June 2023 respectively, the Actual Profits had fulfilled the profit guarantee conditions for the respective Relevant Periods and the Company has issued the 4th Tranche Convertible Bonds and 5th Tranche Convertible Bonds in the principal amounts of HK\$34,000,000 and HK\$17,000,000 respectively to the Vendor. The CB contain two components, a liability component and a derivative component representing the conversion option and the early redemption option at the option of issuer. The fair value of the liability component and derivative component for these tranches of the Convertible Bonds on initial recognition were determined at the date of issuance of the CB. The effective interest rate of the liability component is 26.45% and 27.34% for the 4th Tranche Convertible Bonds and 5th Tranche Convertible Bonds.

The fair values of the derivative components of the CB at the initial recognition in 2023 and at end of the reporting period were determined by independent qualified valuer based on the Binomial Pricing model, with significant unobservable inputs and therefore were classified as level 3 of the fair value hierarchy. The key inputs used in the model are as follow:

At 31 December 2025	4th Tranche Convertible Bonds	5th Tranche Convertible Bonds
Conversion period start date	17 April 2023	9 June 2023
Conversion period end date	17 April 2026	9 June 2026
Maturity date	17 April 2026	9 June 2026
Time to maturity	0.29 years	0.44 years
Conversion price	HK\$100*	HK\$100*
Expected volatility	89%	79%
Expected dividend yield	Nil	Nil
Risk-free rate	2.26%	2.30%
Discount rate	17.95%	18.24%
Percentage of principal amount to be repaid at redemption	100%	100%

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34. CONVERTIBLE BONDS (continued)

(i) Acquisition of a subsidiary (continued)

4th to 5th Tranche Convertible Bonds (continued)

At 31 December 2024	2nd Tranche Convertible Bonds	3rd Tranche Convertible Bonds	4th Tranche Convertible Bonds	5th Tranche Convertible Bonds
Conversion period start date	1 July 2022	4 November 2022	17 April 2023	9 June 2023
Conversion period end date	1 July 2025	4 November 2025	17 April 2026	9 June 2026
Maturity date	1 July 2025	4 November 2025	17 April 2026	9 June 2026
Time to maturity	0.5 years	0.84 years	1.29 years	1.44 years
Conversion price	HK\$100*	HK\$100*	HK\$100*	HK\$100*
Expected volatility	188%	150%	125%	120%
Expected dividend yield	Nil	Nil	Nil	Nil
Risk-free rate	3.68%	3.53%	3.46%	3.44%
Discount rate	11.85%	14.44%	13.76%	16.56%
Percentage of principal amount to be repaid at redemption	100%	100%	100%	100%

* Price adjustment to HK\$100 following the share consolidation of the Company on 16 January 2024.

(ii) 2024 Convertible Bonds

On 6 February 2024, the Company completed the placement of convertible bonds in the aggregate principal amount of HK\$45,000,000 to not less than six placees. The convertible bonds carry interest at 4% per annum and maturity date of fifth anniversary of the date of issue of the convertible bonds ("**2024 Convertible Bonds**"). The 2024 Convertible Bonds can be converted from the issue date of the convertible bonds up to the close of business on the day falling seven (7) business days prior to the maturity date with a conversion price of HK\$0.30 per conversion share. The net proceeds from the Placing are approximately HK\$44,500,000 and will be applied as to (i) approximately HK\$30,000,000 for the construction of traditional Chinese medicinal herbs plantation base in Hubei; (ii) approximately HK\$10,000,000 for the setting up of a new TCM decoction pieces production lines; and (iii) the remaining of the net proceeds in the approximate amount of HK\$4,500,000 for general working capital of the Group.

The CB contain two components, a liability component and conversion option equity component. The fair value of the liability component and equity components on initial recognition was approximately HK\$29,400,000 and HK\$15,600,000 respectively were determined at the date of issuance of the CB. The effective interest rate of the liability component is 20.54%.

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34. CONVERTIBLE BONDS *(continued)*

(ii) 2024 Convertible Bonds *(continued)*

The fair values of the derivative components of the CB at initial recognition were determined by independent qualified valuer based on the Binomial Pricing model, with significant unobservable inputs and therefore were classified as level 3 of the fair value hierarchy. The key inputs used in the model are as follow:

At 6 February 2024	
Conversion period start date	6 February 2024
Conversion period end date	7 days prior to 6 February 2027
Maturity date	6 February 2027
Time to maturity	3 years
Conversion price	HK\$0.30
Expected volatility	114%
Expected dividend yield	Nil
Risk-free rate	3.20%
Discount rate	20.54%
Percentage of principal amount to be repaid at redemption	100%

Between 2 May 2024 to 23 May 2024, the bond holders fully converted the 2024 Convertible Bonds into 150,000,000 ordinary shares of the Company. Details per note 36(c).

35. LONG SERVICE PAYMENT OBLIGATIONS

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, Hong Kong employees that have been employed continuously for at least five years are entitled to LSP under certain circumstances (e.g. dismissal by employers or upon retirement).

The amount of LSP payable is determined with reference to the employee's last monthly salary (capped at HK\$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF, with an overall cap of HK\$390,000 per employee. Currently, the Group does not have any separate funding arrangement in place to meet its LSP obligations.

In June 2022, the Hong Kong SAR Government (the "**Government**") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Amendment Ordinance will take effect on 1 May 2025 (the "**Transition Date**"). Separately, the Government has indicated that it would launch a subsidy scheme to assist employers after the abolition.

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35. LONG SERVICE PAYMENT OBLIGATIONS *(continued)*

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

The benefit payment under LSP remains capped at HK\$390,000 per employee. If an employee's total benefit payment exceeds HK\$390,000, the amount in excess of the cap is deducted from the portion accrued from the Transition Date.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in Note 3.3(c) to the consolidated financial statements.

The Group has determined that the Amendment Ordinance primarily impacts the Group's LSP obligations with respect to Hong Kong employees.

The present value of unfunded LSP obligations and its movements are as follows:

	2025 HK\$'000
At 1 January	–
Expenses recognised in profit or loss	
— Current service cost	1,112
At 31 December	1,112

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35. LONG SERVICE PAYMENT OBLIGATIONS *(continued)*

Estimates and assumptions

The significant actuarial assumptions for the determination of LSP obligations are as follows:

	2025
Discount rate	3.72%
Salary growth rate	5%

These assumptions were developed by management. Discount factors are determined close to each period-end by reference to market yields of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related LSP obligations. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The present value of the LSP obligations was measured using the projected unit credit method.

The weighted average duration of the LSP obligations is 11.63 years.

Expected maturity analysis of undiscounted LSP obligations in the next 13 years as at 31 December 2025 is disclosed as follows:

	Within 1 year HK\$'000	Over 1 year but within 2 years HK\$'000	Over 2 years but within 5 years HK\$'000	Over 5 years HK\$'000
31 December 2025				
LSP obligations	–	318	371	3,747

The LSP obligations expose the Group to actuarial risks such as interest rate risk, salary risk and the investment risk of the Group's MPF scheme's constituent funds.

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35. LONG SERVICE PAYMENT OBLIGATIONS *(continued)*

Changes in the significant actuarial assumptions

The calculation of the LSP obligations is sensitive to the significant actuarial assumptions mentioned above. The following table summarises the effects of changes in these actuarial assumptions on the LSP obligations at the end of each reporting periods.

	Changes in assumption	Impact on LSP obligations Increase in the assumption HK\$'000	Decrease in the assumption HK\$'000
As at 31 December 2025			
Discount rate	5%	(27)	27
Salary growth rate	5%	18	(18)

The sensitivity analyses presented above may not be representative of actual change in the LSP obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. When calculating the sensitivity of the LSP obligation to significant actuarial assumptions, the same actuarial valuation method has been applied when calculating the LSP obligations recognised in the consolidated statement of financial position.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from prior year.

36. SHARE CAPITAL

	Notes	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each			
Authorised:			
At 1 January 2024		39,721,140,615	1,986,056
2024 share consolidation	(b)	(19,860,570,308)	–
At 31 December 2024 and 2025		19,860,570,307	1,986,056

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. SHARE CAPITAL (continued)

	Notes	Number of shares	Amount HK\$'000
Issued and fully paid:			
At 1 January 2024		193,507,544	9,675
Issue of shares			
— 2024 share consolidation	(b)	(96,753,772)	—
— conversion of convertible bonds	(c)	150,000,000	15,000
— placement of shares	(d)	470,000,000	47,000
— loan capitalisation	(e)	72,570,754	7,257
At 31 December 2024 and 1 January 2025		789,324,526	78,932
Issue of shares			
— issue of shares	(f)	157,800,000	15,780
At 31 December 2025		947,124,526	94,712

	Notes	Number of shares 2025	2024	Amount 2025 HK\$'000	2024 HK\$'000
Classified as:					
Share capital		947,124,526	789,244,526	94,712	78,924
Obligation under share repurchase arrangement	(a)	—	80,000	—	8
		947,124,526	789,324,526	94,712	78,932

Note:

- (a) On 21 May 2019, the Company issued and allotted 80,000,000 ordinary shares of the Company at HK\$0.10 per share (the "Shares") as settlement sum for HK\$8,000,000 as partial settlement of Mr. Guo's debt of HK\$17,600,000. As there is a buy-back clause for the Shares by the Company contained in the Settlement Deed, the Shares for HK\$8,000,000 are classified as financial liabilities and presented as obligation under share repurchase arrangement instead of equity under share capital as at 30 June 2022 and 31 December 2021.

On 15 May 2020, the Company received a writ of summons from Mr. Guo demanding an order that the Company buy back the shares from Mr. Guo. As at the date of this report, the Company is liaising with Mr. Guo about the buy-back of the shares.

On 27 June 2022, the Company completed the 2022 share consolidation, as a result of the share consolidation, total number of ordinary shares due to Mr. Guo was adjusted from 4,000,000 ordinary shares to 800,000 ordinary shares. Also, total amount of ordinary shares due to the Mr. Guo was adjusted from HK\$40,000 to HK\$8,000 effect by the capital reduction.

On 28 April 2023, the Company completed the share consolidation, refer to note (b), as a result of the 2023 share consolidation, total number of ordinary shares due to Mr. Guo was adjusted from 800,000 ordinary shares to 160,000 ordinary shares to reflect the share consolidation.

On 18 January 2024, the Company completed the share consolidation, refer to note (c), as a result of the 2024 share consolidation, total number of ordinary shares due to Mr. Guo was adjusted from 160,000 ordinary shares to 80,000 ordinary shares to reflect the share consolidation.

On 3 July 2025, a substantial shareholder of the Company, Ms. Ou Zhu settled Mr. Guo's debt of HK\$9,600,000 and purchased the 80,000 ordinary shares from Mr. Guo, details are set out in Note 47(a).

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36. SHARE CAPITAL (continued)

Note: (continued)

- (b) Pursuant to the special resolution passed on 16 January 2024 and became effective on 18 January 2024, the Company implemented the share consolidation on the basis of every two (2) issued and unissued existing shares of HK\$0.05 each will be consolidated into one (1) consolidated share of HK\$0.1 each (the **"2024 Share Consolidation"**). The effective date of the 2024 share consolidation is 18 January 2024. Details of 2024 Share Consolidation is disclosed in the circular of the Company dated 27 December 2023 and announcement of the Company dated 16 January 2024.
- (c) Between 2 May 2024 to 23 May 2024, 150,000,000 ordinary shares was issued and allotted to the convertible bond holders upon conversion of the 2024 Convertible Bonds with a principal amount of HK\$45,000,000.
- (d) On 30 September 2024, the Company completed the placement of 470,000,000 ordinary shares to not less than six placees at the placing price of HK\$0.111 per placing share. The net proceeds from the Placing, after deduction of the placing commission and other related expenses, amounted to approximately HK\$51,300,000. HK\$51,000,000 of the net proceeds from the placement will be utilised to repay the outstanding amount of the Hubei CB in full and the remaining net proceeds from the placement of HK\$300,000 for general working capital of the Company. Details of the placement is set out in the circular of the Company dated 19 August 2024 and in the announcements of the Company on 16 August 2024, 9 September 2024 and 30 September 2024.
- (e) On 17 May 2024, the Company issued and allotted 19,350,000 ordinary shares at the subscription price of HK\$0.147 per share to a creditor in settlement of the amount due to her of approximately HK\$19,200,000 which was included in other loan and a gain on extinguishment of financial liabilities by issue of ordinary shares of approximately HK\$16,343,000 was recognised. Details of loan capitalisation is disclosed in the announcements of the Company dated 3 May 2024 and 17 May 2024. In addition, on 10 October 2024, the Company issued and allotted 53,220,754 ordinary shares at the market price of HK\$0.78 each to a creditor in settlement of the amount due to her of approximately HK\$7,980,000 which was included in other loan and a loss on extinguishment of financial liabilities by issue of ordinary shares of approximately HK\$33,529,000 was recognised. Details of the loan capitalisation is disclosed in the announcements of the Company dated 9 June 2023 and 23 June 2023. Details are set out in the announcement of the Company dated 2 October 2024 and 10 October 2024 (**"2024 Loan Capitalisation"**). The excess of the fair value of the shares issued to the creditors at the date of settlement over the carrying amount of the liability owed to the creditor is recognised as loss on extinguishment of the financial liability of approximately HK\$17,186,000 in the consolidated statement of profit or loss for the year ended 31 December 2024.
- (f) On 22 July 2025, the Company completed the issue of 157,800,000 subscription shares were allotted and issued to the subscriber independent third party not connected with the Group at the subscription price of approximately HK\$0.4309 per subscription share pursuant to the terms of the subscription agreement. The money payable by the Subscriber of approximately HK\$68 million under the Subscription Agreement shall be satisfied by way of (i) off-setting against the principal amount of the Second Hubei CB of HK\$34 million payable by the Company to the Subscriber; and (ii) early redemption of the Third Hubei CB by the Company, whereupon the redemption money payable by the Company to the Subscriber in respect of the Third Hubei CB in the principal amount of HK\$34 million be set off against the subscription money payable by the Subscriber. The subscription was fulfilled and completed on 22 July 2025 of the market price of HK\$0.53 each. Details of subscription is disclosed in the announcement of the Company dated 4 July 2025 and 22 July 2025. The excess of the fair value of the shares issued to the creditors at the date of settlement over carrying amount of the liability owed to the creditor is recognised as loss on extinguishment of financial liability of approximately HK\$15,634,000 in the consolidated statement of profit or loss for the year ended 31 December 2025.

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For the year ended 31 December 2025

37. ACQUISITION OF A SUBSIDIARY

(a) Acquisition of Fujian Laojiu

On 31 May 2024, Kiu Hung (Fujian) Investment Limited, a wholly owned indirect subsidiary of the Group entered into a sales and purchase agreement with Jiang Ping, independent third party for the acquisition 60% of the equity interest in Fujian Laojiu for a consideration of RMB1 (equivalent to approximately HK\$1) as supplemented by the subsequent capital injection of RMB1,000,000 (equivalent to approximately HK\$1,077,000) on 1 June 2024. Fujian Laojiu is principally engaged in the trading of wines in the PRC. The acquisition has been accounted for as acquisition of business using the acquisition method. The acquisition was completed on 5 June 2024.

	HK\$'000
Consideration transferred	–
Capital injection	1,077
Total	1,077

The fair value of the identifiable assets acquired and liabilities assumed of the acquiree as at the date of acquisition were:

	Notes	HK\$'000
Property and equipment	15	395
Intangible assets	19	4,093
Trade receivables		9,195
Deposits and prepayment		213
Income tax recoverable		463
Bank balances and cash		1
Trade payables		(12,632)
Other payables and accrued expenses		(490)
Deferred tax liabilities	23	(1,028)
Total identifiable net assets at fair value		210
Non-controlling interests		84
Consideration		1,077
Less: Share of fair value of net assets acquired		(126)
Goodwill		951
Net cash inflow arising on acquisition:		
Cash and cash equivalents acquired		1

The receivables acquired (which principally comprised trade receivables) with a fair value of approximately HK\$9,195,000 at the date of acquisition had gross contractual amounts of approximately HK\$9,195,000. The best estimate at acquisition date of contractual cash flows not expected to be collected was nil.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. ACQUISITION OF A SUBSIDIARY *(continued)*

(a) Acquisition of Fujian Laojiu *(continued)*

Net cash inflow on acquisition Fujian Laojiu

	HK\$'000
Cash consideration paid	–
Less: cash and cash equivalents balances acquired	(1)
	(1)

Impact of acquisition on the results of the Group

Included in the profit for the year is approximately HK\$4,000 attributable to the additional business generated by Fujian Laojiu. Revenue for the year includes approximately HK\$51,528,000 generated from Fujian Laojiu.

Had the acquisition of Fujian Laojiu been completed on 1 January 2024, total revenue for the year of the Group would have been approximately HK\$417,520,000, and loss for the year would have been approximately HK\$71,786,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Fujian Laojiu been acquired at the beginning of the current year, the directors of the Company calculated depreciation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

(b) Acquisition of Heilongjiang Yingli

On 22 October 2025, Heilongjiang Yingli, a wholly owned indirect subsidiary of the Group entered into a sales and purchase agreement with Meng Fanyou, Sun Linhao and Heilongjiang Yingli Agricultural Group Co., Ltd, independent third parties for the acquisition 65% of the equity interest in Heilongjiang Yingli for a consideration of RMB6,500,000 (equivalent to approximately HK\$7,088,250). Upon completion of the acquisition, the Group indirectly holds 33% of the equity interest in Heilongjiang Yingli. Heilongjiang Yingli is principally engaged in the trading of food and beverage product in the PRC. The acquisition was completed on 22 October 2025. The above transactions were accounted for as acquisition of assets rather than business combination because the acquired set of assets and activities from the related entities do not include inputs and substantive processes that together significantly contributed to the ability to create outputs. The net outflow of cash and cash equivalents from the acquisition has been reflected under cash flows from investing activities in the consolidated statement of cash flows.

Acquisition of a subsidiary

	HK\$'000
Cash consideration paid	7,088

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. ACQUISITION OF A SUBSIDIARY *(continued)*

(b) Acquisition of Heilongjiang Yingli *(continued)*

The net assets acquired were as follows:

	HK\$'000
Deposits and prepayment	5,878
Bank balances and cash	5,027
Net assets	10,905
Non-controlling interests	3,817
Total consideration	7,088
Net cash outflow arising on acquisition:	
Cash consideration paid	7,088
Less: cash and cash equivalents acquired	(5,027)
Net outflow of cash and cash equivalent	2,061

38. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to continue with the expansion plan of the Group's businesses. In order to fund the daily operation and the expansion of the businesses of the Group, significant amounts of capital in the form of borrowing or equity, or a combination of both, is considered to be necessary in the future. The directors consider such funding for the future operation and expansion will be available as and when required.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, if any, return capital to shareholders, issue new shares, or sell assets to reduce debts. No changes had been made in the objectives, policies and processes during the years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is the Group's net debts (comprising trade payables, accruals and other payables, amount due to an associate, lease liabilities, borrowings and convertible bonds less bank and cash balances) over its total equity. The Group policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratio as at 31 December 2025 was 71.7% (2024: 68%).

The Group is not subject to any externally imposed capital requirements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets:		
Financial assets at amortised costs	234,654	221,071
Financial liabilities:		
Financial liabilities at amortised costs	390,416	389,997
Lease liabilities	7,065	6,232
Derivative component of convertible bonds	–	5

(b) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and interest rate 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.

(i) Market risk

Currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies (HK\$, RMB and US\$) of the Group's entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

As HK\$ is pegged with US\$, management is of the view that there is no significant foreign exchange risk to the Group.

At the end of the reporting period, foreign currency denominated financial assets and liabilities, translated into HK\$ closing rates, are as follows:

	2025		2024	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
RMB	213	–	260	–

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(i) **Market risk** *(continued)*

Sensitivity analysis

The following table demonstrates the sensitivity as at the end of each of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's post-tax loss (due to changes in the fair value of monetary assets) and the Group's entities.

	Increase/(decrease) in rate of foreign currency %	Impact on post-tax (loss)/profit HK\$'000
At 31 December 2025		
If HK\$ weakens against RMB	5	11
If HK\$ strengthens against RMB	(5)	(11)
At 31 December 2024		
If HK\$ weakens against RMB	5	13
If HK\$ strengthens against RMB	(5)	(13)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings, promissory notes and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate borrowings.

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

No sensitivity analysis of interest rate is presented as change in interest rate has no material effect on pre-tax loss as a result of change in interest rate applied to the Group's variable-rate borrowings.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(ii) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bills receivables, deposits and other receivables and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

The Group's concentration of credit risk primarily arise when the Group has significant exposure to individual customer at 31 December 2025, as 43% (2024: 40%) of the total trade receivables from the toys business, and 67% (2024: 68%) of the total trade receivables was due from the Group's largest customer and five largest customers, respectively. These receivables are primarily related to 45% of the toys business, 9% of Chinese herbs, and 12% of wines, food, and beverage products (2024: 49% of the toys business and 19% of Chinese herbs).

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally for a period of 1 month, extending up to 3 months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Group also performs impairment assessment under ECL model on trade receivables with significant balances and credit-impaired individually or based on provision matrix. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure. A reversal of impairment of approximately HK\$155,000 was recognised during the year (2024: impairment of HK\$7,525,000). Details of the quantitative disclosures are set out below in this note.

Bills receivables

The credit risk associated with bills receivables, which are all bank acceptance drafts, is limited because the accepting bank will cashes the bills unconditionally when the entity presents these bills.

Bank balances

The credit risk of the Group on liquid funds is limited because the majority of the counterparties are international banks and state-owned banks with good reputation.

Other receivables

For other receivables with aggregate gross carrying amounts of approximately HK\$63,094,000 (2024: HK\$49,138,000), the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also qualitative and quantitative information that is reasonable and supportive forward-looking information. The loss rate is determined based on historical cumulative default rates and average recovery rates, categorized by credit ratings and debt seniority. The management believes that there has been a significant increase in credit risk for other receivables with gross carrying amounts of approximately of HK\$25,963,000 as at 31 December 2025 (2024: HK\$26,048,000) compared to initial recognition and the Group provided impairment based on the internal credit rating and the amounts being credit-impaired. For the year ended 31 December 2025, the Group assessed the ECL for other receivables to be credit-impaired and a reversal of impairment loss of approximately HK\$1,781,000 was recognised (2024: impairment of HK\$1,454,000).

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39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(ii) Credit risk and impairment assessment *(continued)*

Internal credit rating	Description	Trade and bills receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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

2025	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK\$'000
Financial assets at amortised costs				
Trade receivables	26	Low risk Loss	Lifetime ECL Lifetime ECL — credit-impaired	33,331 19,112
Bill receivables	26	Low risk	12-month ECL	8,278
Deposits and other receivables	27	Low risk Loss	12-month ECL Lifetime ECL — credit-impaired	37,131 25,963
Bank balances and cash	28	Low risk	12-month ECL	156,221

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39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(ii) Credit risk and impairment assessment *(continued)*

2024	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK\$'000
Financial assets at amortised costs				
Trade receivables	26	Low risks	Lifetime ECL	48,703
		Doubtful	Lifetime ECL	2,702
		Loss	Lifetime ECL — credit-impaired	18,768
Bill receivables	26	Low risks	12-month ECL	6,102
Deposits and other receivables	27	Low risks	12-month ECL	23,090
		Loss	Lifetime ECL — credit-impaired	26,048
Bank balances and cash	28	Low risks	12-month ECL	135,901

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired).

Gross carrying amount	2025		2024	
	Average loss rate	Gross trade receivables HK\$'000	Average loss rate	Gross trade receivables HK\$'000
Current (not past due)	0%	27,102	0%	22,851
Within 90 days past due	0%	6,229	0%	22,335
91 days to 180 days past due	0%	—	1%	6,219
181 days to 360 days past due	0%	—	99%	11,247
Over 360 days past due	100%	19,112	100%	7,521
		52,443		70,173

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

During the year ended 31 December 2025, the Group recognised reversal of impairment allowance for trade receivables of approximately HK\$155,000 (2024: provided HK\$7,525,000) based on the provision matrix.

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For the year ended 31 December 2025

39. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

(ii) Credit risk and impairment assessment *(continued)*

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

	Lifetime ECL HK\$'000
As at 1 January 2024	11,661
Impairment loss recognised	7,525
Exchange difference	(340)
As at 31 December 2024 and 1 January 2025	18,846
Reversal of impairment loss	(155)
Exchange difference	421
As at 31 December 2025	19,112

Changes in the loss allowance for trade receivables are mainly due to:

	2025 HK\$'000	2024 HK\$'000
Changes in average loss rate/Net remeasurement of loss allowance	(155)	7,525
Exchange difference	421	(340)
	266	7,185

The following table shows the movement in lifetime ECL that has been recognised for other receivables under the general approach.

	Lifetime ECL HK\$'000
As at 1 January 2024	25,940
Impairment loss recognised	1,454
Exchange difference	(759)
As at 31 December 2024 and 1 January 2025	26,635
Reversal of impairment loss	(1,781)
Exchange difference	1,415
As at 31 December 2025	26,269

Changes in the loss allowance for other receivables are mainly due to:

	2025 HK\$'000	2024 HK\$'000
Net remeasurement of loss allowance	(1,781)	1,454
Exchange difference	1,415	(759)
	(366)	695

For the year ended 31 December 2025

(b) Financial risk management objectives and policies *(continued)*

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
At 31 December 2025						
Trade payables	49,417	–	–	–	49,417	49,417
Accruals and other payables	90,991	–	–	–	90,991	90,991
Amount due to an associate	175	–	–	–	175	175
Lease liabilities	2,802	2,258	1,717	1,723	8,500	7,065
Borrowings	210,820	3,588	–	–	214,408	203,027
Convertible bonds — liability component	51,000	–	–	–	51,000	46,806
	405,205	5,846	1,717	1,723	414,491	397,481

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40. FAIR VALUE MEASUREMENTS

Some of the Group's financial assets and financial liabilities, property, plant and equipment and investment properties are measured at fair value at the end of the reporting period.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy

	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2025				
Recurring fair value measurements:				
Leasehold land and building				
— Hong Kong	—	—	48,610	48,610
Investment properties				
— Hong Kong	—	—	3,500	3,500
— The PRC	—	—	8,135	8,135
	—	—	11,635	11,635
Biological assets	—	—	5,789	5,789
At 31 December 2024				
Recurring fair value measurements:				
Leasehold land and building				
— Hong Kong	—	—	54,700	54,700
Investment properties				
— Hong Kong	—	—	3,300	3,300
— The PRC	—	—	7,951	7,951
	—	—	11,251	11,251
Biological assets	—	—	7,615	7,615
Convertible bonds — derivative component	—	—	5	5

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40. FAIR VALUE MEASUREMENTS *(continued)*

(b) Reconciliation of assets and liabilities measured at fair value based on level 3:

	Investment properties HK\$'000	Leasehold land and buildings HK\$'000	Biological assets HK\$'000	Convertible bonds — derivative component HK\$'000
At 1 January 2024	12,450	64,400	5,051	6
Total gains or losses recognised				
in profit or loss	(925)	—	—	(1)
in other comprehensive income	—	(2,985)	—	—
Increase due to cultivation	—	—	2,789	—
Adjustment on revaluation	—	(6,715)	—	—
Exchange differences	(274)	—	(225)	—
At 31 December 2024 and 1 January 2025	11,251	54,700	7,615	5
Total gains or losses recognised				
in profit or loss	(17)	—	974	(5)
in other comprehensive income	—	736	—	—
Harvest	—	—	(3,694)	—
Increase due to cultivation	—	—	564	—
Adjustment on revaluation	—	(6,826)	—	—
Exchange differences	401	—	330	—
At 31 December 2025	11,635	48,610	5,789	—

The total gains or losses recognised in other comprehensive income are presented in surplus on revaluation of properties in the consolidated statement of profit or loss and other comprehensive income.

The total gains or losses recognised in profit or loss including those for assets and liabilities held at end of reporting period are presented in other gains/(loss) in the consolidated statement of profit or loss.

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40. FAIR VALUE MEASUREMENTS *(continued)*

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

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

At 31 December 2025

Description	Valuation technique	Significant unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value HK\$'000
Investment properties — Hong Kong	Direct comparison approach	Market price of car park	HK\$1,800,000 to HK\$2,270,000 per unit	Increase	3,500
Investment properties — the PRC	Direct comparison approach	Market price of office	RMB10,338 (equivalent to HK\$11,520) per square meter)	Increase	8,135
Leasehold land and building — Hong Kong	Direct comparison approach	Market price of commercial units	HK\$1,210,000 per unit	Increase	1,210
Leasehold land and building — Hong Kong	Direct comparison approach	Market price of commercial units	HK\$3,300 per square feet	Increase	47,400
Biological assets	Direct comparison approach	Market price comparison	RMB25 to RMB100 per plant	Increase (Note 25)	5,789
Convertible bonds — derivative component	Binomial option pricing model	Expected volatility of share price	79% to 89%	Increase (Note a)	—

- (a) If the expected volatility of share price was 5% higher/lower and the other variables were held constant, the derivative component of convertible bonds would increase/decrease by HK3,000, respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. FAIR VALUE MEASUREMENTS *(continued)*

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

At 31 December 2024

Description	Valuation technique	Significant unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value HK\$'000
Investment properties — Hong Kong	Direct comparison approach	Market price of car park	HK\$1,400,000 to HK\$1,900,000 per unit	Increase	3,300
Investment properties — the PRC	Direct comparison approach	Market price of office	RMB10,011 (equivalent to HK\$11,319) per square meter)	Increase	7,951
Leasehold land and building — Hong Kong	Direct comparison approach	Market price of commercial units	HK\$1,500,000 per unit	Increase	1,500
Leasehold land and building — Hong Kong	Direct comparison approach	Market price of commercial units	HK\$3,700 per square feet	Increase	53,200
Biological assets	Direct comparison approach	Market price comparison	RMB25 to RMB100 per plant	Increase (Note 25)	7,615
Convertible bonds — derivative component	Binomial option pricing model	Expected volatility of share price	120% to 189%	Increase (Note a)	5

Notes:

- (a) If the expected volatility of share price was 5% higher/lower and the other variables were held constant, the derivative component of convertible bonds would increase/decrease by HK\$5,000, respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

41. SHARE OPTION SCHEME

The Company operates two share option schemes, namely the 2012 Share Option Scheme and the 2013 Share Option Scheme (collectively, the “**Schemes**”) for the purpose of providing incentives and rewards to eligible participants who are invited at directors’ discretion. The 2012 Share Option Scheme became effective on 28 May 2002 and was expired on 27 May 2012. Notwithstanding the expiration of the 2012 Share Option Scheme, its provisions would remain in force in all respects with respect to the outstanding share options granted under the 2012 Share Option Scheme. Due to the expiry of the 2012 Share Option Scheme, the Company adopted the 2013 Share Option Scheme which became effective on 31 May 2013, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company’s subsidiaries.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive officer or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 14 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company’s shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company’s shares on the date of the offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

The 2013 Share Option Scheme expired on 31 May 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of Financial Position of the Company

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Investments in subsidiaries	166,810	197,785
Amount due from subsidiaries	196,677	274,208
	363,487	471,993
Current assets		
Prepayments, deposits and other receivables	19	635
Bank balances and cash	21	17
	40	652
Current liabilities		
Accruals and other payables	35,257	55,516
Amount due to subsidiaries	56,369	49,136
Borrowings	16,644	23,327
Convertible bonds	46,806	61,553
	155,076	189,532
Net current liabilities	155,036	(188,880)
Total assets less current liabilities	208,451	283,113
Non-current liabilities		
Convertible bonds	–	36,422
Net assets	208,451	246,691
Equity		
Share capital	94,712	78,924
Reserves	113,739	167,767
Total equity	208,451	246,691

Yang Ling
Director

Liu Mingqing
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

Reserves

	Share premium HK\$'000	Contributed surplus HK\$'000	Convertible Bonds reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	1,785,068	125,161	–	(1,756,955)	153,274
Total comprehensive loss for the year	–	–	–	(57,293)	(57,293)
Issue of convertible bonds (note 34)	–	–	15,600	–	15,600
Conversion of convertible bonds (note 36(c))	30,000	–	(15,600)	–	14,400
Placement of shares (note 36(d))	4,687	–	–	–	4,687
Loan capitalisation (note 36(e))	37,099	–	–	–	37,099
At 31 December 2024 and 1 January 2025	1,856,854	125,161	–	(1,814,248)	167,767
Total comprehensive loss for the year	–	–	–	(121,882)	(121,882)
Placement of shares (note 36(f))	67,854	–	–	–	67,854
At 31 December 2025	1,924,708	125,161	–	(1,936,130)	113,739

43. CAPITAL COMMITMENT

The Group did not have any significant capital commitment at 31 December 2025 and 2024.

44. CONTINGENT LIABILITIES

As at 31 December 2025 and 31 December 2024, the Group had no material contingent liabilities.

45. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2025 HK\$'000	2024 HK\$'000
Product development, sale and marketing services fee paid to Miracles for Fun USA, Inc. (note)	6,585	5,433

Note:

The sole owner of Miracles for Fun USA, Inc. is the director and beneficial owner of 49% (2024: 49%) equity interest in the Company's subsidiary, Better Sourcing Worldwide Limited.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

45. RELATED PARTY TRANSACTIONS *(continued)*

(b) Outstanding balance with related parties

(i) Included in prepayments, deposits and other receivables

	2025 HK\$'000	2024 HK\$'000
Amount due from Miracles for Fun USA, Inc.	139	139

(ii) Included in deposit and other receivables

	2025 HK\$'000	2024 HK\$'000
Amount due from Multijoy	–	10,618

(iii) Included in accruals and other payables

	2025 HK\$'000	2024 HK\$'000
Amounts due to former directors/directors (Note)	16,517	12,019
Amounts due to Miracles for Fun USA, Inc.	807	610
Amount due to a relative of a director, Li Pik Ha (Note)	366	366
Amount due to a major shareholder's of a subsidiary	571	624
	18,261	13,619

Note: The amounts due are unsecured, interest free and repayable on demand.

(iv) Included in borrowings

	2025 HK\$'000	2024 HK\$'000
Amount due to Ms. Ou Zhu, a substantial shareholder of the Company	37,524	14,357

The amounts due are unsecured, interest free and repayable on demand.

(c) Key management compensation

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and benefits in kind	18,537	17,677
Retirement benefits scheme contributions	1,027	948
	19,564	18,625

(d) Guarantee provided by related parties

As at 31 December 2025, the Group's borrowings of approximately HK\$10,884,000 (2024: HK\$7,354,000) were secured by a personal guarantee by directors or senior management of the Company's subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

46. NOTES TO THE CONSOLIDATION STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Amount due to related parties HK\$'000	Lease liabilities HK\$'000	Borrowings HK\$'000	Convertible bonds HK\$'000	Total HK\$'000
At 1 January 2024	2,232	2,569	141,817	130,611	277,229
Additions	11,387	4,997	11,235	–	27,619
Change in cash flows	–	(1,377)	(22,920)	(51,000)	(75,297)
Non-cash changes					
– Finance leases charges (included in interest expense)	–	167	9,918	–	10,085
– Exchange difference	–	(124)	(664)	–	(788)
– Fair value change	–	–	–	(1)	(1)
– Transfer from/(to) other payables	–	–	3,763	(450)	3,313
Imputed interest	–	–	–	18,815	18,815
At 31 December 2024 and 1 January 2025	13,619	6,232	143,149	97,975	260,975
Additions	4,642	2,869	45,077	–	52,588
Change in cash flows	–	(2,703)	(24,545)	(68,000)	(95,248)
Non-cash changes					
– Finance leases charges (included in interest expense)	–	370	8,262	16,836	25,468
– Exchange difference	–	297	3,231	–	3,528
– Fair value change	–	–	–	(5)	(5)
– Transfer from other payable	–	–	27,853	–	27,853
At 31 December 2025	18,261	7,065	203,027	46,806	275,159

(b) Major non-cash transactions

(a) Refund of deposit paid for acquisition of property

On 30 June 2025, the acquisition of property was cancelled due to encumbrances on some units. On 3 December 2025, the Group instructed the lawyer to cancel the sales and purchase agreement and to refund the amount paid of RMB45,000,000. Based on the third-party payment agreement, the Group agreed that the deposit refund would be paid to Ms. Ou Zhu, a creditor and Shareholder of the Company.

(b) Repayment of other payables and share purchase

On 3 January 2025 Ms. Ou Zhu settled Mr. Guo's debt of HK\$9,600,000 and purchased the 80,000 ordinary shares.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

47. LITIGATIONS

(a) Guo Jingsheng

On 8 June 2016 and 19 July 2016, the Company and a director of the Company received from Mr. Guo a writ of summons and an indorsement of claim issued by the High Court, respectively, against the Company as borrower and the director Yu Wan Kong, Dennis of the Company as guarantor for the outstanding amount of borrowing including interests of approximately HK\$13,921,000.

A deed of settlement (the “**Settlement Deed**”) was made between the Company, the director of the Company and Mr. Guo on 29 April 2019. Pursuant to the Settlement Deed, the Company would issue 80,000,000 ordinary shares of the Company at HK\$0.10 per share (the “**Shares**”) for the settlement of HK\$8,000,000 as partial settlement of Mr. Guo’s debt of approximately HK\$17,600,000 as at 29 April 2019. The Settlement Deed contains a buy-back clause for the Shares by the Company should the quoted market price of the Company’s shares fail to reach at least HK\$0.10 per share within one year from the date of issue of the Shares. The Company issued and allotted the Shares to Mr. Guo on 21 May 2019. On 15 May 2020 and 8 June 2020, the Company received a writ of summons from Mr. Guo demanding an order that the Company buy back the Shares from Mr. Guo.

On 3 January 2025, the Company, Ms. Ou Zhu, and Mr. Guo entered into an agreement, in which all parties unanimously agreed that Ms. Ou Zhu should settle Mr. Guo’s debt of HK\$9,600,000 and purchase the 80,000 ordinary shares of the Company, at a consideration of HK\$8,000,000, from Mr. Guo. Upon completion of such transactions on the same day, an aggregate amount of HK\$17,600,000 in liabilities associated with Mr. Guo was transferred to Ms. Ou Zhu.

(b) Everbright Centre

Pursuant to a tenancy agreement dated 23 September 2014 entered into between Everbright Centre Company Limited (“**Everbright Centre**”) (formerly known as Wing Siu Company Limited) as landlord and Super Dragon Management Limited (“**Super Dragon**”), a wholly-owned subsidiary of the Company, as tenant, and the Company as guarantor to Super Dragon, for a lease of premises for a term of three years from 15 December 2014 to 14 December 2017.

On 8 August 2016, Super Dragon and the Company received from Everbright Centre a writ of summons issued by the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) with an indorsement of claim against Super Dragon and the Company jointly for (i) vacant possession of the premises; (ii) the outstanding total amount of rent, management fees, interests and other charges of approximately HK\$3,886,000 as at 1 August 2016; (iii) rent, management fees and rates to the date of delivery of vacant possession of the Wanchai Property; (iv) damage for breach of the tenancy agreement to be assessed; (v) interest; (vi) costs; and (vii) further or other relief.

The Company vacated from the premises in the third quarter of 2017 and has settled part of the amount claimed above. Based on the notice from lawyer on 13 August 2024, an amount of approximately HK\$149,000 as full settlement of the outstanding rentals and interest. An over provision in the amount of approximately HK\$1,172,000 was recognised for the year ended 31 December 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

48. INVESTMENTS IN SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2025 and 2024 are as follows:

Company name	Place of incorporation/ registration and operation	Issued and paid up capital/ registered capital	Percentage of ownership interest				Principal activities
			Directly 2025	Directly 2024	Indirectly 2025	Indirectly 2024	
Super Dragon	BVI, limited liability company	1 ordinary share of US\$1 each	100%	100%	–	–	Provision of management service, Hong Kong
Better Sourcing Worldwide Limited	Hong Kong, limited liability company	HK\$100	–	–	51%	51%	Trading of gifts and toys, Hong Kong
Kiu Hung Industries Limited	Hong Kong, limited liability company	HK\$1,000	–	–	100%	100%	Trading of gifts and toys, Hong Kong
Kiu Hung Toys Company Limited	Hong Kong, limited liability company	HK\$2 ordinary share and HK\$10,000 non-voting deferred share	–	–	100%	100%	Investment holding, Hong Kong
Toland International Limited	Hong Kong, limited liability company	HK\$4,200,000	–	–	70%	70%	Trading of flags and garden products, Hong Kong
福建奇嘉禮品玩具有限公司 (Fujian Kcare Giftoys Co., Ltd.*)	The PRC, limited liability company	RMB10,000,000	–	–	100%	100%	Manufacture and trading of gifts and toys, the PRC
福建綠森農業科技有限公司 (Fujian Lusen Agricultural Science and Technology Co., Ltd*)	The PRC, limited liability company	RMB50,000,000	–	–	100%	100%	Forestry products, wholesale, beverage retail, the PRC
Marketing Resource Group Inc. ("MRG")	The USA, limited liability company	350,000 ordinary shares of US\$1 each	–	–	51%	51%	Trading of flags and garden products, the USA
Hubei Jincaotang	The PRC, limited liability company	RMB30,000,000	–	–	51%	51%	Development, processing and manufacturing of Chinese herb, the PRC
僑雄(福建)投資有限公司 (Kiu Hung (Fujian) Investment Limited*)	The PRC, limited liability company	RMB100,000,000	–	–	100%	100%	Trading of wines, the PRC
福建老酒投資集團有限公司 (Fujian Laojiu*)	The PRC, limited liability company	RMB46,000,000	–	–	60%	60%	Trading of wines, the PRC
Sino Lucky Prosper Company Limited	Hong Kong, limited liability company	HK\$100	100%	100%	–	–	Provision of management service, Hong Kong
黑龍江省濠萊國際貿易有限公司 (Heilongjiang Yingli)	The PRC, limited liability company	RMB10,000,000	–	–	33%	–	Trading of food and beverage product, the PRC
福建中福易購品牌管理有限公司 (Fujian Zhongfu Yigou Brand Management Company Limited)	The PRC, limited liability company	RMB10,000,000	–	–	51%	–	Trading of wine, the PRC

* For identification purpose

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

48. INVESTMENTS IN SUBSIDIARIES *(continued)*

The table below shows details of a non-wholly-owned subsidiary of the Group which has material non-controlling interest:

Name of subsidiary	Place of establishment/ registration and principal place of business	Proportion of ownership interests held by the non- controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hubei Jincaotang	PRC	49%	49%	9,170	19,818	86,768	120,476
Fujian Laojiu	PRC	40%	40%	611	(50)	615	33
Heilongjiang Yingli	PRC	67%	–	1,246	–	5,258	–

Summarised financial information in respect of Hubei Jincaotang and Heilongjiang Yingli that has material non-controlling interests is set out below. The summarised financial information below, prepared in accordance with the significant accounting policies of the Group, represents amounts before intragroup eliminations.

Hubei Jincaotang

Financial information of statement of profit or loss and other comprehensive income for the years ended 31 December 2025 and 2024

	2025 HK\$'000	2024 HK\$'000
Revenue	54,355	95,286
Expenses and taxation	(35,787)	(54,842)
Profit for the year	18,568	40,444
Profit for the year attributable to:		
Owners of the Company	9,364	20,626
Non-controlling interests of the Group	8,996	19,818
	18,360	40,444
Other comprehensive income/(loss) attributable to owners of the Company	6,704	(3,741)
Other comprehensive income/(loss) attributable to non-controlling interests	6,441	(3,594)
Other comprehensive income/(loss) for the year	13,145	(7,335)
Total comprehensive income attributable to owners of the Company	16,068	16,885
Total comprehensive income attributable to non-controlling interests	15,437	16,224
Total comprehensive income for the year	31,505	33,109

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

48. INVESTMENTS IN SUBSIDIARIES *(continued)*

Hubei Jincaotang *(continued)*

Financial information of statement of financial position as at 31 December 2025 and 2024

	2025 HK\$'000	2024 HK\$'000
Non-current assets	85,047	65,492
Current assets	151,979	187,010
Non-current liabilities	(2,543)	(2,387)
Current liabilities	(56,665)	(3,506)
Net assets	177,818	246,609
Equity attributable to:		
Owners of the Company	91,050	126,133
Non-controlling interests of the Group	86,768	120,476
Total equity	177,818	246,609

Financial information of statement of cash flows

	2025 HK\$'000	2024 HK\$'000
Net cash inflow from operating activities	9,787	32,317
Net cash outflow from investing activities	(12,522)	(3,755)
Net cash inflow from financing activities	521	(6,180)
Net cash (outflow)/inflow	(2,214)	22,382

During the year ended 31 December 2025, Hubei Jincaotang declared dividends of RMB90,000,000, of which RMB44,100,000 (equivalent to approximately HK\$49,145,000) was paid to non-controlling interests.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

48. INVESTMENTS IN SUBSIDIARIES *(continued)*

Heilongjiang Yingli

Financial information of statement of profit or loss and other comprehensive income for the years ended 31 December 2025

	2025 HK\$'000
Revenue	3,346
Expenses and taxation	(1,486)
Profit for the year	1,860
Profit for the year attributable to:	
Owners of the Company	614
Non-controlling interests of the Group	1,246
	1,860
Other comprehensive income attributable to owners of the Company	96
Other comprehensive income attributable to non-controlling interests	195
Other comprehensive income for the year	291
Total comprehensive income attributable to owners of the Company	710
Total comprehensive income attributable to non-controlling interests	1,441
Total comprehensive income for the year	2,151

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

48. INVESTMENTS IN SUBSIDIARIES *(continued)*

Heilongjiang Yingli *(continued)*

Financial information of statement of financial position as at 31 December 2025

	2025 HK\$'000
Non-current assets	86
Current assets	83,165
Non-current liabilities	(3,455)
Current liabilities	(66,740)
Net assets	13,056
Equity attributable to:	
Owners of the Company	4,308
Non-controlling interests of the Group	8,748
Total equity	13,056

Financial information of statement of cash flows

	2025 HK\$'000
Net cash outflow from operating activities	(26,083)
Net cash inflow from financing activities	41,559
Net cash inflow	15,476

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2025, the Group completed the acquisition of 72.5% equity interests in Jiangxi Jiuai Food Co., Ltd ("Jiuai"). The acquisition has been accounted for as acquisition of business using the acquisition method. The transaction was completed on 17 March 2026 and the acquisition cost of HK\$59 million was satisfied by way of issuance of convertible bonds with a conversion price of HK\$0.25 per conversion share.

Details of the acquisition are set out in the Group's circular dated 13 February 2026. Jiuai is principally engaged in research and development, production, marketing, and sale of beverages in the PRC. The Group always aims at strengthen its business and increase the shareholders' values. Having considered the shift and increasing emphasis on the healthy life style trend in China and the prospect of the Jiuai, the Company is of the view that the acquisition of Jiuai is an attractive opportunity for the Group to enhance its business portfolio and enable the Group to benefit from the positive earnings contribution brought by Jiuai.

	HK\$'000
Convertible bonds	59,000

Assets and liabilities recognised at the date of acquisition (determined on a provisional basis)

	HK\$'000
Net assets recognised	
Property, plant and equipment	2,574
Intangible assets	6,042
Inventories	15,989
Trade receivables	21,621
Prepayment	10,354
Cash and cash equivalents	2,965
Trade and other payables	(8,338)
Contract liabilities	(3,254)
Borrowings	(5,244)
Income tax payable	(1,268)
Deferred tax liabilities	(1,511)
	39,930

The receivables acquired (which principally comprised trade receivables) with a fair value of approximately HK\$21,621,000 at the date of acquisition had gross contractual amounts of approximately HK\$21,621,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to Nil.

The initial accounting for the intangible assets acquired in the above business combination with fair value of approximately HK\$6,042,000 and consideration paid have been determined on a provisional basis, awaiting the completion of professional valuations. The amounts of deferred tax liabilities and goodwill may be adjusted accordingly.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

49. EVENTS AFTER THE REPORTING PERIOD *(continued)*

Non-controlling interests

Non-controlling interests in Jiuai are measured by reference to the proportionate share of recognised amounts of net identifiable assets of Jiuai at the date of acquisition.

Provisional goodwill arising on acquisition

	HK\$'000
Consideration	59,000
Plus: non-controlling interests 27.5% in Jiuai	10,981
Less: recognised amounts of net assets acquired	(39,930)
Goodwill arising on acquisition	30,051

Goodwill arose on the acquisition of Jiuai because the acquisition included some potential contracts which are still under negotiation with new customers as at acquisition date. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net cash inflow on acquisition of Jiuai

	HK\$'000
Cash and cash equivalents balances acquired	2,965

50. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Board of Directors on 31 March 2026.

Five Years Financial Summary

The following is a summary of the published consolidated results and statement of assets and liabilities of the Group for the last five years:

RESULTS

	2025 HK\$'000	Year ended 31 December			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	300,643	386,662	383,923	420,904	323,718
(Loss)/profit before income tax	(103,391)	(65,844)	69,074	(29,393)	(219,463)
Income tax expenses	(7,795)	(6,981)	(3,373)	(9,108)	(1,033)
(Loss)/profit for the year	(111,186)	(72,825)	65,701	(38,501)	(220,496)
Attributable to:					
Owners of the Company	(121,747)	(84,626)	37,213	(59,521)	(226,754)
Non-controlling interests	10,561	11,801	28,488	21,020	6,258
	(111,186)	(72,825)	65,701	(38,501)	(220,496)

ASSETS AND LIABILITIES

	2025 HK\$'000	As at 31 December			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	769,722	796,611	770,281	879,939	956,439
Total liabilities	(433,434)	(412,962)	(430,305)	(594,931)	(744,245)
Net assets	336,288	383,649	339,976	285,008	212,194
Equity attributable to owners of the Company	229,917	249,157	214,208	185,734	135,127
Non-controlling interests	106,371	134,492	125,768	99,274	77,067
Total equity	336,288	383,649	339,976	285,008	212,194