



Solartech International Holdings Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 1166

2026

Annual Report



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

CHAU Lai Him (*Chairman and Managing Director*)

CHAU Chi Ho (*Deputy Chairman*)

LIU Dong Yang

Independent Non-Executive Directors

CHUNG Kam Kwong

LO Wai Ming

LO Chao Ming

DOU Biling

COMPANY SECRETARY

CHAN Kam Yee

REGISTERED OFFICE

Richmond House

12 Par-la-Ville Road

Hamilton HM 08

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 16, 12/F, Concordia Plaza

1 Science Museum Road

Tsim Sha Tsui

Kowloon

Hong Kong

STOCK CODE

1166

WEBSITE

www.1166hk.com

AUDITOR

BDO Limited

25th Floor, Wing On Centre

111 Connaught Road Central

Hong Kong

LEGAL ADVISOR

Stevenson, Wong & Co.

Units 1801-08 & 1810, 18/F

Gloucester Tower

The Landmark

15 Queen's Road Central

Central

Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited

Richmond House

12 Par-la-Ville Road

Hamilton HM 08

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

PRINCIPAL BANKS (IN ALPHABETICAL ORDER)

Bank of China Limited

DBS Bank (Hong Kong) Limited

Hang Seng Bank Limited

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

The board of directors (the “**Directors**” or “**Board**”) of Solartech International Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) announces that for the year ended 30 June 2026 (the “**Financial Year**” or the “**year under review**”), the total turnover of the Group was approximately HK\$437,642,000, representing a decrease of 24.4% as compared to approximately HK\$578,819,000 recorded for the corresponding period last year. During the year under review, the profit attributable to owners of the Company was approximately HK\$82,928,000 as compared to the loss attributable to owners of the Company of approximately HK\$142,306,000 for the corresponding period last year. Basic earning per share for the year under review was approximately HK\$0.632 (Basic loss per share for 2024/2025: HK\$1.126 restated).

BUSINESS REVIEW

The Group's turnover for the year under review was approximately HK\$437,642,000, representing a decrease of 24.4% as compared to approximately HK\$578,819,000 for the same period of last year. By business segments, the turnover of the cables and wires business was approximately HK\$140,133,000, representing a decrease of 25.1% as compared to approximately HK\$187,092,000 for the same period of last year and accounting for 32.0% of the Group's total turnover. Turnover of the copper rod business was approximately HK\$290,463,000, representing a decrease of 22.9% as compared to approximately HK\$376,936,000 for the same period of last year and accounting for 66.4% of the Group's total turnover. Turnover of the leasing business was approximately HK\$7,046,000, representing a decrease of 52.4% as compared to approximately HK\$14,791,000 for the same period of last year and accounting for 1.6% of the Group's total turnover.

By geographical market segments, turnover from the business in the Americas decreased by 30.1% to approximately HK\$18,943,000 from approximately HK\$27,111,000 for the same period of last year, accounting for 4.3% of the Group's total turnover. Turnover from the business in Mainland China and Hong Kong decreased by 25.1% to approximately HK\$353,869,000 from approximately HK\$472,634,000 for the same period of last year, accounting for 80.9% of the Group's total turnover. Turnover from the business in Europe decreased by 15.8% to approximately HK\$40,680,000 from approximately HK\$48,338,000 for the same period of last year, accounting for 9.3% of the Group's total turnover. Turnover from the business in other regions decreased by 21.4% to approximately HK\$24,150,000 from approximately HK\$30,736,000 for the same period of last year, accounting for 5.5% of the Group's total turnover.

Cables and Wires

The Group's cables and wires business recorded a turnover of approximately HK\$140,133,000 for the year under review, representing a decrease of 25.1% as compared to approximately HK\$187,092,000 for the same period of last year. The major customers are primarily manufacturers of white goods appliances. During the year under review, the Chinese economy maintained overall stability despite multiple internal and external pressures. However, the property market remained in deep adjustment phase, and the recovery momentum of residents' consumption confidence and domestic demand was relatively weak, which continued to weigh on the demand of the end market for white goods market. Affected by the sluggish industry sentiment and intensifying market competition, order demand from downstream manufacturers decreased, resulting in a year-on-year decline in the turnover of the Group's cables and wires business during the year under review.

CHAIRMAN'S STATEMENT

Copper Rod Business

The copper rod business comprises the trading of copper rods and copper wires and their related products. During the year under review, the turnover of the copper rod business was approximately HK\$290,463,000, representing a decrease of 22.9% as compared to approximately HK\$376,936,000 for the same period of last year. International copper prices rose significantly during the year under review, with the London Metal Exchange (LME) 3-month copper price increasing from approximately US\$9,948 per tonne at the beginning of the year under review to approximately US\$13,366 per tonne at the end of the year under review. On the macroeconomic front, the Purchasing Managers' Index (PMI) for China's manufacturing sector fluctuated within the range of 49.0% to 50.4% for most of the year under review, and the foundation for a recovery of market demand remained to be consolidated, reflecting the continued suppression on industrial production by insufficient domestic demand and order volatility.

As key raw materials for downstream industries such as cables and wires, power equipment and home appliances, copper rods were subject to the dual impact of fluctuations in manufacturing activities and the sharp surge in copper prices, resulting in a prevailing wait-and-see sentiment in the market. Downstream customers became more prudent in their procurement, reducing or deferring orders, which further dampened the overall market demand for copper rods. The Group will flexibly adjust its market strategies for the copper rod business in response to evolving copper price trends and changes in the operating environment.

Rental Income

The Group's investment properties mainly comprise industrial properties in the People's Republic of China (the "PRC"). During the year under review, rental income was approximately HK\$7,046,000, representing a decrease of approximately 52.4% as compared with approximately HK\$14,791,000 for the same period of last year. Such decrease was attributable to the disposal of the Group's leased factory complex in Dongguan together with Dongguan Hua Yi Brass Products Co., Ltd.* (東莞華藝銅業有限公司), the then indirect wholly-owned subsidiary of the Company, on 6 March 2025. No rental income from such property was recorded during the year under review.

Mining

The Group's mineral resources are concentrated in Dundgobi Aimag and Bayan-Ulgii Aimag, Mongolia, primarily involving the development of copper-related resources. During the year under review, no production or operating activities were commenced for these mineral projects, and no revenue from operations was recorded.

International copper prices showed a strong upward trend during the year under review, with the London Metal Exchange (LME) 3-month copper price rising significantly from approximately US\$9,948 per tonne at the beginning of the year to approximately US\$13,366 per tonne at the end of the year, presenting certain market opportunities to the copper mining industry. The Group continued to adopt a prudent and steady operating strategy for its mining projects in light of the dual constraints of local policies and infrastructure in Mongolia. During the year, the Group primarily focused on maintaining the compliance of the projects and completing the necessary asset maintenance work, with no large-scale capital investment undertaken for the time being. As such, the mineral resources business remains unlikely to deliver substantial contribution to the Group's results in the short term.

* for identification purposes only

PROSPECTS

Looking ahead, the macroeconomic environment and industry cycle will remain full of challenges. The Group will continue to adopt a prudent and pragmatic operating strategy and respond flexibly to market changes, so as to promote the long-term development of its business.

The Group will focus on and consolidate its traditional strengths in power cords and home appliance wires, while actively expanding into frontier areas such as wires and cables for electric vehicles, robots and new energy applications, thereby driving product upgrading and technological breakthroughs. In addition, amid global macroeconomic challenges and rising cost pressures, the Group will optimise its manufacturing footprint. Following a prudent assessment, the Group established a joint venture in Jiangxi and plans to transfer certain less cost-effective production processes or related orders from its Dongguan facility to the Jiangxi joint venture factory, thereby maximising resource and profit efficiency, while leveraging the new production base to expand its customer base in Central China. The factory is currently in the preliminary preparation stage and will commence production upon completion. This initiative aims to take advantage of Jiangxi's relatively low operating cost structure and preferential industrial policies, further optimising resource allocation, reducing overall production costs, and thereby enhancing the overall market competitiveness and risk resilience of the Group's products.

Given the persistently high copper prices, the copper rod trading business requires substantial working capital, and the operating risks arising from price fluctuations have continued to increase, rendering the risk-return profile of the business less attractive. The management plans to gradually scale down the copper rod trading business and refocus on the cables and wires business.

The construction works of the land development project of 廉江市周氏石材有限公司 (Lianjiang Zhou's Marble Company Limited*) ("**Zhou's Marble**"), an indirect non-wholly owned subsidiary of the Company, has been suspended since 2020. As the property market remains in the midst of a deep adjustment and downstream demand for marble products remains subdued, resuming the project in the short term would offer limited economic benefits. The Board and management are prudently reviewing the future strategy for the assets of Zhou's Marble, and will not rule out the possibility of cooperating with potential investors or disposing of these assets.

Amid a severe operating environment marked by fluctuating demand from downstream industries such as home appliances and power equipment, as well as high volatility in international copper prices, corporate procurement and production strategies have been constrained. The Group will further strengthen its technical team and increase investment in independent research and development to enhance its new product development capabilities. It will also implement lean management to improve operational efficiency and reduce resource waste, thereby addressing the risks associated with raw material price fluctuations and laying a solid foundation for the sustainable development of its business.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our business partners, the shareholders, staff and management of the Company for their continuous dedication, commitment and support in the past year.

On behalf of the Board

Chau Lai Him

Chairman and Managing Director

29 September 2026

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. CHAU Lai Him, aged 75, is the Chairman and Managing Director of the Company and the founder of the Group. Mr. Chau has been appointed as an executive Director since November 1996. He is responsible for the overall management, strategic planning and business development of the Group. He has more than 45 years' experience in the cable and wire industry and extensive experience in the mining industry. Mr. Chau is the father of Mr. Chau Chi Ho, the Deputy Chairman and executive Director.

Mr. CHAU Chi Ho, aged 44, has been appointed as an executive Director since April 2015 and was appointed as the deputy chairman of the Company on 21 June 2019. He is the financial controller of Chau's Electrical Company Limited. He is responsible for accounting and financial management of the subsidiaries of the Group in Hong Kong and Dongguan. He holds a bachelor's degree in business administration from the California State Polytechnic University Pomona, United States and has more than 15 years' experience in finance and accounting. He is the son of Mr. Chau Lai Him, the Chairman and Managing Director of the Company.

Mr. LIU Dong Yang, aged 52, has been appointed as an executive Director since January 2010. Mr. Liu is responsible for business development for the Group in the Greater Bay Area in PRC. He holds a college diploma in international finance from Hunan Finance and Economics College and a bachelor's degree in business administration from the distance education college of Renmin University of China. He has more than 30 years' experience in finance and accounting and has more than 25 years' experience in manufacturing management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHUNG Kam Kwong, aged 69, has been appointed as an independent non-executive Director since March 2003. Mr. Chung is a fellow certified public accountant of the Hong Kong Institute of Certified Public Accountants, a member of CPA Australia and a member of the Macau Society of Certified Practising Accountants. He holds a bachelor's degree in economics, majoring in accounting, from the University of Hull, United Kingdom and a post graduate diploma of financial management from the University of New England, Australia. Mr. Chung has extensive experience in accounting and financial management. He is an independent non-executive director of Truly International Holdings Limited (stock code: 732) which is listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Mr. LO Wai Ming, aged 74, has been appointed as an independent non-executive Director since January 2000. Mr. Lo is the president of Greater China Asset Management Limited. He is also the director and general manager of SW China Strategic Holdings Limited. He has more than 40 years' experience in capital investment, consumer marketing, infrastructure investment and management, business development and corporate finance. He holds a bachelor's degree in social sciences (Hons) and a master's degree in business administration from the Chinese University of Hong Kong. He is a fellow of the Chartered Management Institute of the United Kingdom.

Mr. LO Chao Ming, aged 61, has been appointed as an independent non-executive Director since November 2006. He is the general manager of Sunf Pu Technology Co., Ltd., a company incorporated in Taiwan, Republic of China. He has more than 35 years' experience in the cable and wire industry.

Ms. DOU Biling, aged 67, has been appointed as an independent non-executive Director since December 2024. She holds a bachelor's degree in economics and management from the Correspondence Institute of the Party School of the Central Committee of the CPC* (中共中央黨校函授學院). She has extensive experience in financial management, establishing financial frameworks for various groups and companies, as well as developing and planning corporate financing and operations.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Ms. CHAN Kam Yee Shirley, has been appointed as the company secretary of the Company since November 2007. She is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. She has more than 35 years' experience in finance and accounting and more than 25 years' experience in company secretarial affairs.

SENIOR MANAGEMENT

Ms. LAM Sui Lan Miranda, rejoined the Group in March 2004 and is the assistant to managing director of Chau's Electrical Co., Ltd. She holds a bachelor's degree of arts, major in business administration from the University of Northumbria at Newcastle, United Kingdom and a higher diploma in business studies from the City University of Hong Kong. She has more than 30 years' experience in sales and marketing in the field of cable and wire products.

DIRECTORS' REPORT

The Directors present the annual report and the audited financial statements of the Group for the year ended 30 June 2026 (the “Financial Statements”).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and the Group is principally engaged in the cables and wires business, copper rod business, property investment business and mining business. The activities of the Company's principal subsidiaries, associates and joint ventures are set out in notes 19, 20 and 21 to the Financial Statements, respectively. An analysis of the revenue from the principal activities during the year ended 30 June 2026 (the “Financial Year” or “the year under review”) is set out in notes 6 and 7 to the Financial Statements. Further discussion and analysis of the operating activities of the Group during the Financial Year, and an indication of likely future developments in the Group's business, as required by Schedule 5 of the Companies Ordinance (Cap. 622 of the laws of Hong Kong), can be found in the sections headed “Chairman's Statement” as set out on pages 3 to 6 of this annual report. Such discussion forms part of this directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To the best of their knowledge and belief, the Directors consider that the following are the key risks and uncertainties identified by the Group as at the date of this directors' report.

Risk in Mining Business

The Group's mineral resources are concentrated in Dundgobi Aimag and Bayan-Ulgii Aimag, Mongolia. As there are many uncertainties in the Mongolian and the international mineral markets, apart from the necessary work to maintain mining rights, no large scale capital investment was made during the year under review. The management will closely monitor the investment and mining business risks in Mongolia and make adjustments to the investment strategies accordingly. With respect to the new requirements for environmental, social and governance (“ESG”) reporting taking effect from 1 January 2025, the Board needs to assess the potential impact of climate change and ESG issues on the business model and the associated risks.

Foreign Exchange Rate Risk

The cash and cash equivalents of the Group are mainly denominated in Hong Kong dollars, United States dollars and Renminbi. The majority of the Group's operations are located in the PRC. The Company continues to pay regular and active attention to fluctuations in the Renminbi exchange rate and any exchange risks.

Market Risk

Market risk is the risk arising from the movement in market prices, such as, foreign exchange rates and interest rates, which reduces profitability or affects ability to meet business objectives. The management of the Group manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Interest Rate Risk

For interest-sensitive investments, the Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through variety of means.

DIRECTORS' REPORT

CONSTITUTIONAL DOCUMENT

The shareholders of the Company at the annual general meeting of the Company held on 6 December 2024 (the “**2024 AGM**”) approved the adoption of the new bye-laws of the Company (the “**Bye-laws**”) by way of a special resolution. The full text of the Bye-laws is available on the Company’s website (www.1166hk.com) and the website of the Stock Exchange (www.hkexnews.hk).

CHANGE OF ADDRESS OF REGISTERED OFFICE AND PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN BERMUDA

On 24 July 2026, the Directors announced that with effect from 3 August 2026, the address of the registered office and the principal share registrar and transfer agent of the Company in Bermuda has been changed to:

Registered Office

Richmond House, 12 Par-la-Ville Road
Hamilton HM 08
Bermuda

Principal Share Registrar and Transfer Agent in Bermuda

Conyers Corporate Services (Bermuda) Limited
Richmond House, 12 Par-la-Ville Road
Hamilton HM 08
Bermuda

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management of the Company are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year under review, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

CAPITAL STRUCTURE

Placing of New Shares Under the General Mandate

On 3 December 2025 (the “**Last Trading Day**”), the Company and Aristo Securities Limited (“**Aristo**” or the “**Placing Agent**”), as the placing agent, entered into a placing agreement (the “**Placing Agreement**”) pursuant to which the Placing Agent conditionally agreed to procure the placing of a maximum of 23,740,000 new ordinary shares of HK\$0.2 each in the share capital of the Company (the “**Shares**”) (the “**Placing Shares**”) to not less than six placees (the “**Placees**”, who are independent institutional, professional, individual and/or corporate investors) at the price of HK\$0.37 per Placing Share (the “**Placing**”).

Pursuant to the general mandate (the “**General Mandate**”) granted to the Directors by a resolution of the shareholders passed at the 2024 AGM, the Directors were authorised to allot and issue up to 23,745,323 Shares.

Under the General Mandate and the Placing Agreement, the Directors agreed to allot and issue a maximum of 23,740,000 Placing Shares. The Placing was conditional upon, among other things, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

Reasons for the Placing

As disclosed in the announcements of the Company dated 3 and 15 December 2025 respectively, in view of the then market conditions, the Directors considered that the Placing represented an opportunity for the Group to raise additional funds to further strengthen its capital base and financial position. This included enhancing its ability to meet and settle its expenses and any future obligations, and supporting the Group’s continuous development and business growth as well as daily operating expenses.

As disclosed in the annual report of the Group for the year ended 30 June 2025, the Group had a cash and bank balance of approximately HK\$109 million as at 30 June 2025. Despite the said balance, the Group faced significant cash outflows from its operating activities. In the financial year ended 30 June 2025, cash outflow from its operating activities reached approximately HK\$78 million. Faced with such significant cash outflow from its operations, it was necessary for the Company to maintain sufficient reserves for ensuring stability and continuity of its core business operations.

In addition, the Company had substantial short-term financial obligations, with total current liability of approximately HK\$261 million as at 30 June 2025. The majority of these liabilities comprised a loan borrowed from a bank in the PRC (the “**Bank**”) (the “**Bank Loan**”). Pursuant to the terms and conditions of the relevant loan agreement, the Bank Loan was repayable on demand, with, among others, a financial covenant in the loan agreement that the Bank was entitled to demand early repayment of the outstanding amount of the Bank Loan in full if the Company’s monthly operating revenue dropped below a certain threshold. In view of the Company’s then operating performance, the Board considered that it was prudent for the Company to prepare for the mitigation of any potential risk of a demand for early repayment of the Bank Loan.

Prior to conducting the Placing, the Company had considered alternative fundraising methods, including other equity fundraising options and debt financing. A rights issue was considered by the Company, but was ultimately ruled out due to the persistently low trading volume of the Shares in recent years which indicated limited market interest in the Shares among existing shareholders. As such, the Company reasonably estimated that shareholder participation in a rights issue would be low. A rights issue with insufficient participation would fail to raise the required funds, while also incurring unnecessary administrative costs and longer execution time.

DIRECTORS' REPORT

Debt financing was also considered by the Company. In fact, the Company had actively explored other lending channels in the preceding period, including discussions with multiple financial institutions and potential lenders, but did not receive positive responses due to the challenging market environment and the Company's then operating performance.

In addition, the Company maintained a prudent financial management policy. The Company's gearing ratio as at 30 June 2025 was 0.29 (30 June 2024: 0.33). The Company was committed to keeping this ratio within a reasonable range to avoid increasing financial leverage. By choosing an equity-based Placing instead of debt financing to supplement cash reserves, the Company could avoid increasing total borrowings, thereby stabilising the gearing ratio and maintaining a healthy financial structure.

The Company had been proactively seeking new investors and shareholders in the preceding period to optimise its shareholder base, enhance stock liquidity, and lay a solid foundation for long-term corporate development. However, due to the low liquidity of the Shares, no placing agent had been identified until the engagement of the Placing Agent, which was willing to participate in the Placing. The Board believed that this represented a valuable opportunity that should not have been missed, as the Placing not only provided supplementary cash reserves to support the Group's future development, but also broadened the shareholder base of the Company.

Placing Price

The price of HK\$0.37 per Placing Share (the "**Placing Price**") represented:

- (a) a premium of approximately 8.82% over the closing price of HK\$0.34 per Share as quoted on the Stock Exchange on the Last Trading Day, being the date of the Placing Agreement; and
- (b) a discount of approximately 11.27% to the average closing price of approximately HK\$0.417 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent, with reference to the prevailing market price of the Shares, market demand for the Placing Shares and the general market conditions.

The Board considered that the Placing Price was fair and reasonable. While the Placing Price of HK\$0.37 was lower than the 180-day average Share price of HK\$0.447 up to and including the Last Trading Day, it represented a discount of approximately 17% to such 180-day average, which was well within market norms and below the regulatory threshold permitted under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") for placings under general mandates. Furthermore, the Placing Price of HK\$0.37 represented a premium of 8.82% over the closing price of HK\$0.34 on the Last Trading Day, which demonstrated the Company's efforts to align the Placing Price with the fair market value. The Board considered that such a pricing approach balanced the need to attract independent investors (by offering a reasonable market-based discount) and protected existing shareholders' interests.

The Board (including the independent non-executive Directors) considered that the Placing (including the Placing Price) was fair and reasonable and in the interest of the Company and Shareholders as a whole.

Completion of the Placing

The Placing was completed on 22 December 2025 in accordance with the terms and conditions of the Placing Agreement.

The Placing Agent successfully placed 23,740,000 Placing Shares (with a nominal value of HK\$4,748,000) at the Placing Price of HK\$0.37 per Placing Share, representing approximately 16.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately after completion of the Placing, to not less than six Placees at the Placing Price. Under the Placing Agreement, the Placing Agent received a placing commission of 2.0% of the amount equal to the Placing Price multiplied by the number of Placing Shares successfully placed by the Placing Agent. The Placing Shares rank *pari passu* in all respects with the existing Shares in issue, including the rights to receive all dividends and distributions which may be declared, made or paid in respect of the Shares, the date for which shall fall on or after the closing date, which is within two business days after the fulfilment of the conditions set out in the Placing Agreement.

The table below sets out the changes to the shareholding structure of the Company (i) immediately before completion of the Placing; and (ii) immediately after completion of the Placing and as at the Completion Date:

Name of Shareholders	Immediately before completion of the Placing		Immediately after completion of the Placing and as at the Completion Date	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Directors:				
Chau Chi Ho	1,980,000	1.67	1,980,000	1.39
Lo Wai Ming	20,000	0.02	20,000	0.01
Lo Chao Ming	15,000	0.01	15,000	0.01
Public Shareholders:				
Placees	—	—	23,740,000	16.66
Other Shareholders	116,711,617	98.30	116,711,617	81.93
Total	118,726,617	100.00	142,466,617	100.00

Note: Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

The maximum aggregate gross proceeds from the Placing are HK\$8,783,800 and the net proceeds from the Placing (after deducting all applicable costs and expenses, including the placing commission and levies) are approximately HK\$8,501,000, representing a net price per Placing Share of approximately HK\$0.358. On such basis, the maximum net price raised per Placing Share upon completion of the Placing is approximately HK\$0.358.

As disclosed in the announcement of the Company dated 3 December 2025, the Company intended to apply the net proceeds from the Placing for the following purposes: (i) as to approximately HK\$5,000,000 for the repair and maintenance expenses of the Group's investment properties, and (ii) the remaining balance for general working capital of the Group.

DIRECTORS' REPORT

The utilisation of the net proceeds from the Placing as at 30 June 2026 is summarised as follows:

Intended use of net proceeds from the Placing

- Approximately HK\$5,000,000 for the repair and maintenance expenses of the Group's investment properties and approximately HK\$3,501,000 for general working capital of the Group

Actual use of net proceeds from the Placing

As at 30 June 2026,

- approximately HK\$5,000,000 for the repair and maintenance expenses of the Group's investment properties; and
- approximately HK\$3,501,000 for material purchases and the expenses of the PRC operations of the Group

As at 30 June 2026, the net proceeds have been fully utilised.

Details of the Placing were set out in the announcements of the Company dated 3, 15 and 22 December 2025 respectively.

Save as disclosed above, the Company did not have any other fund raisings or any capital reorganisation during the year under review and the Group does not have any other fund-raising plans as at the date of this directors' report.

SIGNIFICANT INVESTMENT

The Group did not make any significant investment during the year under review and the Group does not have any other plans for material investments or capital assets or disposals as at the date of this directors' report.

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

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the listed securities of the Company during the year ended 30 June 2026. As at 30 June 2026 and the date of this directors' report, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Group as well as preserving the interests of its shareholders as a whole. The Company has adopted the principles and complied with all code provisions and, where applicable, the recommended best practices as set out in the Corporate Governance Code under Appendix C1 to the Listing Rules, save and except for the deviations from Code provisions C.2.1 and F.1.3, and has prepared the corporate governance report. The Board will continue to review and monitor the practices of the Group with an aim to maintaining the highest standard of corporate governance.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. Green initiatives and measures have been adopted in the Group. Such initiatives include recycling of used papers and energy saving.

The Company has prepared its Environmental, Social and Governance Report for the year ended 30 June 2026 ("**ESG Report**") in accordance with the Environmental, Social and Governance Reporting Code as set out in Appendix C2 to the Listing Rules.

The Company has arranged to publish the ESG Report on the Company's website and the website of the Stock Exchange in October 2026.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that employees are its valuable assets. Thus the Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard. The Group also understands that it is important to maintain good relationships with business partners and bank enterprises to achieve its long-term goals. Accordingly, senior management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the year under review, there was no material and significant dispute between the Group and its business partners or bank enterprises.

RESULTS

The results of the Group for the year ended 30 June 2026 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 59 and 60 of this annual report.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2026.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 140 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of additions and other movements during the year ended 30 June 2026 in the property, plant and equipment of the Group are set out in note 15 to the Financial Statements.

DIRECTORS' REPORT

SHARE CAPITAL

During the year ended 30 June 2026, 23,740,000 new ordinary Shares were issued upon the completion of the Placing. During the year ended 30 June 2026, no share options were exercised.

Details of changes in the share capital of the Company during the year ended 30 June 2026 are set out in note 32 to the Financial Statements.

RESERVES

The Company's distributable reserve as at 30 June 2026 was Nil (30 June 2025: Nil). Details of movements in the reserves of the Group during the year ended 30 June 2026 are set out in the consolidated statement of changes in equity on pages 63 and 64 of this annual report.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the year ended 30 June 2026, the amount of related party transactions was Nil as disclosed in note 38 to the Financial Statements. There was no connected transaction of the Company and the Group during the year ended 30 June 2026.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 30 June 2026, the Group implemented a prudent financial management policy. As at 30 June 2026, the Group had cash and bank balances amounting to approximately HK\$124 million (30 June 2025: HK\$109 million) and the value of net current liabilities was approximately HK\$17 million (net current assets at 30 June 2025: HK\$33 million). The Group's gearing ratio as at 30 June 2026 was 0.27 (30 June 2025: 0.29), being a ratio of total borrowings of approximately HK\$193 million (30 June 2025: HK\$178 million) to shareholders' funds of approximately HK\$713 million (30 June 2025: HK\$619 million).

During the year under review, the Group funded its operations principally with cash generated from its operations, bank borrowings and the net proceeds raised from the Placing.

The Group continues to derive its working capital from net cash generated from operating activities, additional bank borrowings, capital exercises and/or the sale of non-core assets. The Group continues to manage its financial position carefully and maintains conservative policies in financial management. The Board closely reviews and monitors the Group's liquidity position to ensure that the Group can meet its funding requirements from time to time.

CHARGES ON GROUP ASSETS

As at 30 June 2026, the Group had pledged property, plant and equipment, investment properties and right-of-use assets amounting to approximately HK\$2,961,000 (30 June 2025: HK\$4,778,000), approximately HK\$294,949,000 (30 June 2025: HK\$281,822,000) and approximately HK\$4,889,000 (30 June 2025: HK\$4,816,000) respectively to secure general banking facilities granted to the Group.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 30 June 2026 are set out in note 29 to the Financial Statements.

CONTINGENT LIABILITIES

As at 30 June 2026 and 30 June 2025, the Company did not issue guarantees to secure any loan granted to its subsidiary.

FINANCIAL INSTRUMENTS FOR HEDGING PURPOSES

For the year under review, the Group did not enter into any copper forward contracts ("**Derivative Financial Instruments**") to manage copper price risks. The gain from the Derivative Financial Instruments for the year under review was HK\$Nil (2024/2025: net gain of HK\$182,000).

LOAN RECEIVABLES

The Group's loan receivables were attributable to loans granted by the Company's wholly-owned subsidiary, Dongguan Qiaozi Chau's, by utilising its idle cash to generate stable income and cashflow from the interest receivable thereunder. The Group did not specifically target any particular type of corporate borrowers, industry or business operation history. The borrowers were mainly introduced to the Company through the business networks of the senior management of the Company. The source of funds for the loans was generally funded by the internal resources of the Group. The Directors are of the view that the terms of and the entering into the loan agreements were on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Details of the major terms of the loans granted as at 30 June 2026 and 2025 are set out in note 23 to the Financial Statements.

Credit risk assessment policy

Before entering into a loan agreement, the Directors performed detailed analyses and considered various risk factors, including but not limited to the credit risk assessment results of the borrower and the guarantor, the background and the repayment ability of the borrower and the guarantor, the value of the security, the purpose and period of the loan, the debt portfolio of the borrower, the expected interest income and the repayment plan.

The procedures performed by the Directors, when appropriate, included:

1. discussing the business, operations, financial status and the purpose of the loan with the borrower;
2. obtaining and reviewing current business contracts and business plan of the borrower to ensure that the borrower is in operation and sufficient cash is expected to be generated by the borrower;
3. conducting background and corporate checks of the borrower and the guarantor, which revealed no past default by the borrower or the guarantor;
4. conducting public searches on the secured security to verify that no encumbrances had been created against it;

DIRECTORS' REPORT

5. reviewing the financial information of the borrower and the guarantor, which did not reveal any material undisclosed or extraordinary liabilities; and
6. determining an appropriate interest rate to reflect the risk level of the loan.

The Directors also conducted periodic and ongoing credit risk assessments on the recoverability of the loans granted before renewing the loan agreements based on the creditworthiness of the borrowers, including but not limited to the following procedures:

1. monitoring closely the loan principal and interest repayment status during the tenure of the loans to ensure the repayments were timely and punctual, and assessing whether any follow-up action should be taken to avoid potential exposure to credit risks;
2. obtaining and reviewing the financial information and secured security of the borrower and guarantor to assess the recoverability of the loans;
3. communicating with the borrower and requesting additional information, including but not limited to the reason for extension;
4. conducting searches and discussing with borrower on its business operations to ensure there were no significant changes that might affect the recoverability of the loans; and
5. reviewing the terms of the loan and interest rate with reference to bank and market rates to ensure the interest income was in the interest of the Company and its shareholders as a whole.

Ongoing monitoring of loan recoverability and loan collection

To safeguard the loan recoverability, the Directors closely monitor repayment records and loan portfolio on an on-going basis and conduct regular recoverability reviews. The Group performs review procedures including but not limited to, (i) obtaining and reviewing the repayment records of every loan and its interests repayments to ensure all amounts are repaid on schedule and in full; (ii) communicating actively with the borrowers regarding past due payments; and (iii) taking legal action when considered necessary to reduce possible credit losses.

Details of the impairment assessment on the loan receivables as at 30 June 2026 and 2025 are set out in note 5(a) to the Financial Statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year under review and up to the date of this directors' report were:

Executive Directors:

Mr. Chau Lai Him (*Chairman and Managing Director*)

Mr. Chau Chi Ho (*Deputy Chairman*)

Mr. Liu Dong Yang

Independent non-executive Directors:

Mr. Chung Kam Kwong

Mr. Lo Wai Ming

Mr. Lo Chao Ming

Ms. Dou Biling

Messrs. Chau Lai Him, Liu Dong Yang and Lo Chao Ming will retire by rotation from office as Directors at the forthcoming annual general meeting and Messrs. Chau Lai Him, Liu Dong Yang and Lo Chao Ming, all being eligible, will offer themselves for re-election pursuant to Bye-law 84 of the Bye-laws.

Independent non-executive Directors are not appointed for a specific term and are subject to retirement by rotation in accordance with the Bye-Laws.

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

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

Profiles of Directors and senior management of the Group are set out on pages 7 to 8 to this annual report.

DIRECTORS' REPORT

LITIGATION INVOLVING AN INDIRECT NON-WHOLLY OWNED SUBSIDIARY OF THE COMPANY

As disclosed in the announcements of the Company dated 29 September 2023, 28 February 2024, 27 September 2024, 27 February 2025, 29 September 2025 and 26 February 2026 respectively, the construction works for the land development project of Zhou's Marble, an indirect non-wholly owned subsidiary of the Company, have been suspended since 2020 in light of the unfavorable trading conditions in the building stones industry and COVID-19-related issues. The constructor of the captioned project (the **"Plaintiff"**) filed a claim against Zhou's Marble in the PRC for the settlement of construction costs and Zhou's Marble was ordered to pay the Plaintiff approximately RMB21,000,000 pursuant to the first instance decision in early July 2023. Zhou's Marble filed an appeal against the decision in late July 2023. The Intermediate People's Court of Zhanjiang City, Guangdong Province ruled in mid-March 2024 that the first instance decision was based on unclear findings of basic facts and remanded the case to the People's Court of Lianjiang City, Guangdong Province for retrial. The retrial was heard on 5 July 2024 and 28 July 2025 respectively. In the civil judgment dated 12 August 2025, the People's Court of Lianjiang City, Guangdong Province ruled in favour of Zhou's Marble, discharging it from the Plaintiff's claims. The parties disagreed and filed an appeal to the Intermediate People's Court of Zhanjiang City, Guangdong Province. The appeal was docketed on 26 November 2025, and was subsequently tried. On 31 December 2025, the Intermediate People's Court of Zhanjiang City, Guangdong Province dismissed the appeal and upheld the original judgment of the retrial in favour of Zhou's Marble. As at the date of this annual report, Zhou's Marble has not received any notice or related materials from the People's Court or any parties to the proceedings in respect of any application for retrial filed against the above judgment.

The shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

SHARE OPTIONS

The Company has adopted the share option Scheme (the **"Share Option Scheme"**) in accordance with Chapter 17 of the Listing Rules, pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 5 December 2022. Details of the principal terms of the Share Option Scheme were set out in the circular of the Company dated 10 November 2022.

The Stock Exchange has granted the approval for the listing of, and permission to deal in, the shares falling to be allotted and issued by the Company pursuant to the exercise of the options under the Share Option Scheme.

A summary of the Share Option Scheme is set out as follows:

Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives and/or rewards to Eligible Participants (as defined below) to enable the Company to grant options to Eligible Participants as incentives or rewards for their contributions and continuing efforts to promote the interests of the Group and to enable the Group to recruit and retain high calibre employees.

Eligible Participant(s)

Eligible participants of the Share Option Scheme (“**Eligible Participants**”) include Employee Participants (as defined below) or Service Providers (as defined below) that the Board considers, in their sole discretion, to have contributed or will contribute to the Group. The Board shall determine the basis of eligibility of each of the Eligible Participants by taking into account such factors as the Board may at its discretion consider appropriate and will assess the eligibility of each of the Eligible Participants on a case-by-case basis.

Employee Participants

Employee Participants include any Director and employee of the Company or any of its subsidiaries (including person(s) who is/are granted shares or options under the Share Option Scheme as an inducement to enter into employment contracts with the Company or its subsidiary).

Service Providers

Service Providers include any person who provides services to the Company or any of its subsidiaries on a continuing and recurring basis in the ordinary and usual course of business of the Group, the grant of options to whom is in the interests of the long-term growth of the Group as determined by the Board, namely:

- (a) a supplier of goods or services to any member of the Group;
- (b) an advisor, consultant, business or joint venture partner, contractor, agent or representative of any member of the Group; and
- (c) a person or entity that engages in design and/or research and development work to any member of the Group;

but, for the avoidance of doubt, excluding (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions of the Company or its subsidiaries, and (ii) professional service providers such as the Auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity.

DIRECTORS' REPORT

Maximum entitlement of each Participant	No option may be granted to any one person such that the total number of shares issued and to be issued upon exercise of options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 0.1% (for grants to a substantial shareholder, an independent non-executive Director or any of their respective associates) or 1% (for all other Eligible Participants) of the Company's issued share capital from time to time.
Exercise period and vesting period	The exercise period of each option is to be determined and notified by the Board to each grantee and in any event shall commence on any day after 12 months of the commencement date, subject to any shorter vesting period approved by the Board and/or the remuneration committee of the Company in accordance with the Share Option Scheme and shall end not later than the 10th anniversary of the relevant commencement date, subject to the provisions for early termination contained in the Share Option Scheme.
The amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made	HK\$1.00 is to be paid by each grantee as consideration for each acceptance of grant of option(s) within 28 days from the date of offer.
Basis of determining the exercise price	The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine but the subscription price shall be at least the highest of: (a) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the Shares.
Remaining life of the Share Option Scheme	The Share Option Scheme shall be valid and effective for a period of 10 years from the date on which it was adopted (i.e. 5 December 2022).

On 27 May 2024 ("**Date of Grant**"), the Company resolved to grant share options to subscribe for a total of 11,870,000 Shares to the six Directors and certain employee participants (collectively, the "**Grantees**"), subject to acceptances by the Grantees, under the Share Option Scheme.

The details of the options granted on 27 May 2024 were set out in the announcement of the Company dated 27 May 2024 and the 2024 Annual Report of the Company.

DIRECTORS' REPORT

Details of the movements of share options during the year under review under the Share Option Scheme are set out below:

				Number of Share Options					
Name or category of participants			Exercise price	Outstanding at 1 July 2025	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 30 June 2026
	Date of Grant	Exercisable period	HK\$						
Share Options Granted on 27 May 2024			Note						
Directors									
Chau Lai Him	27 May 2024	27 May 2025 to 26 May 2027	0.44	1,180,000	–	–	–	–	1,180,000
Chau Chi Ho	27 May 2024	27 May 2025 to 26 May 2027	0.44	1,180,000	–	–	–	–	1,180,000
Liu Dong Yang	27 May 2024	27 May 2025 to 26 May 2027	0.44	1,180,000	–	–	–	–	1,180,000
Chung Kam Kwong	27 May 2024	27 May 2025 to 26 May 2027	0.44	110,000	–	–	–	–	110,000
Lo Wai Ming	27 May 2024	27 May 2025 to 26 May 2027	0.44	110,000	–	–	–	–	110,000
Lo Chao Ming	27 May 2024	27 May 2025 to 26 May 2027	0.44	110,000	–	–	–	–	110,000
Employees	27 May 2024	27 May 2025 to 26 May 2027	0.44	6,820,000	–	–	–	(400,000)	6,420,000
				10,690,000	–	–	–	(400,000)	10,290,000

Note: The exercise price of HK\$0.44 was determined based on the highest of the following: (i) The closing price per Share as stated in the Stock Exchange's daily quotation sheet on 27 May 2024 being HK\$0.44; (ii) the average closing price per Share as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding 27 May 2024 being HK\$0.428; and (iii) the closing price per Share as stated in the Stock Exchange's daily quotation sheet on 24 May 2024 (the trading day immediately preceding the date of grant, i.e. 27 May 2024) being HK\$0.44. The vesting period was the period from 27 May 2024 to 26 May 2025. There is no performance target attached to the above share options.

During the year under review, 400,000 share options lapsed and no share options were exercised or cancelled or granted. The Stock Exchange has granted approval for the listing of, and permission to deal in, the Shares falling to be allotted and issued by the Company pursuant to the exercise of the above share options granted under the Share Option Scheme.

As at 1 July 2025, there were a total of 10,690,000 outstanding share options entitling the Grantees thereof to subscribe for a total of 10,690,000 Shares, representing approximately 9.004% of the 118,726,617 Shares in issue on that date.

As at 30 June 2026 and the date of this directors' report, there were a total of 10,290,000 outstanding share options entitling the Grantees thereof to subscribe for a total of 10,290,000 Shares, representing approximately 7.223% of the number of 142,466,617 Shares in issue on the respective dates.

The accounting standard and policy to estimate the fair value of the awards of the share options is set out in note 33 to the Financial Statements.

The Company has not adopted any other share scheme subject to Chapter 17 of the Listing Rules during the year ended 30 June 2026.

DIRECTORS' REPORT

Refreshment of the Scheme Mandate Limit and Refreshment of the Service Provider Sublimit

Reference is made to the circular of the Company dated 24 October 2024, the announcement dated 6 December 2024 and the Company's 2025 Annual Report.

At the 2024 AGM, the refreshment of the scheme mandate limit and the refreshment of the service provider sublimit under the Share Option Scheme were both approved by the independent shareholders of the Company.

Upon refreshment, the aggregate number of Shares that may be issued under the options to be granted pursuant to the Share Option Scheme under the refreshed scheme mandate limit is 11,872,661 Shares, representing approximately 10% of the 118,726,617 Shares in issue as the date of the 2024 AGM; and 3,561,798 Shares are available for grants of share options to eligible service providers under the refreshed service provider sublimit under the Share Option Scheme, representing approximately 3% of the 118,726,617 Shares in issue as at the date of 2024 AGM.

The Stock Exchange has granted the approval for the listing of, and permission to deal in, the shares which fall to be allotted and issued by the Company pursuant to the Share Option Scheme under the refreshed scheme mandate limit.

Total Number of Shares Available for Grant

As at 1 July 2025, the total number of share options available for future grant pursuant to the Share Option Scheme under the refreshed scheme mandate limit is 11,872,661 Shares, representing approximately 10% of the number of 118,726,617 Shares in issue on that date.

As at 30 June 2026 and the date of this directors' report, the total number of share options available for grant pursuant to the Share Option Scheme under the refreshed scheme mandate limit is 11,872,661 Shares, representing approximately 8.334% of the number of 142,466,617 Shares in issue on the respective dates.

As at 30 June 2026 and the date of this directors' report, within the refreshed scheme mandate limit, the total number of share options available for grant to eligible service providers under the refreshed service provider sublimit is 3,561,798 Shares, representing approximately 2.500% of the number of 142,466,617 Shares in issue on the respective dates.

Total Number of Shares Available for Issue

As at 1 July 2025, taking into account the unexercised outstanding share options granted on 27 May 2024 and the refreshed scheme mandate limit, the total number of Shares available for issue under the Share Option Scheme is 22,562,661 Shares, representing approximately 19.004% of the 118,726,617 Shares in issue on that date.

As at 30 June 2026 and the date of this directors' report, taking into account the unexercised outstanding share options granted on 27 May 2024 and the refreshed scheme mandate limit, the total number of Shares available for issue under the Share Option Scheme is 22,162,661 Shares, representing approximately 15.556% of the 142,466,617 Shares in issue on the respective dates.

No share options were granted under the Share Option Scheme during the year ended 30 June 2026 (2025: Nil). The total number of Shares that may be issued in respect of all outstanding options granted under the Share Option Scheme (i.e. 10,290,000 Shares) divided by the weighted average number of Shares of the relevant class in issue (i.e. 142,466,617 shares) for the year ended 30 June 2026 was approximately 7.223%.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2026, the interest of the Directors and their associates in the Shares, underlying shares or debentures of the Company or any of the Company's associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") are, as follows:

Name of Director	Capacity	Number of Shares held in long position	Number of underlying Shares held in long position (Note)	Total percentage of the issued share capital of the Company
Chau Lai Him	Beneficial owner	0	1,180,000	0.828%
Chau Chi Ho	Beneficial owner	1,980,000	1,180,000	2.218%
Liu Dong Yang	Beneficial owner	0	1,180,000	0.828%
Chung Kam Kwong	Beneficial owner	0	110,000	0.077%
Lo Wai Ming	Beneficial owner	20,000	110,000	0.091%
Lo Chao Ming	Beneficial owner	15,000	110,000	0.088%

Note: Long position in the underlying shares of the Company under the share options granted on 27 May 2024 pursuant to the Share Option Scheme.

Other than as disclosed above, as at 30 June 2026, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of the Company's associated corporation (within the meaning of Part XV of the SFO), as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and chief executive of the Company, as at 30 June 2026, there were no persons (other than the Directors or the Chief Executive of the Company) who had a notifiable interest or short position in the Shares or underlying shares of the Company recorded in the register kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' REPORT

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed “Share Option Scheme” regarding share options of this directors’ report, at no time during the year ended 30 June 2026 were rights to acquire benefits by means of acquisition of shares or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them, or was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors or their respective spouses or minor children to acquire such rights in any other body corporate.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the year ended 30 June 2026, none of the Directors had any interest in a business which competes, either directly or indirectly, with the business of the Company or the Group.

DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or associates was a party and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year ended 30 June 2026 or at any time during the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 30 June 2026.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each independent non-executive Director an annual confirmation for independence pursuant to Rule 3.13 of the Listing Rules. The independent non-executive Directors have confirmed that they are independent.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 June 2026, the five largest customers of the Group together accounting for approximately 49.4% of the Group’s total turnover and the five largest suppliers of the Group together accounted for approximately 70.1% of the Group’s total purchases, with the largest customer accounting for approximately 12.0% of the Group’s total turnover and the largest supplier accounted for approximately 38.3% of the Group’s total purchases during the year.

At all times during the year ended 30 June 2026, none of the Directors, their respective close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company’s issued share capital) had an interest in any of the Group’s five largest customers or five largest suppliers.

PERMITTED INDEMNITY

Pursuant to the Bye-laws of the Company and subject to relevant provisions therein, 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 he may incur in or sustain by the execution of his duty as a director of the Company or otherwise in relation thereto. The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year under review.

EMOLUMENT POLICY

As at 30 June 2026, the Group had approximately 270 employees in Hong Kong, PRC and overseas (30 June 2025: 350). The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Staff benefits include medical schemes, the Mandatory Provident Fund scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the PRC.

The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Group's operating results and individual performance.

The Company has adopted the Share Option Scheme to provide incentive to Eligible Participants, including Directors of the Company and eligible employees of the Group, for their contribution and continuing efforts to the Group.

In compliance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), employees of the Group in Hong Kong are required to participate in the Mandatory Provident Fund Scheme of the Group (the **"MPF Scheme"**). The MPF Scheme is a defined contribution plan administered by an independent corporate trustee. Under the MPF Scheme, the Group and each employee of the Group in Hong Kong are required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. The Group's contributions under the above-mentioned defined contribution retirement plan are expensed as incurred. Moreover, all the employees of the Group's entities incorporated in the PRC participate in employee social security plans, including pension, medical, housing and other welfare benefits, organised and administered by the local governments.

During the years ended 30 June 2026 and 30 June 2025, the Group had no forfeited contributions under the retirement benefits schemes utilised to reduce its existing level of contributions to the pension plans in future years.

Particulars of the Group's retirement benefits schemes are set out in note 37 to the Financial Statements.

PRE-EMPTIVE RIGHTS

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

DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this directors' report, the Directors are satisfied that the Company has maintained the minimum public float prescribed under the Listing Rules.

ANNUAL GENERAL MEETING

The 2026 Annual General Meeting of the Company (the **"2026 AGM"**) will be held on Monday, 7 December 2026.

CLOSURE OF REGISTER OF MEMBERS

For determining the qualification as shareholders of the Company to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Wednesday, 2 December 2026 to Monday, 7 December 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify as shareholders of the Company to attend and vote at the 2026 AGM, investors are required to lodge all properly completed share transfer documents accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 1 December 2026. Shareholders whose names appear on the register of members of the Company on Monday, 7 December 2026, the record date, will be entitled to attend and vote at the 2026 AGM.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding of the Shares.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event occurring after the Reporting Period of the Financial Statements.

DIRECTORS' REPORT

AUDITOR

The consolidated financial statements of the Company for the Financial Year have been audited by Messrs. BDO Limited, who will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company. A resolution will be proposed at the 2026 AGM to re-appoint Messrs. BDO Limited as the auditor of the Company.

On behalf of the Board

Chau Lai Him

Chairman

29 September 2026

CORPORATE GOVERNANCE REPORT

CORPORATE STRATEGY

During the year under review, the Company has adopted the principles and complied with all code provisions and, where applicable, the recommended best practices as set out in the Corporate Governance Code (the “Code”) under Appendix C1 to the Listing Rules, save and except for the deviations from Code provisions C.2.1 and F.1.3 which are explained below.

Since the year 2013, the Group has adopted the following principal statement as the mission of the Group (the “Mission”):

- **To provide innovative, quality products with prompt delivery to customers at the most competitive prices (為客戶提供創新的優質產品，不但交貨快捷，而且價格公道)**

The Group has established its vision and culture to be the market leader and customers’ most preferred supplier in the global wire and cable industry. The Group believes in developing a coherent and harmonised relationship with our stakeholders and strives to provide a life-long learning environment for staff to grow and excel.

The Group endeavors to add value to the society and the environment through responsible and self-conscious actions in its business. The major value of the Group includes:

- Customer First attitude drives the Group to success
- Human Capital develops to its maximum potential
- Advance technology and methods to be employed in R&D
- Uniformity in process and document control
- Superior Quality in products and customer services

CORPORATE GOVERNANCE PRINCIPLES

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders’ value. The corporate governance principles of the Company emphasise a high-quality Board, sound internal controls, and transparency and accountability to all shareholders.

Compliance with the Code Provisions

During the year under review, the Company has adopted the principles and complied with all code provisions and, where applicable, the recommended best practices set out in Appendix C1 to the Listing Rules, save and except for the deviations from Code provisions C.2.1 and F.1.3 of the Code which are explained below.

CORPORATE GOVERNANCE REPORT

Long-Serving Independent Non-Executive Directors

Under Code provision B.2.3, if an independent non-executive director serves more than nine years on the board of directors, his further appointment should be subject to a separate resolution to be approved by the shareholders of the Company. Furthermore, pursuant to Rule 3.13A of the Listing Rules, an issuer's board must not include an independent non-executive director who has served on the board in that capacity for a period of nine years or more, subject to the transitional arrangement set out under Rule 3.13A.

Messrs. Chung Kam Kwong, Lo Wai Ming and Lo Chao Ming, comprising 75% of the independent non-executive Directors of the Company, have each served as independent non-executive Directors of the Company for more than nine years. The Company is currently relying on the transitional arrangement set out under Rule 3.13A of the Listing Rules.

Mr. Chung Kam Kwong ("**Mr. Chung**") has been an independent non-executive Director for more than nine years since 1 March 2003. In accordance with the bye-law 84 of the Bye-laws of the Company (the "**Bye-laws**"), Mr. Chung retired from office by rotation at the 2025 annual general meeting of the Company held on 5 December 2025 (the "**2025 AGM**") and was re-elected by an ordinary resolution of the shareholders of the Company at the 2025 AGM. Mr. Chung has been serving as the chairman of the audit committee of the Company (the "**Audit Committee**") for more than 20 years and possesses professional qualification in accounting and financial management. Coupled with his in-depth understanding of the Company's operations and business, Mr. Chung has expressed objective views and given independent guidance to the Company over the past years. He continues demonstrating a firm commitment to his role. The nomination committee of the Company (the "**Nomination Committee**") and the Board consider that the long service of Mr. Chung would not affect his exercise of independent judgement and are satisfied that Mr. Chung has the required character, integrity and experience to continue fulfilling the role of an independent non-executive Director and consider Mr. Chung to be independent. An ordinary resolution was passed at the 2025 AGM to approve the re-appointment of Mr. Chung as an independent non-executive Director.

Mr. Lo Wai Ming has been an independent non-executive Director for more than nine years since 6 January 2000. In accordance with the bye-law 84 of the Bye-laws, Mr. Lo Wai Ming retired from office by rotation at the 2025 AGM and was re-elected by an ordinary resolution of the shareholders of the Company at the 2025 AGM. Mr. Lo Wai Ming has more than 40 years' experience in capital investment, consumer marketing, infrastructure investment and management, business development and corporate finance and an in-depth understanding of the Company's operations and business. Mr. Lo Wai Ming has expressed objective views and given independent guidance to the Company over the past years. He continues demonstrating a firm commitment to his role. The Nomination Committee and the Board consider that the long service of Mr. Lo Wai Ming would not affect his exercise of independent judgement and are satisfied that Mr. Lo Wai Ming has the required character, integrity and experience to continue fulfilling the role of an independent non-executive Director and consider Mr. Lo Wai Ming to be independent. An ordinary resolution was passed at the 2025 AGM to approve the re-appointment of Mr. Lo Wai Ming as an independent non-executive Director.

CORPORATE GOVERNANCE REPORT

Mr. Lo Chao Ming (“**Mr. Lo**”) has been an independent non-executive Director for more than nine years since 16 November 2006. In accordance with the bye-law 84 of the Bye-laws, Mr. Lo retired from office by rotation at the 2024 AGM and was re-elected by an ordinary resolution of the shareholders of the Company at the 2024 AGM. Mr. Lo has extensive knowledge and experience in the cable and wire industry, and an in-depth understanding of the Company’s operations and business. Mr. Lo has expressed objective views and given independent guidance to the Company over the past years. He continues demonstrating a firm commitment to his role. The Nomination Committee and the Board consider that the long service of Mr. Lo would not affect his exercise of independent judgement and are satisfied that Mr. Lo has the required character, integrity and experience to continue fulfilling the role of an independent non-executive Director and consider Mr. Lo to be independent. Mr. Lo has offered himself for re-election and a separate resolution will be proposed for his re-election at the 2026 AGM.

The Board, on the recommendation of the Nomination Committee, will formulate a succession plan to ensure that (i) long-serving independent non-executive Directors will not represent a majority of the independent non-executive Directors by the conclusion of the Company’s annual general meeting to be held in 2028; and (ii) no independent non-executive Director will have served for a period of nine years or more by the conclusion of the Company’s annual general meeting to be held in 2031, thereby ensuring compliance with the regulatory deadlines under Rule 3.13A of the Listing Rules.

Code provision C.2.1

Under Code provision C.2.1, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

During the year under review, Mr. Chau Lai Him acted as the Chairman of the Board and the Managing Director of the Company. Mr. Chau Lai Him is the founder of the Group and has extensive experience in the cable and wire industry and the mining industry. Mr. Chau Lai Him is responsible for the effective running of the Board and for formulating business strategies. The Directors believe that it is in the best interests of the Group to have Mr. Chau Lai Him continue to be both the Chairman and the Managing Director of the Company and that the current management structure has been effective for the development of the Group and implementation of business strategies under the leadership of Mr. Chau Lai Him.

The Directors will continue to review the effectiveness of the Group’s corporate governance structure to assess whether changes, including the separation of the roles of the chairman and the chief executive officer, are necessary.

Code provision F.1.3

Under Code provision F.1.3, the chairman of the board should attend the annual general meeting of the Company.

During the year under review, Mr. Chau Lai Him, the Chairman of the Board and the Managing Director of the Company, attended the 2025 AGM by electronic means and was available to respond to questions from shareholders. Mr. Chau Chi Ho, the deputy Chairman of the Board and an executive Director of the Company, presided over the 2025 AGM.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board is entrusted with the overall responsibility of managing the Company's business and affairs. The ultimate responsibility for the day-to-day management of the Company is delegated to the Chairman/Managing Director and the management.

The Board currently comprises a total of seven Directors, with three executive Directors and four independent non-executive Directors. The Company did not appoint the lead independent non-executive Director. The composition of the Board during year and up to the date of this annual report is set out as follows:

Name of Director	Current Period of Appointment	Date of Appointment as Director	Length of Tenure as at 30 June 2026 (Approximately)
Executive Directors			
Chau Lai Him (<i>Chairman and Managing Director</i>)	6 December 2024–5 December 2027	19 November 1996	29 years
Chau Chi Ho (<i>Deputy Chairman</i>)	5 December 2025–4 December 2028	2 April 2015	11 years
Liu Dong Yang	6 December 2024–5 December 2027	23 January 2010	16 years
Independent non-executive Directors			
Chung Kam Kwong	5 December 2025–4 December 2028	1 March 2003	23 years
Lo Wai Ming	5 December 2025–4 December 2028	6 January 2000	26 years
Lo Chao Ming	6 December 2024–5 December 2027	16 November 2006	19 years
Dou Billing	5 December 2025–4 December 2028	18 December 2024	1 year

Mr. Chau Chi Ho is the son of Mr. Chau Lai Him, the Chairman and Managing Director of the Company. Save as disclosed herein, there is no financial, business, family or other material/relevant relationship among members of the Board.

More details of the biography of each of the Directors are disclosed on page 7 of this annual report. The Board has published and maintained an updated list of the Directors identifying their role and function on the Company's website (www.1166hk.com) and the website of the Stock Exchange (www.hkexnews.hk). The Board met regularly throughout the year ended 30 June 2026. All Directors are given the opportunity to put items on the agenda for regular Board meetings. All Directors have access to the company secretary of the Company (the "**Company Secretary**") to ensure that all Board procedures and rules and regulations are followed. Full minutes of Board meetings are kept by the Company Secretary and are available for inspection on reasonable notice. Any Director may, in furtherance of his duties, take independent professional advice where necessary at the expense of the Company.

The Board is responsible for setting the strategic direction and policies of the Group and supervising the management. Some functions including, *inter alia*, the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial shareholder of the Company or Director, the approval of the interim and final results, adequate resources for finance department to perform its role in financial reporting, other disclosures to the public or regulators and the internal control systems are reserved by the Board and the decisions relating to such matters shall be subject to the decision of the Board. Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to the management under the supervision of the respective Directors and the leadership of the Managing Director.

CORPORATE GOVERNANCE REPORT

The roles of the Chairman and the Managing Director are not separate and the explanation in connection with such deviation from Code provision C.2.1 is set out in the section headed “Compliance with the Code Provisions” of this annual report. The Chairman is responsible for providing leadership to the Board, effective running of the Board, ensuring all appropriate issues are discussed by the Board in a timely manner and formulating business strategies. The Chairman has ensured that all Directors are properly briefed on issues arising at Board meetings and all Directors receive adequate, complete and reliable information. During the year ended 30 June 2026, the Chairman held a meeting with the independent non-executive Directors without the presence of the other executive Directors.

During the year ended 30 June 2026, the Board at all times complied with Rules 3.10(1), (2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board; one of the independent non-executive Directors is required to possess appropriate professional qualifications or accounting or related financial management expertise. The Board confirms that all independent non-executive Directors comply with the requirement under Rule 3.12A of the Listing Rules regarding the maximum number of concurrent directorships held in listed issuers. Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Directors’ Skills and Experience

The Board comprises 7 Directors with skills, expertise and experience which are considered relevant to the objectives of the Group’s business and effective governance.

The following table outlines the collective expertise and experience of the Board:

	Executive Leadership & Strategy	Industry Knowledge & Experience	Accounting & Finance Management	Regulatory Compliance & Risk Management	Mainland China Exposure	Technology & Innovation
Executive Directors						
Chau Lai Him	✓	✓		✓	✓	✓
Chau Chi Ho	✓	✓	✓	✓	✓	✓
Liu Dong Yang	✓	✓	✓	✓	✓	✓
Independent non-executive Directors						
Chung Kam Kwong	✓		✓	✓	✓	
Lo Wai Ming	✓			✓	✓	
Lo Chao Ming	✓	✓		✓	✓	✓
Dou Billing				✓	✓	

CORPORATE GOVERNANCE REPORT

Directors' Training and Continuous Professional Development

In compliance with the mandatory disclosure requirement B(i) of the Code and rule 3.09F of Main Board Listing Rules, every director of a listed issuer must receive continuous professional development in each financial year of the issuer.

The continuous professional development required by rule 3.09G of Main Board Listing Rules must at least cover each of the following topics:

- (T1) the roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness;
- (T2) issuers' obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rule updates) relevant to the discharge of such obligations and duties;
- (T3) corporate governance and ESG matters (including developments on sustainability or climate-related risks and opportunities relevant to the issuer and its business);
- (T4) risk management and internal controls; and
- (T5) updates on industry-specific developments, business trends and strategies relevant to the issuer.

CORPORATE GOVERNANCE REPORT

A summary of training received by the Directors during the year ended 30 June 2026 is as follows:

	Mode	Topics covered	Hours Completed	Total
Executive Directors				
Chau Lai Him	External training ¹	T3, T4	3 hours	7 hours
	Internal training ²	T2, T5	2 hours	
	Self-study ³	T1, T2	Approximately 2 hours	
Chau Chi Ho	External training	T3, T4	3 hours	8 hours
	Internal training	T2, T5	2 hours	
	Self-study	T1, T2	Approximately 3 hours	
Liu Dong Yang	External training	T3, T4	3 hours	8 hours
	Internal training	T2, T5	2 hours	
	Self-study	T1, T2	Approximately 3 hours	
Independent non-executive Directors				
Chung Kam Kwong	External training	T3, T4	3 hours	8 hours
	Internal training	T2, T5	2 hours	
	Self-study	T1, T2	Approximately 3 hours	
Lo Wai Ming	External training	T3, T4	2 hours	8 hours
	Internal training	T2, T5	2 hours	
	Self-study	T1, T2	Approximately 4 hours	
Lo Chao Ming	External training	T3, T4	3 hours	7 hours
	Internal training	T2, T5	2 hours	
	Self-study	T1, T2	Approximately 2 hours	
Dou Biling ⁴	External training	T3, T4	2.5 hours	6.5 hours
	Internal training	T2, T5	2 hours	
	Self-study	T1, T2	Approximately 2 hours	

Notes:

1. External training: Attended training courses, including but not limited to, online training courses and physical sessions provided by the Hong Kong Chartered Governance Institute.
2. Internal training: In-house training and briefings were delivered by the Company Secretary at least once a year.
3. Self-study: Reviewed materials and updates regarding corporate governance, directors' duties and responsibilities, the Listing Rules and other regulatory requirements.
4. Ms. Dou Biling, who was appointed to the Board as an independent non-executive Director on 18 December 2024, had obtained legal advice on Hong Kong law as regards the requirements under the Listing Rules that are applicable to her as director of a listed company and the possible consequences of making a false declaration or giving false information to the Stock Exchange from an external law firm as required under Rule 3.09D of the Listing Rules on 18 December 2024. She has confirmed her understanding of the obligation as a Director of the Company.

CORPORATE GOVERNANCE REPORT

Directors' Responsibility for Financial Statements

The Directors acknowledge their responsibility in preparing the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Company and in accordance with statutory requirements and applicable accounting standards. In preparing the financial statements for the year ended 30 June 2026, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

The responsibilities of the Company's auditor with respect to the financial reporting are set out in the Independent Auditor's Report on pages 54 to 58 of this annual report.

Corporate Governance Function

The Board recognises that corporate governance should be the collective responsibility of the Directors and their corporate governance duties include:

- (a) to develop, review, update and implement the Company's policy and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- (e) to prepare and ensure a corporate governance report in its summary financial reports (if any) and annual reports in accordance with the disclosure requirements under the Listing Rules and the Code;
- (f) to review the Company's compliance with the Code and disclosure in the corporate governance report; and
- (g) to develop procedures for and conduct the review of the performance of the Board (including its committees and individual members) annually.

During the year ended 30 June 2026, the corporate governance function has been performed and executed by the Board and the Board has reviewed the Company's compliance with the Code.

Directors' and Officers' Liabilities Insurance

Appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group has been arranged by the Group.

CORPORATE GOVERNANCE REPORT

BOARD OPERATION

During the year ended 30 June 2026, the Board held 8 Board meetings and the 2025 AGM. The attendance records of each member of the Board at Board meetings and the attendance records of the respective members of the Board at the audit committee meetings, nomination committee meetings, remuneration committee meetings, whistleblowing committee meetings and the general meeting are set out below:

	Audit committee meetings	Nomination committee meetings	Remuneration committee meetings	Whistleblowing committee meetings	Board meetings	2025 AGM
Executive Directors						
Chau Lai Him	–	1	–	–	8	1
Chau Chi Ho	–	–	–	–	8	1
Liu Dong Yang	–	–	–	–	8	–
Independent non-executive Directors						
Chung Kam Kwong	4	1	1	1	7	1
Lo Wai Ming	4	1	1	1	7	1
Lo Chao Ming	4	1	1	1	7	1
Dou Billing	4	1	1	1	7	–

In place of physical meetings, the Board and Board committees also circulated written resolutions for approval by the relevant members of the Board and Board committees except for matters where a substantial shareholder or a Director has a conflict of interest which the Board has determined to be material in compliance with Code Provision C.5.7.

The Board having considered the attendance records of the Directors is satisfied that each Director spends sufficient time performing his responsibilities.

Board Independence Evaluation Mechanism

Under Code provision B.1.3 of the Code, an issuer should establish mechanism(s) to ensure independent views and input are available to the board and disclose such mechanism(s) in its Corporate Governance Report. The board should review the implementation and effectiveness of such mechanism(s) on an annual basis.

The Board has adopted the board independence evaluation mechanism (the “**Mechanism**”) which sets out the principles and guidelines for the Company to ensure independent view and input to be available to the Board.

CORPORATE GOVERNANCE REPORT

Continuing improvement and development of the Board of the Company and its committee processes and procedures through Board independence evaluation provides a powerful and valuable feedback mechanism for improving Board effectiveness, maximising strengths, and identifying the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

The Mechanism is designed to ensure a strong independent element on the Board of the Company, which allows the Board to effectively exercise independent judgment to better safeguard shareholders' interests.

The Mechanism took effect on 8 April 2022 and its full text is available on the Company's website.

Audit Committee

At least one of the members of the audit committee of the Company (the "**Audit Committee**") has appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. None of the members of the Audit Committee was a former partner of the Company's existing external auditor within two years immediately prior to the dates of their respective appointments. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of the Company. The Board expects the members of the Audit Committee to exercise independent judgement and delegates the responsibilities of the corporate governance functions to the Audit Committee in order to comply with the requirement of the Code.

The Audit Committee of the Company currently comprises four independent non-executive Directors, Mr. Chung Kam Kwong, Mr. Lo Wai Ming, Mr. Lo Chao Ming and Ms. Dou Biling. The chairman of the Audit Committee is Mr. Chung Kam Kwong. The primary duties of the Audit Committee include the reviewing of the Group's financial reporting system and financial reporting integrity, the nature and scope of audit review as well as the effectiveness of the system of internal control and risk management. The Audit Committee is also responsible for making recommendations in relation to the appointment, re-appointment and removal of the external auditor, and the reviewing and monitoring of the independence and objectivity of the external auditor. In addition, the Audit Committee discusses matters raised by the external auditor and regulatory bodies to ensure that appropriate recommendations are implemented. A copy of the updated terms of reference of the Audit Committee is available on the Company's website and the Stock Exchange's website. The Audit Committee shall meet at least twice a year.

During the year ended 30 June 2026, the Audit Committee held four meetings and all committee members were present at the meetings. The Audit Committee has reviewed with the management and the external auditor, the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including the review of the Company's interim and annual financial statements before submission to the Board. The Group's financial statements for the year ended 30 June 2026 have been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards and legal requirements, and that adequate disclosures have been made. There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year ended 30 June 2026.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The nomination committee of the Company (the “**Nomination Committee**”) currently comprises one executive Director, Mr. Chau Lai Him, and four independent non-executive Directors, Mr. Chung Kam Kwong, Mr. Lo Wai Ming, Mr. Lo Chao Ming and Ms. Dou Biling. The chairman of the Nomination Committee is Mr. Chau Lai Him.

The duties of the Nomination Committee include:

- (a) to review the structure, size and composition of the Board, assist the Board in maintaining a board skills matrix and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, with due regard to the Board Diversity Policy;
- (b) to identify individuals suitably qualified to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (c) to assess the independence of independent non-executive directors;
- (d) to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman/managing director;
- (e) to support the Company’s regular evaluation of the Board’s performance, establish a mechanism for formal assessment and perform periodic assessment on the effectiveness of the Board; and
- (f) to monitor the implementation of the Board Diversity Policy and review such policy, as appropriate, to ensure the effectiveness of the Board Diversity Policy.

The Nomination Committee has established a specific written committee charter which deals clearly with its authority and duties. A copy of the updated terms of reference of the Nomination Committee is available on the Company’s website and the Stock Exchange’s website. The Nomination Committee shall meet at least once a year.

The Board has reviewed and updated the director nomination policy (the “**Director Nomination Policy**”) of the Company. The Director Nomination Policy aims to set out the criteria and process in the nomination and appointment of director of the Company, ensure the Board having a balance of skills, experience and diversity of perspectives appropriate to the Company and ensure the Board continuity and appropriate leadership at Board level.

Under the mandatory disclosure requirement E.(d)(iii) of the Code, the Board is required to disclose the policy for nomination of directors in the summary of work performed by the Nomination Committee in its corporate governance report.

CORPORATE GOVERNANCE REPORT

The nomination process is summarised, as follows:

(a) Appointment of new Director

- (i) The Nomination Committee and/or the Board should, upon receipt of a proposal for the appointment of a new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- (ii) If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iii) The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (iv) For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(b) Re-election of Director at general meeting

- (i) The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board.
- (ii) The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.
- (iii) The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

During the year ended 30 June 2026, the Nomination Committee held one meeting and all committee members were present at the meeting. The Nomination Committee has reviewed and updated the Nomination Policy for the nomination of directors, the nomination procedures, process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship and senior management.

CORPORATE GOVERNANCE REPORT

Directors' time commitment and contribution to the Board

During the year under review, the Nomination Committee evaluated each Director's time commitment, judgment, and overall ability to discharge their responsibilities effectively. This assessment was based on the quality of their participation and referenced key factors, including their professional qualifications, work experience, attendance at Board and Board Committee meetings, external directorships, and other significant time commitments.

Among others, the Nomination Committee noted that:

- (a) Mr. Chau Lai Him, Mr. Chau Chi Ho and Mr. Liu Dong Yang, the three executive Directors, have full-time involvement in the affairs of, and participate in day-to-day operations of the Group and for the year ended 30 June 2026, the three executive Directors attended all Board meetings of the Company; and
- (b) for the year ended 30 June 2026, Mr. Chung Kam Kwong, Mr. Lo Wai Ming, Mr. Lo Chao Ming and Ms. Dou Biling, the four non-executive independent Directors attended all Audit Committee meetings, the Remuneration Committee meeting, the Nomination Committee meeting and the Whistleblowing Committee meeting and approximately 90% Board meetings. Mr. Chung Kam Kwong, Mr. Lo Wai Ming and Mr. Lo Chao Ming attended the 2025 AGM.

Given the above observations and evaluation, the Nomination Committee is of the view that each Director has devoted sufficient time and attention to the affairs of the Company and discharged his or her responsibilities effectively during the year under review.

Pursuant to the Bye-laws of the Company, all Directors are appointed by the Board, whether to fill a casual vacancy or as an addition to the Board, shall hold office until the next annual general meeting at which time they must retire and be subject to re-election. Every Director shall be subject to retirement by rotation at least once every three years and shall be eligible for re-election in accordance with the Bye-laws. The Bye-laws also allow for removal of a Director by an ordinary resolution.

The Board recommended the re-appointment of the Directors standing for re-election at the 2026 AGM. The Company's circular to be despatched to its shareholders will contain detailed information of the Directors standing for re-election.

Remuneration Committee

The remuneration committee of the Company (the "**Remuneration Committee**") currently comprises four independent non-executive Directors, Mr. Chung Kam Kwong, Mr. Lo Wai Ming, Mr. Lo Chao Ming and Ms. Dou Biling. The chairman of the Remuneration Committee is Mr. Chung Kam Kwong. The roles and functions of the Remuneration Committee include the determination of the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, the making of recommendations to the Board in connection with the remuneration of the non-executive Directors and the review of grant of share options under the Share Option Scheme. The Remuneration Committee should consider factors such as the salaries paid by comparable companies, employment conditions elsewhere in the Group and the desirability of performance-based remuneration. A copy of the updated terms of reference of the Remuneration Committee is available on the Company's website and the Stock Exchange's website. The Remuneration Committee shall meet at least once a year.

CORPORATE GOVERNANCE REPORT

During the year ended 30 June 2026, the Remuneration Committee held one meeting and all committee members were present at the meeting. The Remuneration Committee has reviewed the remuneration packages of all executive Directors and senior management, assessed performance of executive Directors and senior management, made recommendations to the Board in connection with the remuneration of the non-executive Directors and considered matters in relation to the implementation of the Share Option Scheme. During the year ended 30 June 2026, no options under the Share Option Scheme was granted. Details of the emoluments of the Directors are set out in note 9 to the Financial Statements.

Board Performance Review

Under Code provision B.1.4 of the Code, a board performance review is required at least every two years, with specific disclosure in the CG report.

During the year ended 30 June 2026, no Board's performance review was conducted. The review will be conducted during the forthcoming financial year.

Remuneration of Senior Management

Under Code provision E.1.5 of the Code, the annual remuneration of the members of senior management (other than the Directors, whose particulars are contained in the section headed "Directors and Senior Management" in this annual report) of the Group for the year ended 30 June 2026 by band is set out below:

Annual remuneration (HK\$)	Number of individuals
Nil to HK\$1,000,000	1
HK\$1,000,001 to HK\$2,000,000	1

Whistleblowing Committee

The whistleblowing committee of the Company (the "**Whistleblowing Committee**") comprises the head of internal audit and four independent non-executive Directors, namely Mr. Chung Kam Kwong, Mr. Lo Wai Ming, Mr. Lo Chao Ming and Ms. Dou Biling. The chairman of the Whistleblowing Committee is the head of internal audit. The terms of reference for the Whistleblowing Committee set out, among other matters, the reporting and investigation procedures for the employees of the Group and those who deal with the Company to raise concerns about possible improprieties in matters related to the Group. A copy of the updated terms of reference of the Whistleblowing Committee is available on the Company's website and the Stock Exchange's website. The Whistleblowing Committee shall meet at least once a year.

Pursuant to Code Provision D.2.3 of the Code, the Board has adopted the whistleblowing policy (the "**Whistleblowing Policy**") which enables the Company's employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the Whistleblowing Committee, about possible improprieties in matters related to the Company, in order to help detect and deter misconduct or malpractice or unethical acts in the Company.

The Whistleblowing Policy has become effective since 8 April 2022 and its full text is available on the Company's website.

CORPORATE GOVERNANCE REPORT

During the year ended 30 June 2026, the Whistleblowing Committee held one meeting with all committee members present at the meeting and reviewed the Whistleblowing Policy. The Whistleblowing Policy continues to be adopted in the forthcoming financial year. The Whistleblowing Committee will continue to review the Whistleblowing Policy to improve its effectiveness and employee confidence in the process and to encourage a “speak up” culture across the Group.

COMPANY SECRETARY

The Company Secretary, Ms. Chan Kam Yee, is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. She is also responsible for ensuring that the Board is fully appraised of the relevant legislative, regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of Directors.

The Company Secretary reports to the Chairman and the Managing Director, plays an essential role in the relationship between the Company and its shareholders, assists the Board in discharging its obligations to shareholders pursuant to the Listing Rules and has great role to play and ensure the eco-system relating to financial reporting works.

During the year ended 30 June 2026, Ms. Chan attended relevant professional seminars to update her skills and knowledge and complied with the Listing Rules to take no less than 15 hours of relevant professional training.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding Directors’ securities transactions. The Company has made specific enquiries with all of the Directors, each of whom has confirmed that he or she has complied with the required standards set out in the Model Code throughout the year under review.

Share Interests of Senior Management

As at 30 June 2026, certain members of the senior management of the Company (whose biographical details are disclosed on page 8 of this annual report) had a total of 1,450,000 underlying shares of the Company within the meaning of Part XV of the SFO in respect of share options granted to them under the Share Option Scheme. 400,000 share options granted to such member of the senior management lapsed and no share options were exercised or cancelled during the year ended 30 June 2026.

Save for the above, as at 30 June 2026, none of the senior management of the Company (whose biographical details are disclosed on page 8 of this annual report) had any interests or short positions in the shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognizes its overall responsibility for the Group's risk management and internal control systems and reviewing their effectiveness in order to safeguard the interest of the Group and its shareholders, and to review and monitor the effectiveness of the internal control and risk management systems on an ongoing basis to ensure that systems in place are adequate.

The Board ensures the maintenance of sound and effective risk management and internal controls to safeguard the shareholders' investment and the assets of the Company. It has been an important duty of the Directors to conduct a review of the effectiveness of the risk management and internal control systems of the Group annually or at any time when necessary. The review covers all material controls, including financial, operational and compliance controls, handling and dissemination of inside information and risk management functions, and takes into account the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget.

The Group has established a risk management framework, which consists of the Board, the Audit Committee and the senior management of the Group. The Board is responsible for determining the nature and the extent of risks (including ESG risks) the Group is willing to accept to achieve its strategic objectives and has the overall responsibilities for monitoring the design, implementation and the overall effectiveness of the risk management and internal control systems.

Furthermore, the Group has established robust procedures to ensure the timely, accurate, and complete disclosure of discloseable information and prevent a false market in the Company's securities. This includes formal mechanisms requiring senior management to identify potential inside information and escalate it immediately to the Board. The Board, with the assistance of the Company Secretary, then assesses the materiality of the information, maintains its confidentiality prior to publication, and ensures prompt dissemination via regulatory announcement platforms when required.

In addition, the Company maintains an internal audit function that assists the Audit Committee and the senior management of the Group by conducting periodical analysis and independent appraisal of the adequacy and effectiveness of the systems. It should be acknowledged that the Group's risk management and internal control systems are designed to manage rather than to eliminate the risk of failure in achieving our strategic and business objectives, and can only provide reasonable, but not absolute, assurance against material loss or misstatement.

During the year ended 30 June 2026, the Company engaged an external independent consultant to conduct a review on the effectiveness of the risk management and internal control systems of the Group. The review process involved a series of structured assessment procedures, including a comprehensive documentation review, detailed interviews with senior management, and walkthrough tests of key operational cycles. The external independent consultant evaluated the control environment over financial, operational and compliance issues, risk management process, information systems security and quality of the management's monitoring of risks and effectiveness of financial reporting of the Group and its compliance with the Listing Rules.

The Audit Committee and the Board reviewed the report prepared by the external independent consultant, particularly, the adequacy and effectiveness of the systems, including the reliability of financial reporting, operational efficiency, compliance with the Listing Rules, and the adequacy of resources, staff qualifications and experience, training programmes, and budget of the Company's accounting, internal audit, and financial reporting functions.

CORPORATE GOVERNANCE REPORT

The external independent consultant has provided confirmation to the Audit Committee and the Board on the effectiveness of these systems for the year under review. Based on the result of the reviews as mentioned above, the Board has considered and reached the conclusion that the Group's risk management and internal control systems were adequate and effective.

Handling and Dissemination of Inside Information

The Group complies with requirements of SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

AUDITOR'S REMUNERATION

The Company's external auditor is BDO Limited. There has been no change in the Company's external auditors for the preceding three years.

During the year ended 30 June 2026, the remunerations paid/payable to BDO Limited were set out below:

Type of services	Fees paid/payable
Audit services	
– Audit of annual consolidated financial statements	1,680,000
Non-audit services	
– Agreed-upon procedures on interim financial information	250,000
– Agreed-upon procedures on preliminary results announcement	10,000
Sub-total	260,000
Total	1,940,000

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Board has adopted the board diversity policy (the “**Board Diversity Policy**”) in compliance with the mandatory disclosure requirement J of the Code.

The Board Diversity Policy has been reviewed by the Board during the year ended 30 June 2026. The Board Diversity Policy aims to set out the approach to achieve diversity on the Board and does not apply to diversity in relation to the employees of the Company, nor the board and the employees of any subsidiary of the Company.

In reviewing and assessing the Board composition and the nomination of directors, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, gender, age, background, knowledge and regional and industry experience and other qualities of the members of the Board, in order to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company’s business growth. The Nomination Committee will discuss and agree on the measurable objectives for achieving diversity on the Board and make recommendation to the Board. The measurable objective of the Company’s board diversity policy relating to gender is to ensure that there is at least one Director of a different gender. As of 30 June 2026, the Company had one female director and six male Directors, thus achieving the measurable objective.

The Group is committed to providing career development opportunities for female staff so that we will have a pipeline of female senior management and potential successors to our Board in the near future.

The Board may adopt and/or amend from time to time such diversity perspectives and/or measurable objectives that are appropriate to the Company’s business and Board succession planning.

With effect from 18 December 2024, Ms. Dou Biling (竇碧玲) (“**Ms. Dou**”) has been appointed as an independent non-executive Director of the Company.

Following the appointment of Ms. Dou on 18 December 2024, the Company has complied with the requirement under Rule 13.92 of the Listing Rules regarding gender diversity of the Board with at least one female Director before 31 December 2024 in accordance with the timeline specified in the Rule.

CORPORATE GOVERNANCE REPORT

As at 30 June 2026 and the date of this annual report, the Board comprises six male directors and includes one female director, namely Ms. Dou Biling, which brings diversity to the Board and the Board will continue to maintain good level of diversity. The Board is also characterised by significant diversity, in particular, in terms of professional expertise and experience, age and education. An analysis of the Board's current composition based on measurable objectives is set out below:

Gender		Age Group	
Male:	6 Directors	41–50:	1 Director
Female:	1 Director	51–60:	1 Director
		Over 60:	5 Directors
Designation		Educational Background	
Executive Directors:	3 Directors	Business Administration:	3 Directors
Independent Non-executive Directors:	4 Directors	Accounting & Finance:	1 Director
		Others:	3 Directors
Length of Tenure			
0–10 years:	1 Director		
11–20 years:	3 Directors		
21–30 years:	3 Directors		

Gender Diversity

The Company value gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at 30 June 2026:

	Female	Male
Board	1 (14%)	6 (86%)
Senior management	2 (100%)	0 (Nil%)
Managerial staff	3 (33%)	6 (67%)
Operational staff	46 (51%)	45 (49%)
General staff/workers	77 (48%)	84 (52%)

CORPORATE GOVERNANCE REPORT

Workforce Diversity Policy

Under the mandatory disclosure requirement J(b) of the Code, where the Company has a workforce (including senior management) diversity policy, such policy must be disclosed in the annual report.

On 21 November 2025, the workforce diversity policy (the “**Workforce Diversity Policy**”) was approved by the Board and adopted by the Company in compliance with Rule 13.92 of the Listing Rules regarding Board and workforce diversity.

The Company recognises and embraces the benefits of diversity in workforce and sees increasing workforce diversity as an essential element in maintaining the Group’s innovation and growth.

The Workforce Diversity Policy sets out the Company’s approach to the workforce diversity of the Group, as follows:

- (a) to attract and retain candidate(s) with a combination of competencies from the widest possible pool of available talent;
- (b) to maintain a diversified working environment with diversity perspectives at all levels, in particular, those are aligning with the Company’s strategy and objectives;
- (c) to ensure that the workforce has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy, seeking to attract, retain and motivate people and support the development of their potential to build competent, committed and successful teams;
- (d) to ensure equal opportunities for all employees and create an inclusive and supportive work environment; and
- (e) to promote awareness of diversity and inclusion through regular training and communication.

The Company is committed to offer training and development opportunities to support the growth and advancement of employees from diverse backgrounds and to provide a positive work environment that values the wide-ranging perspectives of the workforce.

The Workforce Diversity Policy became effective on 21 November 2025 and its full text is available on the Company’s website.

DIVIDEND POLICY

Under the mandatory disclosure requirement M of the Code, where the Company has a policy on payment of dividends, such policy must be disclosed in the annual report.

The Board has reviewed the dividend policy (the “**Dividend Policy**”) of the Company in compliance with the mandatory disclosure requirement M of the Code.

CORPORATE GOVERNANCE REPORT

The Dividend Policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profits as dividends to the shareholders of the Company. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value and does not have any pre-determined dividend payout ratio. The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the Bye-Laws of the Company and all applicable laws and regulations and the following factors concerning the Group when considering the declaration and payment of dividends:

- (a) financial results;
- (b) cash flow situation;
- (c) business conditions and strategies;
- (d) future operations and earnings;
- (e) capital requirements and expenditure plans;
- (f) interests of shareholders;
- (g) any restrictions on payment of dividends; and
- (h) any other factors that the Board may consider relevant.

Furthermore, depending on the financial conditions of the Company and the Group and the conditions and factors set out above, dividends (including interim dividend, final dividend, special dividend and any distribution of net profits that the Board may deem appropriate) may be proposed and/or declared by the Board for a financial year or period. Any final dividend for a financial year will be subject to shareholders' approval. The Company may declare and pay dividends by way of cash or scrip or by other means that the Board considers appropriate.

The Dividend Policy will be subject to review by the Board from time to time.

The Board confirmed that all dividend decisions were made in accordance with the Dividend Policy.

The Board did not recommend any final dividend for the year ended 30 June 2026. This decision was made in accordance with the Dividend Policy, after careful consideration of the Group's financial performance, cash flow position, capital requirements, and future business development needs, in order to maintain sufficient reserves for ensuring stability and continuity in its business operations.

CORPORATE GOVERNANCE REPORT

ANTI-CORRUPTION POLICY

Under Code provision D.2.4 of the Code, the Board is required to establish an anti-corruption policy and system that promote and support anti-corruption laws and regulations.

The Board has adopted the anti-corruption policy (the “**Anti-Corruption Policy**”) which sets out the principles and guidelines for the Company to promote and support anti-corruption laws and regulations.

The Anti-Corruption Policy sets out the basic standard of conduct which applies to all directors, officers and employees of the Company and its wholly owned subsidiaries (collectively known as “**employees**”). It also provides guidance to all employees on acceptance of advantage and handling of conflict of interest when dealing with the Company’s business. The Company also encourages and expects its business partners including suppliers, contractors and clients to abide by the principles of the Anti-Corruption Policy.

The Anti-Corruption Policy has become effective since 8 April 2022 and its full text is available on the Company’s website.

SHAREHOLDERS’ RIGHTS

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities. These include interim and annual reports, announcements and circulars.

The general meetings of the Company are primary forum for communication between the shareholders and the Board. The Group encourages its shareholders to attend and participate in general meetings to ensure a high level of accountability and to keep shareholders informed of the Group’s strategy and goals. The Chairman of the Board, other Board members and the chairman of all the Board committees, or in their absence, other members of the respective committees, are available to answer any questions from the shareholders.

Any one shareholder of the Company has the right to (i) speak at a general meeting of the Company; and (ii) vote at a general meeting of the Company, except where a shareholder is required, by the Listing Rules, or the rules, codes or regulations of any competent regulatory authority, to abstain from voting to approve the matter under consideration.

Procedures by which Shareholders may convene a Special General Meeting

Pursuant to the Bye-Laws of the Company, 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 a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held in the form of a physical meeting only and within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may convene such physical meeting in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

CORPORATE GOVERNANCE REPORT

Procedures for Putting Forward Proposals at Shareholders' Meetings and Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their written requests, proposals, enquiries and concerns to the Company for the attention of the Chairman of the Board or the company secretary of the Company whose contact details are:

Solartech International Holdings Limited
Unit 16, 12/F, Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong
E-mail: enquiry@solartech1166.com
Tel no.: (852) 2796 1628
Fax no.: (852) 2799 9835

Shareholders' Communication Policy

Under the mandatory disclosure requirement L of the Code, the Board is required to conduct annual review of the shareholders' communication policy of the Company (the "**Shareholders' Communication Policy**") to ensure its effectiveness and make disclosure in the corporate governance report.

The Shareholders' Communication Policy was reviewed by the Board during the year ended 30 June 2026 to ensure its effectiveness and continues to be adopted in the forthcoming financial year. Taking into account the steps taken at the general meetings, the handling of queries received and the multiple communication channels in place, the Board is of the view that such policy is effective and has been properly implemented during the year ended 30 June 2026.

The full text of the updated Shareholders' Communication Policy is available on the Company's website.

Voting by Poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll.

INVESTOR RELATIONS

The Company maintains a website at www.1166hk.com where information and updates on the Company's business developments and operations, list of directors and their role and function, constitutional documents, terms of reference of the Board committees, procedures for nomination of directors for election, Shareholders' rights and communication policy, corporate governance practices, announcements, circulars and reports released to the Stock Exchange and other information are posted. Information on the Company's website will be updated from time to time.

The Anti-Corruption Policy, Whistleblowing Policy and Board Independence Evaluation Mechanism have become effective since 8 April 2022 and their full text are available on the Company's website.

CORPORATE GOVERNANCE REPORT

THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

The Company has prepared its Environmental, Social and Governance Report for the year ended 30 June 2026 (the “**ESG Report**”) in accordance with the Environmental, Social and Governance Reporting Code as set out in Appendix C2 to the Listing Rules.

The Company has arranged to publish the ESG Report on the Company’s website and the website of the Stock Exchange in October 2026.

CONSTITUTIONAL DOCUMENTS

The shareholders of the Company at the annual general meeting of the Company held on 6 December 2024 approved the adoption of the new bye-laws of the Company (the “**Bye-laws**”) by way of a special resolution.

During the year ended 30 June 2026 and up to the date of this annual report, there had been no change in the Bye-laws. The full text of the Bye-laws is available on the Company’s website and the Stock Exchange’s website.

INDEPENDENT AUDITOR'S REPORT



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To the Shareholders of Solartech International Holdings Limited

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Solartech International Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 59 to 138, which comprise the consolidated statement of financial position as at 30 June 2026, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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.

Impairment assessment of intangible asset – mining right

Refer to Note 18 to the consolidated financial statements.

As at 30 June 2026, the carrying value of the Group's mining right included in intangible asset, before impairment assessment, amounted to HK\$308,168,000. In view of the significant increase in copper price from approximately US\$9,948 per ton at the beginning of the year to approximately US\$13,366 per ton at the end of the year, the management considered that it was an indicator that there may be reversal of the impairment loss of the mining right made in previous years. On the contrary, as a result of the further delay in Group's mining plan in the current year, which indicated that the Group's mining right may be further impaired.

Following a detailed impairment review of the Group's cash-generating unit related to the mining right (the "Mining CGU"), the management has estimated that a reversal of impairment loss on mining right of HK\$105,839,000 for the year ended 30 June 2026.

This conclusion was based on a calculation of recoverable amount that required significant management judgment and estimates with respect to the methodology and assumptions adopted in the model.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

- (i) evaluating the appropriateness of the methodology used by management to estimate the fair value less cost of disposal of the Mining CGU;
- (ii) assessing the reasonableness of the key assumptions such as forecast commodity price, discount rate and country specific risk rate used including reconciling input data to external market data with the assistance of our own valuation specialist as auditor's expert;
- (iii) reviewing and assessing the appropriateness of mining based assumptions, including recovery rates and ore grades;
- (iv) challenging management's sensitivity analysis on key assumptions;
- (v) evaluating the competence, capabilities and objectivity of the management's expert and auditor's expert; and
- (vi) assessing the appropriateness of the related disclosures included in Note 18 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Valuation of investment properties

Refer to Note 16 in the consolidated financial statements.

The Group's investment properties were carried at fair value of HK\$309,653,000 as at 30 June 2026 which was based on valuations performed by an independent firm of professionally qualified valuers.

Investment properties were significant to the consolidated financial statements of the Group. The valuation of investment properties requires significant judgement and estimation in determining the appropriate valuation methodology to be used and the underlying assumptions to be applied. There is a risk that the carrying amount of investment properties may be significantly different if the valuation methodology adopted and the key assumptions applied by the valuers are varied.

Our response:

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

- (i) evaluating the appropriateness of the methodology and the reasonableness of the assumptions adopted in the valuation with the assistance of our own valuation specialist as auditor's expert;
- (ii) checking the accuracy and relevance of the input data used;
- (iii) evaluating the competence, capabilities and objectivity of the management's experts and auditor's expert; and
- (iv) assessing the appropriateness of the related disclosures included in Note 16 to the consolidated financial statements.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

INDEPENDENT AUDITOR'S REPORT

DIRECTORS' RESPONSIBILITIES 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 directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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.

INDEPENDENT AUDITOR'S REPORT

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the 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 directors, 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.

BDO Limited

Certified Public Accountants

TSUI, Ka Che, Norman

Practising Certificate Number: P05057

Hong Kong, 29 September 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 HK\$'000	2025 HK\$'000
Revenue	6 and 7	437,642	578,819
Cost of sales		(403,167)	(543,406)
Gross profit		34,475	35,413
Interest income		9,986	10,251
Other income and other gains, net	12	5,317	239
General and administrative expenses		(63,961)	(72,534)
Selling and distribution expenses		(5,433)	(7,641)
Finance costs	10	(9,105)	(13,966)
Change in fair value of derivative financial instruments, net		–	182
Change in fair value of investment properties, net	16	5,457	(28,511)
Change in fair value of financial assets at fair value through profit or loss ("FVTPL"), net	25	(1,220)	2,090
Expected credit loss recognised, net	23	(11,880)	(3,491)
Write-off of other receivables		(393)	(5,870)
Reversal of impairment loss/(impairment loss) on intangible asset	18	105,839	(87,693)
Gain on disposal of a subsidiary	31	–	23,219
Share of results of joint ventures	21	15,107	(1,724)
Profit/(loss) before taxation	8	84,189	(150,036)
Income tax (expense)/credit	11	(1,364)	7,128
Profit/(loss) for the year		82,825	(142,908)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		1,876	(9,843)
Reclassification adjustment on exchange difference for foreign operation disposed of during the year	31	–	(31,666)
Share of other comprehensive income of joint ventures	21	3	(12)
Other comprehensive income for the year		1,879	(41,521)
Total comprehensive income for the year		84,704	(184,429)
Profit/(loss) attributable to:			
Owners of the Company		82,928	(142,306)
Non-controlling interests		(103)	(602)
		82,825	(142,908)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 HK\$'000	2025 HK\$'000
Total comprehensive income attributable to:			
Owners of the Company		84,981	(183,620)
Non-controlling interests		(277)	(809)
		84,704	(184,429)
Earnings/(loss) per share:			(Restated)
– Basic (HK\$)	14	0.632	(1.126)
– Diluted (HK\$)	14	0.625	(1.126)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026

	Notes	2026 HK\$'000	2025 HK\$'000
Non-current assets			
Property, plant and equipment	15	15,844	19,832
Investment properties	16	309,653	281,822
Right-of-use assets	17	7,844	5,426
Intangible asset	18	414,007	308,171
Interests in associates	20	745	745
Interests in joint ventures	21	16,480	1,370
Financial assets at fair value through other comprehensive income ("FVTOCI")	25	2,309	–
Total non-current assets		766,882	617,366
Current assets			
Inventories	22	14,603	14,089
Debtors, other loans and receivables, deposits and prepayments	23	142,749	164,625
Bills receivable	24	353	46
Financial assets at FVTPL	25	4,670	5,890
Bank balances and cash	27	123,709	108,792
Total current assets		286,084	293,442
Current liabilities			
Creditors, other advances and accrued charges	28	119,633	89,923
Borrowings	29	182,016	170,300
Lease liabilities	17	1,121	687
Total current liabilities		302,770	260,910
Net current (liabilities)/assets		(16,686)	32,532
Total assets less current liabilities		750,196	649,898

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026

	Notes	2026 HK\$'000	2025 HK\$'000
Non-current liabilities			
Lease liabilities	17	1,853	–
Other payables	28	3,097	2,938
Borrowings	29	10,565	8,105
Deferred tax liabilities	30	24,975	22,354
Total non-current liabilities		40,490	33,397
Total net assets		709,706	616,501
EQUITY			
Capital and reserves			
Share capital	32	28,493	23,745
Reserves		684,062	595,328
Equity attributable to owners of the Company		712,555	619,073
Non-controlling interests	36	(2,849)	(2,572)
Total equity		709,706	616,501

The consolidated financial statements on pages 59 to 138 were approved and authorised for issue by the Board of Directors on 29 September 2026 and are signed on its behalf by:

Chau Lai Him
DIRECTOR

Chau Chi Ho
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2026

	Share capital HK\$'000 (Note 32)	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Statutory reserve fund HK\$'000	Property revaluation reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2024	23,745	1,828,432	612,360	(23,424)	4,878	99,901	233	(1,745,636)	800,489	(1,763)	798,726
Loss for the year	-	-	-	-	-	-	-	(142,306)	(142,306)	(602)	(142,908)
Exchange difference on translation of foreign operations	-	-	-	(9,636)	-	-	-	-	(9,636)	(207)	(9,843)
Reclassification adjustment on exchange difference for foreign operation disposed of during the year (Note 31)	-	-	-	(31,666)	-	-	-	-	(31,666)	-	(31,666)
Share of other comprehensive income of joint ventures (Note 21)	-	-	-	(12)	-	-	-	-	(12)	-	(12)
Total comprehensive income for the year	-	-	-	(41,314)	-	-	-	(142,306)	(183,620)	(809)	(184,429)
Disposal of a subsidiary	-	-	-	-	-	(56,759)	-	56,759	-	-	-
Equity-settled share-based payment (Note 33)	-	-	-	-	-	-	2,204	-	2,204	-	2,204
Release upon lapse of share options (Note 33)	-	-	-	-	-	-	(224)	224	-	-	-
At 30 June 2025	23,745	1,828,432	612,360	(64,738)	4,878	43,142	2,213	(1,830,959)	619,073	(2,572)	616,501

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2026

	Share capital HK\$'000 (Note 32)	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Statutory reserve fund HK\$'000	Property revaluation reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 July 2025	23,745	1,828,432	612,360	(64,738)	4,878	43,142	2,213	(1,830,959)	619,073	(2,572)	616,501
Profit for the year	-	-	-	-	-	-	-	82,928	82,928	(103)	82,825
Exchange difference on translation of foreign operations	-	-	-	2,050	-	-	-	-	2,050	(174)	1,876
Share of other comprehensive income of joint ventures (Note 21)	-	-	-	3	-	-	-	-	3	-	3
Total comprehensive income for the year	-	-	-	2,053	-	-	-	82,928	84,981	(277)	84,704
Release upon lapse of share options (Note 33)	-	-	-	-	-	-	(76)	76	-	-	-
Issue of new shares upon placing (Note 32)	4,748	4,036	-	-	-	-	-	-	8,784	-	8,784
Transaction costs on issue of new shares upon placing (Note 32)	-	(283)	-	-	-	-	-	-	(283)	-	(283)
At 30 June 2026	28,493	1,832,185	612,360	(62,685)	4,878	43,142	2,137	(1,747,955)	712,555	(2,849)	709,706

Notes:

The contributed surplus represented (i) the net balance after setting off accumulated losses of the Company from reduced share capital and cancelled share premium of the Company where applicable in accordance with the Company's capital reorganisations in September 2002 and November 2012; and (ii) the credit arising from the capital reduction in accordance with the Company's capital reorganisation in July 2009.

The exchange reserve comprised all foreign exchange differences arising from the translation of the financial statements of foreign operations, reclassification adjustment on exchange difference for disposal of foreign operation and associates, share of other comprehensive income of associates and joint ventures.

The statutory reserve fund of the Group represents reserve required by the relevant People's Republic of China (the "PRC") laws applicable to the Company's PRC subsidiaries.

The property revaluation reserve represents the gains arising on the revaluation of properties (other than investment properties) on the date of transfer from property, plant and equipment and right-of-use assets to investment properties.

Share option reserve represents the fair value of the share options granted by the Company which are yet to be exercised, net of issuing expenses in accordance with the accounting policy set out in Note 3 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 HK\$'000	2025 HK\$'000
Cash flows from operating activities			
Profit/(loss) before taxation		84,189	(150,036)
Adjustments for:			
Interest income		(9,986)	(10,251)
Finance costs	10	9,105	13,966
Depreciation of property, plant and equipment	15	3,455	3,554
Depreciation of right-of-use assets	17	1,268	1,633
Change in fair value of derivative financial instruments, net		–	(182)
Change in fair value of investment properties, net	16	(5,457)	28,511
Change in fair value of financial assets at fair value through profit or loss, net	25	1,220	(2,090)
Expected credit loss recognised, net	23	11,880	3,491
Write-off of other receivables		393	5,870
Write back of other payable	8	(1,270)	–
(Reversal of impairment loss)/impairment loss on intangible asset	18	(105,839)	87,693
(Reversal of write-down)/write-down of inventories	22	(2,535)	1,118
Loss on write-off of property, plant and equipment	15	2,190	–
Gain on disposal of a subsidiary	31	–	(23,219)
(Gain)/loss on disposal of property, plant and equipment	8	(55)	170
Share of results of joint ventures	21	(15,107)	1,724
Equity-settled share-based payment expenses	33	–	2,204
Operating loss before working capital changes		(26,549)	(35,844)
Decrease in inventories		2,021	10,135
Decrease in debtors, other receivables, deposits and repayments		7,511	33,406
Increase in bills receivable		(294)	(43)
Increase/(decrease) in creditors, other advances and accrued charges		18,032	(84,196)
Cash generated from/(used in) operations		721	(76,542)
Interest paid for trade and other payables		(306)	(1,588)
Net cash generated from/(used in) operating activities		415	(78,130)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 HK\$'000	2025 HK\$'000
Investing activities			
Interest received		8,869	12,097
Repayment of loan receivables		240,568	331,220
Loan receivables advanced		(234,722)	(323,726)
Expenditure on investment properties		(6,701)	(13,981)
Purchases of property, plant and equipment		(489)	(8,177)
Proceeds from disposal of property, plant and equipment		245	571
Proceeds from disposal of a subsidiary	31	–	76,638
Investment in financial assets at FVTOCI		(2,309)	–
Net cash generated from investing activities		5,461	74,642
Financing activities			
Interest paid on borrowings	42	(8,630)	(11,026)
Repayment of interest portion of the lease liabilities	42	(56)	(90)
Repayment of principal portion of the lease liabilities	42	(1,144)	(1,110)
New bank and other loans raised	42	29,931	209,413
Proceeds from issue of share by placing, net of transaction costs		8,501	–
Repayment of bank and other loans	42	(25,563)	(189,170)
Net cash generated from financing activities		3,039	8,017
Net increase in cash and cash equivalents		8,915	4,529
Cash and cash equivalents at beginning of the year		108,792	102,526
Effect of foreign exchange rate changes on cash and cash equivalents		6,002	1,737
Cash and cash equivalents at end of the year		123,709	108,792
Analysis of the balances of cash and cash equivalents			
Bank balance and cash		123,709	108,792

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

1. ORGANISATION AND OPERATIONS

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are disclosed in Corporate Information in the annual report.

The Company is an investment holding company. Its subsidiaries are principally engaged in the manufacture and trading of cables and wires, trading of copper rods, properties holding and holding of mining right. The Company, together with its subsidiaries are collectively referred to as the “**Group**”.

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

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

(a) Adoption of new or amendments to HKFRS Accounting Standards – effective on 1 July 2025

The Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) has issued amendments to HKFRS Accounting Standards that are first effective for the current accounting year of the Group:

Amendments to HKAS 21

Lack of Exchangeability

As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group’s presentation currency were, exchangeable, the amendments did not have any impact on the Group’s financial statements. The Group has not early applied any new or amendments to HKFRS Accounting Standards that is not yet effective for the current accounting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS (continued)

(b) New or amendments to HKFRS Accounting Standards that have been issued but are not yet effective and not early adopted

The following new or amendments to HKFRS Accounting Standards, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10, and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – Dependent Electricity ¹

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

² Effective for annual periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

The Group is currently assessing the effect of these new accounting standards and amendments.

HKFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and interpretations) issued by the HKICPA, and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(b) Basis of preparation of consolidated financial statements and going concern assumption

The consolidated financial statements have been prepared under the historical cost basis except for certain financial assets at FVTPL and financial assets at FVTOCI and investment properties, which are measured at fair values at the end of the reporting period as explained in the accounting policies set out below.

During the year ended 30 June 2026, the directors of the Company have given careful consideration to the going concern status of the Group in the preparation of the consolidated financial statements in light of the fact that (i) the Group's current liabilities exceeded its current assets by HK\$16,686,000 as at 30 June 2026; and (ii) the Group had borrowings of HK\$192,581,000 out of which HK\$182,016,000 is repayable within the next twelve months after 30 June 2026 while the Group's cash and cash equivalents amounted to HK\$123,709,000 as at 30 June 2026. For the purpose of assessing the appropriateness of the use of the going concern basis, the directors of the Company have prepared a cash flow projection covering a period from the end of the reporting period to 31 December 2027 (the "**Cash Flow Projection**") after taking the following considerations into account:

- i. the Group will implement various measures to improve its profitability and cash flow from operations. These include, among others, negotiating with customers to improve the sales terms; streamlining manpower and hence controlling staff costs; and tightening other general and administrative expenses;
- ii. the Group had loan receivables with net carrying amount of HK\$92,145,000 as at 30 June 2026 which will be matured and receivable within the next twelve months after 30 June 2026. The renewal of loan arrangements remains at the sole discretion of the Group, subject to its internal approval process. In assessing the renewal of loan arrangements, the directors of the Company take into consideration various factors, including the creditworthiness of the borrowers, the Group's liquidity position, and its projected cash flow requirements; and
- iii. the Group has been negotiating with the financial institutions in the PRC for renewing the existing facilities and obtaining additional facilities. Given the good track records with the relevant financial institutions and the availability of sufficient assets as collaterals, the directors of the Company are of the opinion that the Group will successfully renew the existing borrowings upon expiry and would be able to obtain additional facilities.

The directors of the Company performed a sensitivity analysis on the gross profit margin of cable and wires business by considering possible negative impact on the effectiveness of the measures to improve profitability and cash flow from operations to test the resilience of the forecasted liquidity and is satisfied that, based on the Cash Flow Projection, the Group would have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

Non-controlling interests in subsidiaries are identified separately from the Group's equity and are initially measured at their proportionate share of the fair value of the acquired identifiable net assets at the date of acquisition. Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(d) Change in Group's interest in a subsidiary

Change in Group's interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. When the Group loses control over a subsidiary, it derecognises the asset and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(e) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(f) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(g) Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangements; or
- Joint operations: where the Group has both the rights to assets and obligation for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures using the equity method.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Buildings are depreciated over the shorter of the term of the lease or fifty years using the straight-line method.

Leasehold improvements are depreciated over the shorter of the remaining term of the lease or at 10% per annum using the straight-line method.

Depreciation is charged to write off the cost of property, plant and equipment over their estimated useful lives, using the reducing balance method, at the following rates per annum:

Equipment, furniture and fixtures	20%–30%
Plant and machinery	20%
Motor vehicles	20%–30%

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(i) Investment properties

Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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 disposals. 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 the profit or loss in the period in which the property is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Mining right is stated at cost less subsequent accumulated amortisation and accumulated impairment losses. Amortisation of mining right is calculated to write off the cost less accumulated impairment losses on the unit-of-production method. Mining right is assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

(k) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have reduced. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) 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 in profit or loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised in profit or loss.

(l) Inventories

Inventories are initially recognised at cost and subsequently stated at the lower of cost and net realisable value. Cost, including an appropriate portion of fixed and variable overhead expenses incurred in bringing the inventories to their present location and condition, is assigned to inventories by the method most appropriate to the particular class of inventories, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(m) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

An investment in equity instruments is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the financial assets at FVTOCI reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the financial assets at FVTOCI reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity instruments, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade debtors and other financial assets measured at amortised cost. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation to the original effective interest rate.

The Group measures loss allowances for trade debtors using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience and relevant market data, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

(ii) Impairment loss on financial assets (continued)

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due or there are delayed payments or over-limit usage. The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, depending on credit worthiness of debtors.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets write-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities at amortised cost. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred. They are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss in the period in which they are incurred.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9. Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(n) Cash and cash equivalents

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

(o) Income taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, associates and joint arrangements, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(p) Leases

Accounting as a lessee

All leases are capitalised in the statement of financial position as right-of-use assets and lease liabilities, except for (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use assets

The right-of-use asset should be initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Depreciation is provided on straight-line basis over the lease terms.

Lease liabilities

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Accounting as a lessor

The Group has leased out its investment property to a number of tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(q) Foreign currencies

Transactions entered into by group entities in currencies other than functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in HK\$ using exchange rates prevailing at the end of reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in exchange reserve within equity. Such exchange differences are reclassified to profit or loss in the period in which the foreign operation is disposed of.

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of resources embodying economic benefits that can be reasonably estimated.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(s) Equity-settled share-based payment transactions

Share options granted to employees of the Company

The fair value of share options has been recognised in profit or loss as share-based payments.

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in share option reserve.

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

(t) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Sales of goods

Revenue from sale of goods is recognised at a point of time when the control of goods have been transferred to the buyer. There is generally only one performance obligation. Invoices are usually payable within 30 to 60 days. New customers are normally required to pay in advance. The advances received is recognised as contract liabilities.

Contract liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(u) Employee benefits

Short term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions adopted 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:

Going concern consideration

The assessment of the going concern assumption involves making judgements by the directors of the Company, at a particular point of the time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has the capability to continue as a going concern. This largely depends on improvements in profitability and cash flows from operations. The appropriateness of using the going concern basis is assessed after taking into consideration all relevant available information about the future liquidity and performance of the Group, including the Group's cash position and operating cash flow and the availability of financial facilities. Further details of the going concern assumption are set out in Note 3(b) to the consolidated financial statements.

Reserve estimates, amortisation and impairment assessment of mining right

Reserves are estimates of the amount of products that can be economically and legally extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand and commodity prices. Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. The mine reserve estimates are updated at regular intervals taking into account technical information about the mine. In addition, as prices and costs levels change from year to year, the estimated mine reserves also change. This change is considered a change in estimates for accounting purposes and is reflected on a prospective basis at related amortisation rate. The process and the determination of appropriate amortisation method of mining right may require complex and difficult geological judgments and calculations to interpret the data as well as consideration of the production plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

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

Reserve estimates, amortisation and impairment assessment of mining right (continued)

The Group's mining right is assessed annually to determine for any indication of further impairment or reversal of previously recognised impairment. Where an indicator of further impairment or reversal of impairment loss exists, a formal estimate of the recoverable amount of the CGU related to the mining right is made. The assessment requires the use of estimates and assumptions such as long-term selling prices, discount rates, future capital requirements and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mining right is determined as the present value of estimated future cash flows arising from the continued use of the mining right in mining operations, which includes estimates such as the cost of set-up of the mining infrastructures, operations of the mine and eventual disposal, using assumptions that an independent market participant may take into account which involve certain assumptions and inputs as set out in Note 18 to the consolidated financial statements. Post-tax cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Income taxes

The Group is subject to income taxes in various jurisdictions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income taxes as there are many transactions and calculations of 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.

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

The Group performs review for impairment of the property, plant and equipment and right-of-use assets whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. These calculations require significant judgement by management on the estimation of the prices at which an orderly transaction between market participants to sell these assets would take place at measurement date. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

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

Valuation of investment properties

Investment properties, including those completed investment properties and investment properties under construction, are carried in the consolidated statement of financial position at their fair value, details of which are disclosed in Note 16. The fair value of the investment properties was determined by reference to valuations conducted on these properties by an independent qualified valuer using property valuation techniques which involve certain assumptions and inputs as set out in Note 16 to the consolidated financial statements. Favourable or unfavourable changes to these assumptions may result in changes in the fair value of the Group's investment properties included in the consolidated statement of financial position and corresponding adjustments to the changes in fair value recognised in profit or loss. As at 30 June 2026, the carrying amount of investment properties was approximately HK\$309,653,000 (2025: HK\$281,822,000).

Provision on ECL for trade debtors

The Group uses provision matrix to calculate ECL for the trade debtors. The expected loss rates are based on days past due for groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECLs is sensitive to changes in estimates. The information about the ECLs for trade debtors and the Group's trade debtors are set out in Notes 5(a)(i) and 23 to the consolidated financial statements respectively.

Provision on ECL for other loans and receivables

The Group assesses at the end of the reporting period the ECLs of other loans and receivables in accordance with the three-stage model set out in accounting policy set out in Note 3 to the consolidated financial statements on individual or collectively basis, as appropriate. The Group estimates risk of default of the debtors and the ECL rates considering factors such as days past due of the receivables, debtors' creditworthiness, past repayment history and the timing of future cash inflows, then adjusted for existing market condition including forward looking estimates at the end of the reporting period.

The provision of ECLs is sensitive to changes in estimates. The information about the ECLs for other loans and receivables and the Group's other loans and receivables are set out in Notes 5(a)(ii) and 23 to the consolidated financial statements respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

5. FINANCIAL RISK MANAGEMENT

(a) Financial risk management objectives and policies

The main risks arising from the Group's financial instruments in the normal course of the Group's business are foreign currency risk, credit risk, interest rate risk, liquidity risk, copper price risk and equity price risk. These risks are managed according to the Group's financial management policies and practices described below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate.

The Group's main operations are in the PRC with most of the transactions settled in RMB, and the functional currency of the Company is HK\$ whereas functional currency of the subsidiaries operating in the PRC is RMB. The management considers that the business is not exposed to any significant foreign currency risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

Credit risk

In order to minimise credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

The Group has no significant concentration of credit with exposure spread over a number of counterparties and customers.

Bank balances and cash are mainly deposited with registered banks in the PRC and Hong Kong. The Group has policies to limit its credit exposure to any financial institution. The directors consider the credit risk on bills receivables is low since the issuers or the banks which guarantee payments of bills receivables are of high credit rating. Accordingly, the ECLs for bank balances and cash and bills receivables were expected to be minimal.

The carrying amounts of debtors, other loans and receivables and deposits, financial assets at FVTPL, bank balances and cash included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets which carry significant exposure to credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Credit risk (continued)

(i) Impairment of trade debtors

The Group measures loss allowances for trade debtors at an amount equal to lifetime ECLs, which is calculated based on lifetime probability of default, loss given default and adjusted for forward-looking factors specific to the debtors and the economic environment.

The following tables provide information about the Group's exposure to credit risk and ECLs for the trade debtors as at 30 June 2026 and 2025:

At 30 June 2026

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net amount HK\$'000
Not yet past due	1.78%	31,893	568	31,325
1–30 days past due	1.58%	5,135	81	5,054
31–90 days past due	2.53%	1,106	28	1,078
Over 90 days past due	17.87%	649	116	533
		38,783	793	37,990

At 30 June 2025

	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Net amount HK\$'000
Not yet past due	1.86%	36,281	675	35,606
1–30 days past due	1.86%	9,621	179	9,442
31–90 days past due	2.75%	764	21	743
Over 90 days past due	61.43%	739	454	285
		47,405	1,329	46,076

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Credit risk (continued)

(ii) Impairment of other loans and receivables and deposits

The Group measures loss allowances for other loans and receivables and deposits using the general approach under HKFRS 9. Impairment of these receivables and deposits was provided based on the “three-stage” model by referring to the changes in credit quality since initial recognition.

These receivables and deposits that are not credit-impaired on initial recognition are classified in “Stage 1” and have their credit risk continuously monitored by the Group. The ECL is measured on a 12-month basis.

If a significant increase in credit risk since initial recognition is identified, the financial asset is moved to “Stage 2” but it is not yet deemed to be credit-impaired. The ECL is measured on lifetime basis.

If the financial asset is credit-impaired (as defined in accounting policy at Note 3), the financial asset is then moved to “Stage 3”. The ECL is measured on lifetime basis.

At Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial asset subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortised cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

The following table provides information about the Group’s exposure to credit risk and ECLs for other receivables and deposits as at 30 June 2026 and 2025:

At 30 June 2026

	Expected loss rate %	12-month ECLs Stage 1 HK\$'000	Lifetime ECLs, non-credit impaired Stage 2 HK\$'000	Lifetime ECLs, credit impaired Stage 3 HK\$'000	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Loan receivables	16.26%	–	110,039	–	110,039	17,894
Other receivables and deposits	0.83%	2,517	–	–	2,517	21

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Credit risk (continued)

(ii) Impairment of other loans and receivables and deposits (continued)

At 30 June 2025

	Expected loss rate %	12-month ECLs Stage 1 HK\$'000	Lifetime ECLs, non-credit impaired Stage 2 HK\$'000	Lifetime ECLs, credit impaired Stage 3 HK\$'000	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Loan receivables	4.57%	62,902	46,123	–	109,025	4,983
Other receivables and deposits	1.29%	3,022	–	–	3,022	39

Change in gross carrying amounts of other loans and receivables and deposits during the year ended 30 June 2026 and 2025 did not result in significant change in the loss allowance.

The movements in provision for impairment of loan receivables are as follows:

	12-month ECLs Stage 1 HK\$'000	Lifetime ECLs, non-credit impaired Stage 2 HK\$'000	Lifetime ECLs, credit impaired Stage 3 HK\$'000	Total HK\$'000
As at 1 July 2024	1,769	–	–	1,769
Transfer to stage 2	(960)	960	–	–
Expected credit loss recognised during the year	549	2,584	–	3,133
Exchange realignment	26	55	–	81
As at 30 June 2025 and 1 July 2025	1,384	3,599	–	4,983
Transfer to stage 2	(1,443)	1,443	–	–
Expected credit loss recognised during the year	–	12,226	–	12,226
Exchange realignment	59	626	–	685
As at 30 June 2026	–	17,894	–	17,894

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Credit risk (continued)

(ii) Impairment of other loans and receivables and deposits (continued)

The movements in provision for impairment of other receivables and deposits are as follows:

	12-month ECLs Stage 1 HK\$'000	Lifetime ECLs, non-credit impaired Stage 2 HK\$'000	Lifetime ECLs, credit impaired Stage 3 HK\$'000	Total HK\$'000
As at 1 July 2024	110	–	17,260	17,370
Write-off during the year	–	–	(17,282)	(17,282)
Expected credit loss recognised during the year	8	–	–	8
Disposal of a subsidiary	(79)	–	–	(79)
Exchange realignment	–	–	22	22
As at 30 June 2025 and 1 July 2025	39	–	–	39
Expected credit loss reversed during the year	(19)	–	–	(19)
Exchange realignment	1	–	–	1
As at 30 June 2026	21	–	–	21

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk relates primarily to the Group's floating-rate borrowings (Note 29).

Management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the interest rate risk.

At 30 June 2026, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss for the year (2025: increase/decrease the Group's loss for the year) and the accumulated losses by approximately HK\$1,926,000 (2025: HK\$1,784,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Interest rate risk (continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for the year ended 30 June 2025.

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the Group's remaining contractual maturities for its financial liabilities as at the end of reporting period, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000
At 30 June 2026					
Non-derivative financial liabilities					
Creditors, other advances and accrued charges	115,089	115,089	111,992	3,097	–
Lease liabilities	2,974	3,100	1,200	1,200	700
Borrowings	192,581	206,953	195,762	734	10,457
	310,664	325,142	308,954	5,031	11,157

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000
At 30 June 2025					
Non-derivative financial liabilities					
Creditors, other advances and accrued charges	83,570	83,570	80,632	2,938	–
Lease liabilities	687	700	700	–	–
Borrowings	178,405	187,012	178,589	8,423	–
	262,662	271,282	259,921	11,361	–

Copper price risk

The Group is exposed to price risk of copper rods, which are the major raw materials for the production process. To mitigate the copper price risk, the Group has entered into copper future contracts to hedge against the fluctuations of copper price. As at 30 June 2026 and 2025, the Group did not have any outstanding copper future contracts.

Equity price risk

The Group is exposed to equity price changes arising from financial assets at FVTPL held for trading purpose.

The Group's listed investments are listed on The Stock Exchange of Hong Kong. Decisions to buy and sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the index of the Stock Exchange and other industry indicators, as well as the Group's liquidity needs.

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. At 30 June 2026, it was estimated that a general increase/decrease of 10% in equity price, with all other variables held constant, would decrease/increase the Group's loss for the year (2025: decrease/increase the Group's loss for the year) and accumulated losses by HK\$467,000 (2025: HK\$589,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

5. FINANCIAL RISK MANAGEMENT (continued)

(b) Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their corresponding fair values.

HKFRS 7 requires disclosure for financial instruments that are measured at fair value by level of the following fair value measurement hierarchy:

Level 1 – Quoted price (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted price included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's financial instruments measured at fair value at 30 June 2026 and 2025:

		2026			
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Asset					
Equity investments at FVTOCI		–	–	2,309	2,309
Financial assets at FVTPL		4,670	–	–	4,670
		4,670	–	2,309	6,979
		2025			
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Asset					
Financial assets at FVTPL		5,890	–	–	5,890

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

6. REVENUE

Revenue derived from the Group's principal activities comprises of the followings:

	2026 HK\$'000	2025 HK\$'000
Revenue from contracts with customers:		
Sales of goods	430,596	564,028
Revenue from other sources:		
Rental income	7,046	14,791
	437,642	578,819

7. SEGMENTAL INFORMATION

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers ("CODM") that are used to make strategic decisions.

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The Group's reportable segments are as follows:

- (i) manufacture and trading of cables and wires;
- (ii) trading of copper rods; and
- (iii) investment properties.

In prior years, the Group acquired its mining operation located in the State of Mongolia and became engaged in the mining business. However, no active operation took place since the date of acquisition and therefore the directors of the Company consider that the mining operation did not constitute a business segment as at 30 June 2026 and 2025 and for the years then ended for the purpose of segment reporting.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is measure on adjusted profit/loss before taxation. The adjusted profit/loss before taxation is measured consistently with the Group's profit/loss before taxation except that gain on disposal of a subsidiary, change in fair value of derivative financial instruments, change in fair value of financial assets at FVTPL, reversal of impairment loss/(impairment loss) on intangible asset of mining right, write-off of other receivables, write back of other payable, share of results of joint ventures as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude intangible asset of mining right, interests in associates and joint ventures, other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

7. SEGMENTAL INFORMATION (continued)

(a) Reportable segments (continued)

For the year ended 30 June 2026

	Cables and wires HK\$'000	Copper rods HK\$'000	Investment properties HK\$'000	Total HK\$'000
Revenue from external customers	140,133	290,463	7,046	437,642
Inter-segment revenue	–	–	–	–
Reportable segment revenue	140,133	290,463	7,046	437,642
Reportable segment (loss)/profit before taxation	(37,131)	3,641	10,398	(23,092)
Finance costs				
– allocated	(8,074)	–	(799)	(8,873)
– unallocated				(232)
				(9,105)
Write back of other payable				
– unallocated				1,270
Change in fair value of investment properties	–	–	5,457	5,457
Gain on disposal of property, plant and equipment	55	–	–	55
Expected credit loss recognised	(11,882)	–	2	(11,880)
Write-off of other receivables			(393)	(393)
Depreciation of right-of-use assets				
– allocated	–	–	(182)	(182)
– unallocated				(1,086)
				(1,268)
Depreciation of property, plant and equipment				
– allocated	(3,340)	–	–	(3,340)
– unallocated				(115)
				(3,455)
Research and development expenses	(12,721)	–	–	(12,721)
Income tax expense	–	–	(1,364)	(1,364)

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FOR THE YEAR ENDED 30 JUNE 2026

7. SEGMENTAL INFORMATION (continued)

(a) Reportable segments (continued)

For the year ended 30 June 2025

	Cables and wires HK\$'000	Copper rods HK\$'000	Investment properties HK\$'000	Total HK\$'000
Revenue from external customers	187,092	376,936	14,791	578,819
Inter-segment revenue	–	–	–	–
Reportable segment revenue	187,092	376,936	14,791	578,819
Reportable segment loss before taxation	(37,406)	2,578	(23,118)	(57,946)
Finance costs				
– allocated	(6,854)	–	(7,022)	(13,876)
– unallocated				(90)
				(13,966)
Change in fair value of investment properties	–	–	(28,511)	(28,511)
Loss on disposal of property, plant and equipment	(170)	–	–	(170)
Expected credit loss recognised	(3,491)	–	–	(3,491)
Write-off of other receivables				
– allocated	–	–	(421)	(421)
– unallocated				(5,449)
				(5,870)
Depreciation of right-of-use assets				
– allocated	–	–	(176)	(176)
– unallocated				(1,457)
				(1,633)
Depreciation of property, plant and equipment				
– allocated	(3,383)	–	(25)	(3,408)
– unallocated				(146)
				(3,554)
Research and development expenses	(16,851)	–	–	(16,851)
Income tax credit	–	–	7,128	7,128

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

7. SEGMENTAL INFORMATION (continued)

(a) Reportable segments (continued)

As at 30 June 2026

	Cables and wires HK\$'000	Copper rods HK\$'000	Investment properties HK\$'000	Total HK\$'000
Reportable segment assets	275,837	19,052	311,996	606,885
Additions to non-current assets	489	–	6,701	7,190
Reportable segment liabilities	266,524	22	26,001	292,547

As at 30 June 2025

	Cables and wires HK\$'000	Copper rods HK\$'000	Investment properties HK\$'000	Total HK\$'000
Reportable segment assets	291,764	12,640	284,937	589,341
Additions to non-current assets	7,879	–	10,846	18,725
Reportable segment liabilities	236,327	548	25,830	262,705

Note: The total amount of reportable segment liabilities included deferred tax liabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

7. SEGMENTAL INFORMATION (continued)

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

	2026 HK\$'000	2025 HK\$'000
For the year ended 30 June		
Profit/(loss) before taxation		
Reportable segment loss	(23,092)	(57,946)
Gain on disposal of a subsidiary	–	23,219
Change in fair value of derivative financial instruments	–	182
Write back of other payable	1,270	–
Reversal of impairment loss/(impairment loss) on intangible asset	105,839	(87,693)
Write-off of other receivables	–	(5,449)
Share of results of joint ventures	15,107	(1,724)
Unallocated finance costs	(232)	(90)
Unallocated corporate expenses	(14,703)	(20,535)
Consolidated profit/(loss) before taxation	84,189	(150,036)
At 30 June		
Assets		
Reportable segment assets	606,885	589,341
Intangible asset	414,007	308,171
Interests in associates	745	745
Interests in joint ventures	16,480	1,370
Unallocated bank balances and cash	2,597	2,562
Unallocated corporate assets	12,252	8,619
Consolidated total assets	1,052,966	910,808
Liabilities		
Reportable segment liabilities	292,547	262,705
Deferred tax liabilities	24,975	22,354
Unallocated corporate liabilities	25,738	9,248
Consolidated total liabilities	343,260	294,307

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

7. SEGMENTAL INFORMATION (continued)

(c) Geographical information

The Group's operations are conducted in Hong Kong, the PRC and Mongolia.

The following table provides an analysis of the Group's revenue from external customers and non-current assets.

	Revenue from external customers		Specified non-current assets	
	2026 HK\$'000	2025 HK\$'000	2026 HK\$'000	2025 HK\$'000
The PRC	345,508	459,079	329,901	305,563
Americas	18,943	27,111	–	–
Europe	40,680	48,338	–	–
Hong Kong	8,361	13,555	3,440	1,517
Mongolia	–	–	430,487	309,541
Others	24,150	30,736	3,054	745
	437,642	578,819	766,882	617,366

The revenue information above is based on the locations of the customers. The non-current asset information above is based on the locations of the assets.

(d) Disaggregation of revenue by timing of revenue recognition

For the year ended 30 June 2026

	Cables and wires HK\$'000	Copper rods HK\$'000	Investment properties HK\$'000	Total HK\$'000
Revenue from contracts with customers disaggregated by timing of revenue recognition				
At a point in time	140,133	290,463	–	430,596
Transferred over time	–	–	–	–
	140,133	290,463	–	430,596
Revenue from other sources	–	–	7,046	7,046
	140,133	290,463	7,046	437,642

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

7. SEGMENTAL INFORMATION (continued)

(d) Disaggregation of revenue by timing of revenue recognition (continued)

For the year ended 30 June 2025

	Cables and wires HK\$'000	Copper rods HK\$'000	Investment properties HK\$'000	Total HK\$'000
Revenue from contracts with customers disaggregated by timing of revenue recognition				
At a point in time	187,092	376,936	–	564,028
Transferred over time	–	–	–	–
	187,092	376,936	–	564,028
Revenue from other sources	–	–	14,791	14,791
	187,092	376,936	14,791	578,819

(e) Information about major customers

Revenue from external customers contributing 10% or more of the total revenue of the Group is as follows:

	2026 HK\$'000	2025 HK\$'000
Copper rods segment		
Customer A	52,441	70,270
Customer B	51,973	110,358
Customer C	44,396	#

less than 10% of the Group's total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

8. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting) the followings:

	2026 HK\$'000	2025 HK\$'000
Auditor's remuneration	1,940	2,410
Depreciation of property, plant and equipment	3,455	3,554
Depreciation of right-of-use assets	1,268	1,633
Carrying amount of inventories sold	405,702	542,288
(Reversal of write-down)/write-down of inventories	(2,535)	1,118
Cost of inventories recognised as expenses (Note)	403,167	543,406
(Gain)/loss on disposal of property, plant and equipment	(55)	170
Write back of other payable	(1,270)	–
Exchange difference, net	722	(386)
Loss on write-off of property, plant and equipment	2,190	–
Research and development expenses	12,721	16,851
Staff costs (including directors' remuneration (Note 9))	34,711	37,055

Note:

Included in cost of inventories recognised as expenses is HK\$9,587,000 and HK\$1,963,000 (2025: HK\$12,695,000 and HK\$2,177,000) relating to staff costs and depreciation of property, plant and equipment respectively. The amounts are also included in the respective total amounts as separately disclosed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

9. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Particulars of the remuneration of the directors and the five highest paid individuals for the year were as follows:

	Fees		Salaries and other benefits		Equity-settled share-based payment expenses		Retirement benefit scheme contributions		Total	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive Directors:										
Chau Lai Him	–	–	7,280	7,280	–	253	–	–	7,280	7,533
Chau Chi Ho	–	–	1,330	1,235	–	253	18	18	1,348	1,506
Liu Dong Yang	336	336	–	–	–	253	–	–	336	589
Independent Non-Executive Directors:										
Chung Kam Kwong	463	463	–	–	–	24	–	–	463	487
Lo Wai Ming	292	292	–	–	–	24	–	–	292	316
Lo Chao Ming	108	108	–	–	–	24	–	–	108	132
Dou Biling	120	65	–	–	–	–	–	–	120	65
	1,319	1,264	8,610	8,515	–	831	18	18	9,947	10,628

There was no arrangement under which a director waived or agreed to waive any remuneration, and neither incentive payment nor compensation for loss of office was paid to a director during the current and prior years.

The five highest paid individuals of the Group include two (2025: two) executive directors of the Company, details of whose remuneration are included above. The emoluments of the three (2025: three) non-director individuals were as follows and one (2025: Nil) of these non-director individuals resigned during the year:

	2026 HK\$'000	2025 HK\$'000
Salaries and other benefits	3,334	3,243
Equity-settled share-based payment expenses	–	318
Contributions to retirement benefit schemes	35	46
	3,369	3,607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

9. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

Remuneration of these individuals was within the following bands:

	Number of individuals	
	2026	2025
Nil–HK\$1,000,000	1	1
HK\$1,000,001–HK\$1,500,000	2	2

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

	Number of individuals	
	2026	2025
Nil–HK\$1,000,000	6	6
HK\$1,000,001–HK\$2,000,000	3	3
HK\$7,000,001–HK\$8,000,000	1	1

10. FINANCE COSTS

	2026	2025
	HK\$'000	HK\$'000
Interest on borrowings	8,998	11,918
Interest on lease liabilities (Note 17)	56	90
Interest on overdue trade and other payables	4	1,880
Others	47	78
	9,105	13,966

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

11. INCOME TAX EXPENSE/(CREDIT)

	2026 HK\$'000	2025 HK\$'000
Current tax for the year		
Hong Kong Profits Tax		
– provision for the year	–	–
Taxation in other jurisdictions:		
– provision for the year	–	–
	–	–
Deferred tax for the year (Note 30)	1,364	(7,128)
	1,364	(7,128)

For the years ended 30 June 2026 and 2025, no provision for Hong Kong Profits Tax has been provided as there is no assessable profit arising in Hong Kong.

The domestic tax rate of principal subsidiaries in the PRC is used as it is where the operations of the Group are substantially based. The corporate income tax for enterprises in the PRC is calculated at the applicable standard rate of 25% for both years, except that one of the PRC subsidiaries was qualified as a High and New Technology Enterprise in December 2022 and was entitled to enjoy a preferential income tax rate of 15% for a period of 3 years and was further extended to another 3 years during the year ended 30 June 2026.

Taxation in other countries and jurisdictions is calculated at the rates applicable in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

11. INCOME TAX EXPENSE/(CREDIT) (continued)

Reconciliation between income tax credit for the year and profit/loss before taxation presented in the consolidated statement of profit or loss and other comprehensive income is as follows:

	2026 HK\$'000	2025 HK\$'000
Profit/(loss) before taxation	84,189	(150,036)
Tax calculated at the rates applicable to the tax jurisdictions concerned	25,164	(36,910)
Tax effect of expenses not deductible for tax purpose	4,080	25,928
Tax effect of income not taxable for tax purpose	(26,426)	(22)
Deduction of research and development cost	(1,908)	(2,528)
Tax effect of tax losses not recognised	4,187	6,293
Utilisation of tax losses previously not recognised	–	(371)
Tax effect of temporary difference not recognised	43	51
Tax effect on share of results of joint ventures	(3,776)	431
Income tax expense/(credit) for the year	1,364	(7,128)

12. OTHER INCOME AND OTHER GAINS, NET

	2026 HK\$'000	2025 HK\$'000
Other income		
Property management fee income	2,535	–
Write back of other payable	1,270	–
Others	1,457	409
Other gain/(loss), net		
Gain/(loss) on disposal of property, plant and equipment	55	(170)
	5,317	239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

13. DIVIDEND

The directors did not recommend the payment of any dividend for the years ended 30 June 2026 and 2025.

14. EARNINGS/(LOSS) PER SHARE

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

	2026 HK\$'000	2025 HK\$'000
Earnings/(loss)		
Profit/(loss) for the year attributable to the owners of the Company	82,928	(142,306)
	2026	2025 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	131,149,466	126,348,866
Effect of dilutive potential ordinary shares:		
– Share options	1,443,427	–
Weighted average number of ordinary shares for the purpose of the diluted earnings per share	132,592,893	126,348,866

The computation of diluted loss per share during the year ended 30 June 2025 does not assume the exercise of the Company's outstanding share options as they are anti-dilutive. Therefore, the diluted loss per share was the same as the basic loss per share for the year ended 30 June 2025.

The comparative figures for the basic loss per share for the year ended 30 June 2025 are restated to take into account the effect of the bonus element embedded in the placements of new shares during the year retrospectively as if they had taken place since the beginning of the respective comparative period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Equipment, furniture and fixtures	Plant and machinery	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
COST:						
At 1 July 2024	30,779	21,147	31,975	138,415	8,227	230,543
Additions	–	6,215	744	806	412	8,177
Disposals	–	–	(2,083)	(557)	–	(2,640)
Disposal of a subsidiary (Note 31)	–	–	–	(16,071)	(278)	(16,349)
Exchange realignment	606	476	354	2,316	194	3,946
At 30 June 2025 and 1 July 2025	31,385	27,838	30,990	124,909	8,555	223,677
Additions	–	–	334	155	–	489
Disposals	–	–	–	(291)	(122)	(413)
Reclassification	–	–	7,630	(8,457)	827	–
Write-off	–	(18,118)	–	–	–	(18,118)
Exchange realignment	1,471	722	(2,336)	1,642	625	2,124
At 30 June 2026	32,856	10,442	36,618	117,958	9,885	207,759
ACCUMULATED DEPRECIATION AND IMPAIRMENT:						
At 1 July 2024	30,779	17,387	30,717	128,224	7,842	214,949
Depreciation	–	939	446	1,843	326	3,554
Disposals	–	–	(1,817)	(82)	–	(1,899)
Disposal of a subsidiary (Note 31)	–	–	–	(16,071)	(278)	(16,349)
Exchange realignment	606	334	322	2,135	193	3,590
At 30 June 2025 and 1 July 2025	31,385	18,660	29,668	116,049	8,083	203,845
Depreciation	–	1,145	449	1,598	263	3,455
Disposals	–	–	–	(113)	(110)	(223)
Reclassification	–	–	5,737	(6,564)	827	–
Write-off	–	(15,928)	–	–	–	(15,928)
Exchange realignment	1,471	344	(2,521)	1,191	281	766
At 30 June 2026	32,856	4,221	33,333	112,161	9,344	191,915
NET CARRYING AMOUNT:						
At 30 June 2026	–	6,221	3,285	5,797	541	15,844
At 30 June 2025	–	9,178	1,322	8,860	472	19,832

As at 30 June 2026, the Group pledged property, plant and equipment with net carrying amount of HK\$2,961,000 (2025: HK\$4,778,000) to secure the borrowings of the Group (Note 29).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

16. INVESTMENT PROPERTIES

	Completed investment properties HK\$'000	Investment properties under construction HK\$'000	Total HK\$'000
At 1 July 2024	209,256	377,113	586,369
Additions	9,715	1,131	10,846
Transfer	293,934	(293,934)	–
Change in fair value	(23,116)	(5,395)	(28,511)
Disposal of subsidiary (Note 31)	(298,248)	–	(298,248)
Exchange realignment	8,266	3,100	11,366
At 30 June 2025 and 1 July 2025	199,807	82,015	281,822
Additions	6,701	–	6,701
Change in fair value	4,106	1,351	5,457
Exchange realignment	11,186	4,487	15,673
At 30 June 2026	221,800	87,853	309,653

The Group's investment properties were valued at 30 June 2026 by Peak Vision Appraisals Limited ("Peak Vision"), which is an independent firm of professionally qualified valuers, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the locations and category of properties being valued. The valuation of the investment properties was based on one of the following approaches:

- (i) investment approach by capitalising the rental income derived from existing tenancies with due provision for any reversionary income potential of the tenancies;
- (ii) direct comparison approach by making reference to comparable sales evidence available as in the relevant market; or
- (iii) current replacement cost approach by making reference to the market value of comparable land and the estimated replacement cost of the buildings.

These valuations gave rise to net fair value gain of HK\$5,457,000 (2025: loss of HK\$28,511,000) during the year.

The fair value of the investment properties is a Level 3 recurring fair value measurement.

For the significant unobservable inputs used under the investment approach, term yield is ranging from 5.8% to 7.5% (2025: ranging from 5.1% to 8.1%), reversionary yield is 7.8% (2025: 7.8% to 9.6%) and average market unit rent per month ranging from RMB11.8 to RMB15.9 (2025: RMB10.4 to RMB15.4) per square metre are adopted for the industrial buildings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

16. INVESTMENT PROPERTIES (continued)

Under the direct comparison approach, significant inputs of the Group's industrial buildings in the PRC include price per square metre of RMB316 to RMB317 (2025: RMB297 to RMB1,638) adjusted for a range from a discount of 3% to a discount of 19% (2025: from a discount of 10% to a discount of 44%) specific to the location, of the Group's industrial building located in the PRC compared to recent sales on the comparable transactions.

Under the depreciated replacement cost approach, the estimated replacement cost per square metre adopted is RMB798 (2025: RMB811).

The fair value measurement of investment properties is (i) negatively correlated to the term yield and reversionary yield and positively correlated to average market unit rent per month under the investment approach; (ii) positively correlated to the price per square feet and square metre where appropriate and a favourable adjustment on the comparable transactions under the direct comparison approach; and (iii) positively correlated to the estimated replacement cost under the depreciated replacement cost approach.

The fair value measurement is based on the above properties highest and best use, which does not differ from their current use.

Fair value adjustments of investment properties are recognised in profit or loss. The fair value gains recognised in profit or loss for the year of HK\$5,457,000 (2025: losses of HK\$23,753,000) and HK\$ Nil (2025: loss of HK\$4,758,000) arose from the investment properties held at the end of the reporting period and the disposed investment properties respectively.

There was no transfer between Levels 1, 2 and 3 during the year.

The Group's investment properties are mainly situated in the PRC.

As at 30 June 2026, the Group pledged investment properties with aggregate carrying amount of HK\$294,949,000 (2025: HK\$281,822,000) to secure the borrowings of the Group (Note 29).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

17. LEASES

(a) The Group as lessee

The Group has lease contracts for office buildings and motor vehicles. Lump sum payments were made upfront to acquire the interests in the leasehold land in the PRC. Leases of office buildings generally have lease terms ranging from one to three years and lease payments are fixed over the lease terms. There is no extension options, variable lease payments nor restrictions or covenants included in these agreements.

(i) Right-of-use assets

The movements of the carrying amounts of the Group's right-of-use assets during the year are set out below:

	Leasehold land HK\$'000	Buildings HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
As at 1 July 2024	4,898	1,655	412	6,965
Depreciation	(176)	(1,045)	(412)	(1,633)
Exchange realignment	94	–	–	94
As at 30 June 2025 and 1 July 2025	4,816	610	–	5,426
Addition	–	3,431	–	3,431
Depreciation	(182)	(1,086)	–	(1,268)
Exchange realignment	255	–	–	255
As at 30 June 2026	4,889	2,955	–	7,844

As at 30 June 2026, the Group pledged right-of-use assets with carrying amount of HK\$4,889,000 (2025: HK\$4,816,000) to secure the borrowings of the Group (Note 29).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

17. LEASES (continued)

(a) The Group as lessee (continued)

(ii) Lease liabilities

	2026 HK\$'000	2025 HK\$'000
At 1 July	687	1,797
Modification	3,431	–
Interest expenses	56	90
Lease payments	(1,200)	(1,200)
At 30 June	2,974	687
Classified under:		
Non-current portion	1,853	–
Current portion	1,121	687
	2,974	687

At 30 June 2026 and 2025, the undiscounted lease payments payable by the Group in future period under non-cancellable operating leases are as follows:

	2026		
	Future lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
Within one year	1,200	79	1,121
After one year but within two years	1,200	41	1,159
Later than two years but not later than five years	700	6	694
	3,100	126	2,974

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

17. LEASES (continued)

(a) The Group as lessee (continued)

(ii) Lease liabilities (continued)

	2025		
	Future lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
Within one year	700	13	687

(b) The Group as lessor

The Group leases out its investment properties under operating lease arrangements with leases negotiated for initial period ranging from one year to four years (2025: one year to five years). As at 30 June 2026, the Group had contracted with tenants for the following future lease payments receivable:

	2026 HK\$'000	2025 HK\$'000
Within one year	10,849	10,292
In the second year	10,849	10,292
In the third year	3,197	10,292
In the fourth year	833	3,032
In the fifth year	–	790
	25,728	34,698

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FOR THE YEAR ENDED 30 JUNE 2026

18. INTANGIBLE ASSET

	Mining right HK\$'000
COST:	
At 1 July 2024	1,167,704
Exchange realignment	15
	1,167,719
At 30 June 2025 and 1 July 2025	(3)
Exchange realignment	
At 30 June 2026	1,167,716
ACCUMULATED AMORTISATION AND IMPAIRMENT:	
At 1 July 2024	771,855
Impairment	87,693
	859,548
At 30 June 2025 and 1 July 2025	(105,839)
Reversal of impairment	
At 30 June 2026	753,709
NET CARRYING AMOUNT:	
At 30 June 2026	414,007
At 30 June 2025	308,171

The mining right represents the right to conduct mining activities in the location of Nergui, Delgerkhangaï soum, Dundgobi aimag, the State of Mongolia, for a period of 30 years, expiring on 23 November 2039. The mining operating license is issued by the Mineral Resources Authority of the State of Mongolia. It is extendable by 2 successive 20 years each.

The mining right is subject to impairment review whenever there are indications that the mining right's carrying amount may not be recoverable or impairment losses recognised in prior periods may have decreased.

During the year ended 30 June 2026, the directors of the Company have engaged Peak Vision determining the recoverable amount of the CGU for which the mining right belongs to (the "Mining CGU").

Given the current development status of mining right, management has determined that recoverable amount of the Mining CGU on a fair-value-less-costs-of-disposal basis. The calculation has incorporated assumptions that a typical market participant would use in estimating the recoverable amount of the Mining CGU, which adopted cash flow projection for a period of 9 years, which is estimated to be the entire period of mining activities. There has been no change from the valuation technique used in prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

18. INTANGIBLE ASSETS (continued)

The key assumptions used in the cash flow projection are as follows:

At 30 June 2026, management analysed changes in the economic environment and performed an impairment test for Mining CGU at 30 June 2026 using the following key assumptions to determine the recoverable amount:

- In determining the revenue growth, a constant of the production level is expected in the cash flow projection periods;
- Total production was estimated based on average sustainable production levels of 20,000 metric tonnes of primary copper cathode per annum, of 2,093,000 tonnes of ores. The ores will be used primarily for the production of the primary copper cathode;
- Budgeted average gross margins 51% in the cash flow projection periods based on management expectations of market development and estimated mineral resources reserves based on technical report;
- The unit market price of copper cathode was US\$9,800 per tonne reference to the future copper price at the end of each forecast period predicted by the World Bank;
- The post-tax discount rate was estimated in real terms based on the weighted average cost of capital basis and was 24.40%. In determining the discount rate, the weighted average cost of capital was used, which is based on capital asset pricing model and determined with reference to the Mongolia Bank Prime Loan Rate and has taken into account the average of the weight of debt of industry comparable;
- Set-up costs, including but not limited to work in relation to the construction of processing plant, office, storage for explosive materials, staff accommodation and other ancillary work, were projected based on the technical report adjusted for inflation. It is expected that the set-up period is approximately 3 years;
- Operating costs such as processing, transportation and administrative costs were projected based on the feasibility study report adjusted for inflation; and
- For the estimation of inflation rate, inflation rates relevant to the global and local Mongolian economy are taken as reference.

Values assigned to key assumptions and estimates used to measure Mining CGU's recoverable amount based on external sources of information and historic data. Management believes that the values assigned to the key assumptions and estimates represented the most realistic assessment of future trends. The results were particularly sensitive to the following key assumptions:

- A 10% reduction in the projected copper price level would result in a decrease in the recoverable amount by 27% and would lead to an additional impairment of HK\$112,374,000; and
- A 10% increase in the post-tax discount rate (i.e. increased from 24.95% to 27.45%) would result in a decrease in the recoverable amount by 17% and would lead to an additional impairment of HK\$69,116,000.

The fair value of the mining right is a Level 3 non-recurring fair value measurement.

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FOR THE YEAR ENDED 30 JUNE 2026

18. INTANGIBLE ASSETS (continued)

As at 30 June 2026, the recoverable amount of the Mining CGU was HK\$414,007,000 which was higher than the carrying amount of HK\$308,168,000 as a result of the effect of the increase in forecasted copper price and increase in forecasted operating costs due to increase in forecasted Mongolia inflation rate, and hence, a resultant increase in forecasted future net cash inflows. Accordingly, a reversal of impairment on Mining CGU of approximately HK\$105,839,000 is recognised in the consolidated profit or loss for the year ended 30 June 2026.

As at 30 June 2025, the recoverable amount of the Mining CGU was HK\$308,171,000 which was lower than the carrying amount of HK\$395,864,000 as a result of the effect of the decrease in forecasted copper price and increase in forecasted operating costs due to increase in forecasted Mongolia inflation rate, and hence, a resultant increase in forecasted future net cash inflows. Accordingly, an impairment loss on Mining CGU of approximately HK\$87,693,000 is recognised in the consolidated profit or loss for the year ended 30 June 2025.

19. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Group's principal subsidiaries as at the end of reporting period are set out below:

Name of subsidiary	Kind of entity	Place of incorporation/ operation	Particulars of issued and paid up capital	Proportion of effective interest held by the Company		Principal activities
				Directly	Indirectly	
Chau's Electrical (BVI) Company Limited	Limited liability company	British Virgin Islands ("BVI")/PRC	1 share of US\$1	–	100%	Property holding
Chau's Electrical Company Limited	Limited liability company	Hong Kong ("HK")	HK\$1,000 ordinary HK\$500,000 non-voting deferred (Note(a))	–	100%	Trading of cable and wire products
Chau's Industrial Investment Limited	Limited liability company	BVI	US\$1,000	100%	–	Investment holding
東莞橋梓周氏電業有限公司 Dongguan Qiaozi Chau's Electrical Co., Ltd	Wholly-owned foreign enterprise	PRC	HK\$6,810,000	–	100%	Manufacture and trading of cable and wire products
Gosberton Assets Limited	Limited liability company	BVI	US\$1	–	100%	Holding of trademarks
Great Measure Investment Limited	Limited liability company	BVI	US\$1	100%	–	Investment holding
Hua Yi Copper Products Company Limited	Limited liability company	HK	HK\$5,000,000	–	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

19. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Name of subsidiary	Kind of entity	Place of incorporation/ operation	Particulars of issued and paid up capital	Proportion of effective interest held by the Company		Principal activities
				Directly	Indirectly	
Ikh Shijir Erdene LLC	Limited liability company	The State of Mongolia	US\$100,000	–	100%	Mining business (not yet commenced)
Sun Progress Limited	Limited liability company	BVI	US\$1	–	100%	Investment holding
廉江市周氏石材有限公司 Lianjiang Zhou's Marble Limited ("Zhou's Marble")	Limited liability company	PRC	RMB10,000,000	–	80%	Property holding (not yet commenced)

Note:

- The deferred shares, which are not held by the Group, practically carry no right to dividend or to receive notice of or to attend or vote at any general meeting of the subsidiary or to participate in any distribution on winding up.
- Except for Chau's Industrial Investment Limited and Great Measure Investments Limited, all the subsidiaries are indirectly held by the Company.

None of the subsidiaries issued any debt security at the end of reporting period.

20. INTERESTS IN ASSOCIATES

	2026 HK\$'000	2025 HK\$'000
Share of net assets	745	745

Particulars of the Group's associates as at 30 June 2026 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Proportion of effective interest held by the Group	Principal activities
Idea Advertising Holdings Ltd. #	Limited liability company	BVI	49% (direct)	Investment holding
Idea Advertising Hong Kong Company Ltd. #	Limited liability company	Hong Kong	49% (indirect)	Inactive*

Collectively known as the "Idea Group"

* Deregistered on 3 July 2026 after the financial year ended 30 June 2026

The financial statements of the above companies are not audited by BDO Limited or any of its member firms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

20. INTERESTS IN ASSOCIATES (continued)

Idea Group

Summarised financial information in relation to the Idea Group is presented below:

	2026 HK\$'000	2025 HK\$'000
At 30 June		
Total non-current assets	–	–
Total current assets	1,521	1,521
Total current liabilities	–	–
Total non-current liabilities	–	–
Net assets	1,521	1,521
Proportion of effective interest held by the Group	49%	49%
Group's share of net assets of associates	745	745
For the year ended 30 June		
Revenue	–	–
Profit from operations and total comprehensive income for the year	–	–
Share of results of associates	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

21. INTERESTS IN JOINT VENTURES

	2026 HK\$'000	2025 HK\$'000
Share of net assets	16,480	1,370

Particulars of the Group's joint ventures as at 30 June 2026 are as follows:

Name of joint venture	Place of incorporation/ operation	Proportion of effective interest held by the Group	Principal activities
Venture Max Limited	BVI	10% (direct)	Investment holding
Mongolian Copper Mining LLC	Mongolia	10% (indirect)	Mining business (not yet commenced)

The Group has joint control over the arrangements as unanimous consent is required from all parties to the arrangements for the relevant activities of the aforesaid companies. The contractual arrangement in relation to the aforesaid companies provide the Group with only the rights to the net assets of the joint arrangements, with the rights to the assets and obligation for the liabilities of the joint arrangements resting primarily with these companies.

The financial statements of the above companies are not audited by BDO Limited or any of its member firms.

During the year, the recoverable amount of the Group's joint ventures was determined by the directors of the Company based on fair-value-less-costs-of-disposal basis with reference to a professional valuation performed by Peak Vision. The calculation used cash flow projection for a period of 17 years, discounted by the post-tax discount rate of 25.36% (2025: 24.00%). In determining the discount rate, the weighted average cost of capital was used, which is determined with reference to the Mongolia Bank Prime Loan Rate and has taken into account the average of the weight of debt of industry comparables. For the estimation of inflation rate, inflation rates relevant to the local Mongolian economy and the commodity market are taken as reference.

As at 30 June 2026 and 2025, the recoverable amount of interests in the Group's joint ventures exceed its carrying amount based on the above assessment. Accordingly, no impairment loss on interests in joint ventures is recognised in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

21. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information in relation to the joint ventures is presented below:

	2026 HK\$'000	2025 HK\$'000
At 30 June		
Total non-current assets	187,645	36,526
Cash and cash equivalents	29	3
Other current assets	156	156
Total current assets	185	159
Total current liabilities	(23,035)	(22,981)
Total non-current liabilities	–	–
Net assets	164,795	13,704
Reconciliation to the Group's interests in joint ventures:		
Proportion of effective interest held by the Group	10%	10%
Group's share of net assets of the joint ventures	16,480	1,370
For the year ended 30 June		
Revenue	–	–
Exploration expenses	–	–
Reversal of impairment loss/(impairment loss) on mining right	151,114	(17,133)
Other expenses	(48)	(105)
Profit/(loss) for the year	151,066	(17,238)
Other comprehensive income	25	(118)
Total comprehensive income for the year	151,091	(17,356)
Share of results of joint ventures	15,107	(1,724)
Share of other comprehensive income of joint ventures	3	(12)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

22. INVENTORIES

	2026 HK\$'000	2025 HK\$'000
Raw materials	5,111	4,861
Work in progress	4,381	3,319
Finished goods	5,111	5,909
	14,603	14,089

During the year ended 30 June 2026, a reversal of write-down of inventories amounting to HK\$2,535,000 (2025: write-down of inventories amounting to HK\$1,118,000) is recorded in cost of sales as presented in the consolidated statement of profit or loss.

23. DEBTORS, OTHER LOANS AND RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2026 HK\$'000	2025 HK\$'000
Trade debtors, net	37,990	46,076
Loan receivables, net	92,145	104,042
Prepayments	4,768	6,052
Deposits and other receivables, net	2,496	2,983
VAT recoverable	5,350	5,472
	142,749	164,625

(i) The Group's sales are mainly made on (i) cash on delivery, and (ii) credit terms of 30 to 120 days (2025: 30 to 120 days).

(ii) The aging analysis of net trade debtors, based on invoice date, as of the end of the reporting period is as follows:

	2026 HK\$'000	2025 HK\$'000
Within 30 days	18,616	16,063
31–60 days	9,939	12,838
61–90 days	5,958	9,528
Over 90 days	3,477	7,647
	37,990	46,076

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

23. DEBTORS, OTHER LOANS AND RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

- (iii) The movements in the allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	2026 HK\$'000	2025 HK\$'000
At beginning of year	1,329	967
(Reversal of expected credit loss)/expected credit loss recognised during the year	(327)	350
Write-off during the year	(230)	–
Exchange realignment	21	12
At end of year	793	1,329

As at 30 June 2026, allowance of HK\$793,000 (2025: HK\$1,329,000) were recognised, details of which are set out in Note 5(a)(i) to the consolidated financial statements. The Group does not hold any collateral over these balances.

- (iv) The aging analysis of net trade debtors based on past due date is as follows:

	2026 HK\$'000	2025 HK\$'000
Not yet past due	31,325	35,606
Past due 1–30 days	5,054	9,442
Past due 31–90 days	1,078	743
Past due more than 90 days	533	285
	37,990	46,076

Receivables that were not yet past due relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that there has not been a significant change in credit quality and the balances are still considered recoverable. The Group does not hold any collateral over these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

23. DEBTORS, OTHER LOANS AND RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

- (v) As at 30 June 2026, loan receivables are from five (2025: four) independent third parties with aggregate principal amount of HK\$99,721,000 (2025: HK\$100,332,000) and related interest receivables of HK\$10,318,000 (2025: HK\$8,693,000).

The directors of the Company are of the opinion that, after taking into account the past payment history, impairment loss on the loan receivables of HK\$17,894,000 (2025: HK\$4,983,000) was made at the end of the reporting period.

Details of the loan receivables as at 30 June 2026 and 2025 are as follows:

As at 30 June 2026

Number of loans	Principal amount HK\$'000	Interest receivables HK\$'000	Loss allowances HK\$'000	Net carrying amount HK\$'000	Interest rate	Maturity	Collateral/ guarantee details
1	56,691	3,589	(8,424)	51,856	6%	Within 12 months from the end of reporting period	Corporate guarantee from an independent third party
3	19,582	3,544	(3,925)	19,201	6%–13%	Within 12 months from the end of reporting period	Personal guarantees from independent third parties
1	23,448	3,185	(5,545)	21,088	9%	Within 12 months from the end of reporting period	Nil
5	99,721	10,318	(17,894)	92,145			

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FOR THE YEAR ENDED 30 JUNE 2026

23. DEBTORS, OTHER LOANS AND RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

(v) (continued)

As at 30 June 2025

Number of loans	Principal amount HK\$'000	Interest receivables HK\$'000	Loss allowances HK\$'000	Net carrying amount HK\$'000	Interest rate	Maturity	Collateral/ guarantee details
1	50,941	3,451	(1,185)	53,207	6%	Within 12 months from the end of reporting period	Corporate guarantee from an independent third party
2	13,801	1,829	(1,898)	13,732	6%–13%	Within 12 months from the end of reporting period	Personal guarantees from independent third parties
1	35,590	3,413	(1,900)	37,103	9%	Within 12 months from the end of reporting period	Nil
4	100,332	8,693	(4,983)	104,042			

(vi) The below table reconciled the impairment loss of other loan and receivables for the year:

	2026 HK\$'000	2025 HK\$'000
At beginning of year	5,022	19,139
Write-off during the year	–	(17,282)
Expected credit loss recognised during the year	12,207	3,141
Disposal of a subsidiary	–	(79)
Exchange realignment	686	103
At end of year	17,915	5,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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24. BILLS RECEIVABLE

Bills receivable generally have credit terms ranging from 3 to 6 months. No bills receivables as at 30 June 2026 and 2025 are past due.

25. FINANCIAL ASSETS AT FVTOCI/FINANCIAL ASSETS AT FVTPL

	2026 HK\$'000	2025 HK\$'000
Financial assets at FVTOCI:		
Unlisted equity investments, at fair value	2,309	–

On 25 November 2025, the Group invested in 3% equity interest of 中科預品(武漢市)網絡技術有限公司 (“**中科預品**”) with the consideration of RMB2,000,000 and this equity investment was measured at fair value through other comprehensive income. 中科預品 is primarily engaged in information technology services. The fair value is determined by net assets value approach, with the amount of RMB2,000,000 (equivalent to HK\$2,309,000) as at 30 June 2026.

	2026 HK\$'000	2025 HK\$'000
Financial assets at FVTPL:		
Equity securities held for trading and listed in Hong Kong	4,670	5,890

Fair values of the listed equity securities are determined based on the quoted market prices in an active market. During the year ended 30 June 2026, a fair value loss of HK\$1,220,000 (2025: fair value gain of HK\$2,090,000) is recognised in profit or loss.

26. PLEDGE OF ASSETS

As at 30 June 2026, save as disclosed elsewhere in the consolidated financial statements, the Group has pledged the following assets to secure general banking facilities and other loans granted to the Group. The carrying amounts of these assets are analysed as follows:

	Notes	2026 HK\$'000	2025 HK\$'000
Property, plant and equipment	15	2,961	4,778
Investment properties	16	294,949	281,822
Right-of-use assets	17	4,889	4,816
		302,799	291,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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27. BANK BALANCES AND CASH

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy financial institutions with no recent history of default. The carrying amounts of the bank balances and cash approximate their fair values.

	2026 HK\$'000	2025 HK\$'000
Bank balances and cash were denominated in the following currencies:		
RMB	120,254	105,141
HK\$	3,166	3,143
U.S. Dollars	259	402
EURO	30	106
	123,709	108,792

RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

28. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES

	2026 HK\$'000	2025 HK\$'000
Trade creditors	78,158	56,590
Contract liabilities (Note (i))	115	1,281
Construction payables	8,716	8,268
Rental deposits received	2,887	4,655
Other tax payables	710	1,015
Accrued staff costs	4,287	4,859
Other payables and accruals	24,618	14,057
Rental received in advance	3,239	2,136
	122,730	92,861
Less: Amount shown under non-current liabilities		
Other payables	(3,097)	(2,938)
Amount shown under current liabilities	119,633	89,923

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28. CREDITORS, OTHER ADVANCES AND ACCRUED CHARGES (continued)

Aging analysis of trade creditors, based on invoice date or the date of recognition, is as follows:

	2026 HK\$'000	2025 HK\$'000
0–30 days	41,588	29,261
31–60 days	7,745	9,463
61–90 days	8,693	2,823
Over 90 days	20,132	15,043
	78,158	56,590

Note (i): Contract liabilities primarily relate to the advances received from customers for sale of goods. The advances remain as contract liabilities until they are recognised as revenue when control of goods is transferred to the customers. Typical payment terms which impact on the amount of contract liabilities are set out in Note 3 to the consolidated financial statements.

Changes in the contract liabilities balances during the year are as follows:

	2026 HK\$'000	2025 HK\$'000
At the beginning of year	1,281	9,935
Cash received	5,568	128
Recognised as revenue	(6,737)	(8,826)
Exchange realignment	3	44
At the end of year	115	1,281

HK\$1,169,000 of the contract liabilities as at 1 July 2025 were recognised as revenue for the year ended 30 June 2026 from performance obligations satisfied during the year.

The contract liabilities as at 30 June 2026 were expected to be recognised as revenue in the next 12 months. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations which has an original expected duration of one year or less is not disclosed.

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29. BORROWINGS

	2026 HK\$'000	2025 HK\$'000
Current:		
Bank loans, secured	181,347	165,553
Other loan, secured	669	4,747
	182,016	170,300
Non-current:		
Bank loans, secured	10,565	8,105

The effective interest rates for the bank loans as at 30 June 2026 ranged from 4.0% to 8.0% (2025: 4.4% to 7.15%) per annum. The effective interest rate for the other loan as at 30 June 2026 was 3.76% (2025: ranged from 5.1% to 6.24%) per annum.

All borrowings are denominated in the functional currencies of the relevant group entities and therefore exposed to minimal foreign exchange rate risk.

The Group's bank and other loans are secured by the pledge of certain property, plant and equipment, investment properties and right-of-use assets amounting to HK\$2,961,000 (2025: HK\$4,778,000), HK\$294,949,000 (2025: HK\$281,822,000) and HK\$4,889,000 (2025: HK\$4,816,000) respectively; corporate guarantees from the certain subsidiaries of the Company; and personal guarantee executed by the directors of the Company, a non-wholly owned subsidiary and a non-controlling shareholder of a non-wholly owned subsidiary.

At 30 June 2026, total current and non-current bank and other loans were scheduled to repay as follows:

	2026 HK\$'000	2025 HK\$'000
On demand or within one year	182,016	170,300
More than one year, but not exceeding two years	693	8,105
More than two years, but not exceeding five years	9,872	–
	192,581	178,405

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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30. DEFERRED TAX LIABILITIES

The following is the major deferred tax liabilities recognised by the Group and their movements:

	Investment properties HK\$'000	Properties HK\$'000	Total HK\$'000
1 July 2024	(19,050)	(33,912)	(52,962)
Credited to profit or loss (Note 11)	7,128	–	7,128
Disposal of a subsidiary (Note 31)	3,988	20,437	24,425
Exchange realignment	(722)	(223)	(945)
At 30 June 2025 and 1 July 2025	(8,656)	(13,698)	(22,354)
Charged to profit or loss (Note 11)	(1,364)	–	(1,364)
Exchange realignment	(515)	(742)	(1,257)
At 30 June 2026	(10,535)	(14,440)	(24,975)

As at 30 June 2026, the Group has unused tax losses of HK\$337,136,000 (2025: HK\$326,739,000) available for offset against future taxable profits. As at 30 June 2026, no deferred tax assets has been recognised in respect of the tax losses of HK\$337,136,000 (2025: HK\$326,739,000) as it is not probable that future taxable profit will be available against which the unused tax losses can be utilised. Tax losses of HK\$215,636,000 (2025: HK\$216,226,000) may be carried forward indefinitely and the remaining amount would expire in five years from the respective dates of incurrence.

As at 30 June 2026 and 2025, the Group's subsidiaries established in the PRC have no unremitted earnings that are subject to withholding taxes.

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FOR THE YEAR ENDED 30 JUNE 2026

31. DISPOSAL OF A SUBSIDIARY

On 20 November 2024, the Group, through a wholly-owned subsidiary, entered into an agreement with an independent purchaser to dispose of the entire issued share capital in a subsidiary, Dongguan Hua Yi Brass Products Company Limited ("DHY"), at the consideration of RMB70,000,000 (equivalent to HK\$76,670,000) in cash. DHY was principally engaged in property holding in the PRC. On 6 March 2025, the disposal was completed. Details of the assets and liabilities of DHY at the date of disposal were as follows:

	HK\$'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	–
Investment properties	298,248
Other receivables, deposits, and prepayments	13,196
Bank balances and cash	32
Other payables and accruals	(89,119)
Borrowings	(112,815)
Deferred tax liabilities	(24,425)
Net assets disposed of	85,117
Cumulative exchange differences in respect of the net assets of DHY reclassified from equity to profit or loss on loss of control of DHY	(31,666)
Gain on disposal	23,219
Total consideration	76,670
Net cash inflow arising on disposal:	
Cash consideration (Note)	76,670
Less: Bank balances and cash disposed of	(32)
Net cash inflows	76,638

Note: During the year ended 30 June 2025, the consideration of HK\$76,670,000 has been received by the Group.

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32. SHARE CAPITAL

	Number of shares		Nominal value	
	2026	2025	2026	2025
	'000	'000	HK\$'000	HK\$'000
Authorised:				
At beginning and end of year	2,500,000	2,500,000	500,000	500,000
Issued and fully paid:				
At beginning of year	118,727	118,727	23,745	23,745
Issue of new shares upon placing (Note)	23,740	–	4,748	–
At end of year	142,467	118,727	28,493	23,745

Note: On 22 December 2025, a total of 23,740,000 placing shares have been successfully placed by the placing agent to not less than six (6) placees at the placing price of HK\$0.37 per placing share pursuant to the terms and conditions of the placing agreement, representing approximately 16.66% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares immediately upon completion of the placing. The net proceeds after deducting related expenses of approximately HK\$283,000 were approximately HK\$8,501,000.

33. SHARE OPTION SCHEME

On 5 December 2022, the Company adopted a new share option scheme (the “**Scheme**”) for the primary purpose of providing incentives to employees, executive and non-executive directors of the Company or any subsidiaries or such persons who from time to time are determined by the Board as its discretion as having contributed to the Group based on his/her performance and/or years of services, or valuable resources and other relevant factors (the “**Employee Participants**”), to recruit and retain high calibre employees. Additionally, the Company may, from time to time, grant share options to such persons who provide services to the Company or any subsidiaries on a continuing and recurring basis in the ordinary and usual course of business of the Group (the “**Service Providers**”) in the interest of the long term growth of the Group as determined by the Board.

Under the Scheme, the Board of the Company may grant options to the Employee Participants and Service Providers to subscribe for shares in the Company at a price equal to the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotation sheets on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares, subject to a maximum 10% of the issued share capital of the Company as at the date of approval from the Company’s shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

33. SHARE OPTION SCHEME (continued)

On 27 May 2024, the Company granted share options to eligible participants to subscribe for a total of 11,870,000 ordinary shares of HK\$0.2 each (with exercise price of HK\$0.44 per share) in the share capital of the Company under the Scheme. Details of the share options granted and movement in such holding during the years ended 30 June 2026 and 2025 are as follows:

For the year ended 30 June 2026

Name or category of participant	Date of grant	Exercise period	Exercise price HK\$	Outstanding as at 1 July 2025	Granted during the year	Lapsed during the year	Outstanding as at 30 June 2026
Directors							
Chau Lai Him	27 May 2024	27 May 2025–26 May 2027	0.44	1,180,000	–	–	1,180,000
Chau Chi Ho	27 May 2024	27 May 2025–26 May 2027	0.44	1,180,000	–	–	1,180,000
Liu Dong Yang	27 May 2024	27 May 2025–26 May 2027	0.44	1,180,000	–	–	1,180,000
Chung Kam Kwong	27 May 2024	27 May 2025–26 May 2027	0.44	110,000	–	–	110,000
Lo Wai Ming	27 May 2024	27 May 2025–26 May 2027	0.44	110,000	–	–	110,000
Lo Chao Ming	27 May 2024	27 May 2025–26 May 2027	0.44	110,000	–	–	110,000
Subtotal				3,870,000	–	–	3,870,000
Others							
Employees	27 May 2024	27 May 2025–26 May 2027	0.44	6,820,000	–	(400,000)	6,420,000
Subtotal				6,820,000	–	(400,000)	6,420,000
Total				10,690,000	–	(400,000)	10,290,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

33. SHARE OPTION SCHEME (continued)

For the year ended 30 June 2025

Name or category of participant	Date of grant	Exercise period	Exercise price HK\$	Outstanding as at 1 July 2024	Granted during the year	Lapsed during the year	Outstanding as at 30 June 2025
Directors							
Chau Lai Him	27 May 2024	27 May 2025–26 May 2027	0.44	1,180,000	–	–	1,180,000
Chau Chi Ho	27 May 2024	27 May 2025–26 May 2027	0.44	1,180,000	–	–	1,180,000
Liu Dong Yang	27 May 2024	27 May 2025–26 May 2027	0.44	1,180,000	–	–	1,180,000
Chung Kam Kwong	27 May 2024	27 May 2025–26 May 2027	0.44	110,000	–	–	110,000
Lo Wai Ming	27 May 2024	27 May 2025–26 May 2027	0.44	110,000	–	–	110,000
Lo Chao Ming	27 May 2024	27 May 2025–26 May 2027	0.44	110,000	–	–	110,000
Subtotal				3,870,000	–	–	3,870,000
Others							
Employees	27 May 2024	27 May 2025–26 May 2027	0.44	8,000,000	–	(1,180,000)	6,820,000
Subtotal				8,000,000	–	(1,180,000)	6,820,000
Total				11,870,000	–	(1,180,000)	10,690,000

The fair value of the share options granted to the directors and employees on 27 May 2024 were HK\$916,000 and HK\$1,521,000 respectively, of which the Group recognised the share-based payment of HK\$ Nil during the year ended 30 June 2026 (2025: HK\$2,204,000).

The following information is relevant in the determination of the fair value of options granted during the year ended 30 June 2024 under the Scheme:

Option pricing model used	Binomial Option Pricing Model
Share price	HK\$0.44
Exercise price	HK\$0.44
Expected volatility	89.12%
Expected dividend rate	–
Risk-free interest rate	3.747%

During the year ended 30 June 2026, 400,000 (2025: 1,180,000) share options lapsed and accordingly the corresponding share option reserve amounted to HK\$76,000 (2025: HK\$224,000) was released to the Group's accumulated losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2026 HK\$'000	2025 HK\$'000
Non-current assets			
Interests in subsidiaries		431,149	424,150
Right-of-use assets		2,954	610
Total non-current assets		434,103	424,760
Current assets			
Deposits and prepayments		490	552
Bank balances and cash		1,814	1,636
Total current assets		2,304	2,188
Current liabilities			
Other advances and accrued charges		1,370	1,400
Lease liabilities		1,121	687
Total current liabilities		2,491	2,087
Net current (liabilities)/assets		(187)	101
Total assets less current liabilities		433,916	424,861
Non-current liabilities			
Lease liabilities		1,853	–
Total non-current liabilities		1,853	–
Total net assets		432,063	424,861
EQUITY			
Capital and reserves			
Share capital	32	28,493	23,745
Reserves	35	403,570	401,116
Total equity		432,063	424,861

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

35. RESERVES OF THE COMPANY

	Share premium HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2024	1,828,432	763,907	233	(2,188,476)	404,096
Loss and total comprehensive income for the year	–	–	–	(5,184)	(5,184)
Equity-settled share-based payment	–	–	2,204	–	2,204
Release upon lapse of share options	–	–	(224)	224	–
At 30 June 2025 and 1 July 2025	1,828,432	763,907	2,213	(2,193,436)	401,116
Loss and total comprehensive income for the year	–	–	–	(1,299)	(1,299)
Placing of new shares	4,036	–	–	–	4,036
Transaction costs on placement of new shares	(283)	–	–	–	(283)
Release upon lapse of share options	–	–	(76)	76	–
At 30 June 2026	1,832,185	763,907	2,137	(2,194,659)	403,570

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

36. NON-CONTROLLING INTERESTS

During the years ended 30 June 2026 and 2025, Zhou's Marble has material non-controlling interests ("NCI"). The NCI of the remaining subsidiary that is not wholly-owned by the Group is considered to be immaterial.

Summarised financial information in relation to the NCIs of Zhou's Marble in the respective years, before intra-group eliminations, is presented below:

2026

	Zhou's Marble HK\$'000
STATEMENT OF FINANCIAL POSITION	
Current assets	2,308
Non-current assets	87,854
Current liabilities	(99,613)
Non-current liabilities	(6,509)
Net liabilities	(15,960)
Accumulated NCI	(3,192)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	
Revenue	–
Loss for the year	(503)
Other comprehensive income for the year	(870)
Total comprehensive income for the year	(1,373)
Loss allocated to NCI	(101)
Other comprehensive income allocated to NCI	(174)
Cash flows generated from operating activities	1,987
Cash flows used in financing activities	(1,990)
Net cash outflows	(3)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

36. NON-CONTROLLING INTERESTS (continued)

2025

Zhou's Marble

HK\$'000

STATEMENT OF FINANCIAL POSITION

Current assets	2,675
Non-current assets	82,015
Current liabilities	(85,325)
Non-current liabilities	(13,949)
Net liabilities	(14,584)
Accumulated NCI	(2,917)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue	–
Loss for the year	(3,011)
Other comprehensive income for the year	(1,033)
Total comprehensive income for the year	(4,044)
Loss allocated to NCI	(602)
Other comprehensive income allocated to NCI	(207)
Cash flows used in operating activities	(1,642)
Cash flows generated from financing activities	1,618
Net cash outflows	(24)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

37. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the “**MPF Scheme**”) for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees.

The employees of the subsidiaries of the Company which operate in the PRC are required to participate in a central pension scheme operated by the local municipal governments. These PRC subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The total expenses recognised in profit or loss of HK\$3,654,000 (2025: HK\$3,894,000) represent contributions paid/payable to these schemes by the Group in the year. As at 30 June 2026, no forfeited contribution under these schemes is available to reduce the contribution payable in future (2025: Nil).

38. RELATED PARTY TRANSACTIONS

Same as disclosed elsewhere in these financial statements, the Group did not have other material transactions with related parties.

Members of key management personnel of the Group during the year comprised only of the directors whose remuneration is set out in Note 9 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

39. CAPITAL RISK MANAGEMENT

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

Capital structure of the Group comprises equity plus debts raised by the Group, including borrowings, net of bank balances and cash. The Group's management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the Group will balance its overall capital structure through new share issues as well as the issue of new debt or redemption of existing debts. No change was made in the objectives, policies or processes for managing capital during the year ended 30 June 2026.

The net debt to equity ratio at the end of reporting period was as follows:

	2026 HK\$'000	2025 HK\$'000
Debts	192,581	178,405
Less: bank balances and cash	(123,709)	(108,792)
Net debts	68,872	69,613
Total equity	709,706	616,501
Net debt to equity ratio	9.7%	11.3%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

40. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORIES

The carrying amounts of the Group's financial assets and liabilities as recognised at 30 June 2026 and 2025 are analysed into the following categories.

	2026 HK\$'000	2025 HK\$'000
Financial assets		
Financial assets at amortised cost		
– Debtors, other loans and receivables and deposits	132,631	153,101
– Bills receivable	353	46
– Bank balances and cash	123,709	108,792
Financial asset at FVTOCI		
– Equity investments	2,309	–
Financial assets at FVTPL		
– Equity investments	4,670	5,890
Financial liabilities		
Financial liabilities at amortised cost		
– Creditors, other advances and accrued charges	115,089	83,570
– Lease liabilities	2,974	687
– Borrowings	192,581	178,405

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

41. LITIGATION

During the year ended 30 June 2020, Zhou's Marble entered into service agreements with a constructor (the "**Constructor**") in connection with the development of an industrial complex in Lianjiang, the PRC.

During the years ended 30 June 2021 and 2022, due to the continuous impact of the COVID-19, Zhou's Marble has temporarily suspended the construction work in Lianjiang. On 7 November 2022, the Constructor lodged a litigation claim against Zhou's Marble and demanded for settlement of construction costs payable, penalty charges for the breach of the service agreements by Zhou's Marble and compensation of the suspension of the construction work. The aggregate compensation demanded by the Constructor was approximately RMB21,000,000, in which approximately RMB8,000,000 had been accounted for by Zhou's Marble in prior years and the remaining RMB13,000,000 represented penalty charges and additional construction costs demanded by the Constructor.

On 5 July 2023, according to the first court judgement, Zhou's Marble is liable for the payment of RMB21,000,000 to the Constructor. On 31 July 2023, Zhou's Marble lodged an objection to appeal against the aforesaid court judgement. In March 2024, Zhou's Marble was informed by the Zhanjiang Intermediate People's Court that the appeal was successful and the litigation claim was remanded for retrial. On 5 July 2024 and 28 July 2025, hearings of the retrial were held at the People's Court of Lianjiang City. On 31 December 2025, according to the second court judgement, Zhou's marble is not liable for any payment to the Constructor. Up to the date of these consolidated financial statements, no notice has been received by the Group with regard to the appeal of the Constructor.

The directors of the Company have evaluated all the facts and circumstances and considered, after obtaining a legal advice on the litigation, the possibility of any outflow in settling the penalty charges and additional construction costs was remote and it is more likely that Zhou's Marble would not be obliged to pay these compensation as at 30 June 2026. Accordingly, no provision was made for the amount of RMB13,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Interest payable on borrowings# HK\$'000	Borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 July 2025	–	178,405	687	179,092
Changes from cash flows:				
Interest paid on borrowings	(8,630)	–	–	(8,630)
Repayment of interest portion of the lease liabilities	–	–	(56)	(56)
Repayment of principal portion of the lease liabilities	–	–	(1,144)	(1,144)
New bank and other loans raised	–	29,931	–	29,931
Repayment of bank and other loans	–	(25,563)	–	(25,563)
Total changes from financing cash flows:	(8,630)	4,368	(1,200)	(5,462)
Exchange differences	–	9,808	–	9,808
Other changes:				
Interest expenses	8,998	–	56	9,054
Lease modification	–	–	3,431	3,431
Total other changes	8,998	–	3,487	12,485
At 30 June 2026	368	192,581	2,974	195,923
	Interest payable on borrowings# HK\$'000	Borrowings HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 July 2024	–	262,434	1,797	264,231
Changes from cash flows:				
Interest paid on borrowings	(11,026)	–	–	(11,026)
Repayment of interest portion of the lease liabilities	–	–	(90)	(90)
Repayment of principal portion of the lease liabilities	–	–	(1,110)	(1,110)
New bank and other loans raised	–	209,413	–	209,413
Repayment of bank and other loans	–	(189,170)	–	(189,170)
Total changes from financing cash flows:	(11,026)	20,243	(1,200)	8,017
Disposal of a subsidiary (Note 31)	–	(112,815)	–	(112,815)
Exchange differences	–	8,543	–	8,543
Other changes:				
Interest expenses	11,026	–	90	11,116
At 30 June 2025	–	178,405	687	179,092

Interest payable on borrowings is included in creditors, other advances and accrued charges as presented in the consolidated statement of financial position.

PARTICULARS OF PROPERTIES

Properties held for investment	Type	Lease term
A factory complex erected on a parcel of land located at Qiaozi Village, Changping Town, Dongguan City, Guangdong Province, the PRC	Industrial	Medium
A factory complex erected on a parcel of land located at Butian, Tangjiao District, Changping Town, Dongguan City, Guangdong Province, the PRC	Industrial	Medium
A factory complex erected on a parcel of land located in Beihuan Road, Changping Town, Dongguan City Guangdong Province, the PRC	Industrial	Medium
Stone Industry Base located at the eastern side of K17 Lingtang of Provincial Highway S287, Tangpeng Town, Lianjiang City, Guangdong Province, the PRC	Industrial	Medium

FINANCIAL SUMMARY

RESULTS

The Group

	Year ended 30 June				
	2026 HK\$'000	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000
Revenue	437,642	578,819	795,700	374,316	471,521
Profit/(loss) before taxation	84,189	(150,036)	(110,956)	(164,198)	(112,639)
Income tax (expense)/credit	(1,364)	7,128	21,709	(12,561)	11,446
Profit/(loss) for the year	82,825	(142,908)	(89,247)	(176,759)	(101,193)
Profit/(loss) attributable to:					
Owners of the Company	82,928	(142,306)	(88,516)	(176,246)	(102,218)
Non-controlling interests	(103)	(602)	(731)	(513)	1,025
	82,825	(142,908)	(89,247)	(176,759)	(101,193)

Assets and liabilities

	At 30 June				
	2026 HK\$'000	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000
Total assets	1,052,966	910,808	1,367,315	1,446,860	1,692,464
Total liabilities	(343,260)	(294,307)	(568,589)	(558,705)	(603,784)
Net assets	709,706	616,501	798,726	888,155	1,088,680
Attributable to:					
Owners of the Company	712,555	619,073	800,489	889,204	1,089,342
Non-controlling interests	(2,849)	(2,572)	(1,763)	(1,049)	(662)
	709,706	616,501	798,726	888,155	1,088,680