

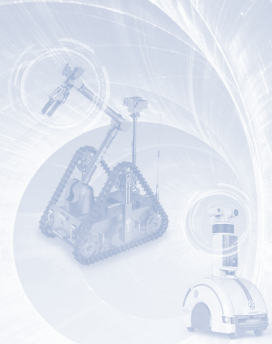
SuperRobotics Holdings Limited 超人智能控股有限公司

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

Stock Code: 8176



2024
Annual Report



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this annual report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this annual report.

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

CONTENTS

COMPANY INFORMATION	2
CHAIRMAN'S STATEMENT	3
MANAGEMENT DISCUSSION AND ANALYSIS	4-7
DIRECTORS' PROFILE	8-9
DIRECTORS' REPORT	10-21
CORPORATE GOVERNANCE REPORT	22-33
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT	34-48
INDEPENDENT AUDITOR'S REPORT	49-52
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	53-54
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	55-56
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	57
CONSOLIDATED STATEMENT OF CASH FLOWS	58-59
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	60-124
FINANCIAL SUMMARY	125



COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Fan Yu (*Chairman*) (*Resigned on 19 April 2024*)
Ms. Qiu Xueyun (*Resigned on 19 April 2024*)
Mr. Su Zhenhui (*Chairman*) (*Appointed on 19 April 2024*)
Mr. Feng Zheng (*Appointed on 19 April 2024*)

Non-executive Directors

Ms. Li Jiaqi (*Appointed on 31 October 2024*)

Independent non-executive Directors

Mr. Tam B Ray, Billy
Ms. Han Xiao (*Resigned on 5 July 2024*)
Mr. Xu Guojun
Mr. Xue Wei (*Appointed on 5 July 2024*)

COMPANY SECRETARY

Mr. Chan Cheuk Ho

COMPLIANCE OFFICER

Mr. Fan Yu (*Resigned on 19 April 2024*)
Mr. Su Zhenhui (*Appointed on 19 April 2024*)

AUDITOR

Jon Gepsom CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

AUTHORISED REPRESENTATIVES

Mr. Fan Yu (*Resigned on 19 April 2024*)
Ms. Qiu Xueyun (*Resigned on 19 April 2024*)
Mr. Su Zhenhui (*Appointed on 19 April 2024*)
Mr. Feng Zheng (*Appointed on 19 April 2024*)

REMUNERATION COMMITTEE

Ms. Han Xiao (*Chairman*) (*Resigned on 5 July 2024*)
Mr. Fan Yu (*Resigned on 19 April 2024*)
Mr. Xu Guojun
Mr. Xue Wei (*Chairman*) (*Appointed on 5 July 2024*)
Mr. Su Zhenhui (*Appointed on 19 April 2024*)

AUDIT COMMITTEE

Ms. Han Xiao (*Chairman*) (*Resigned on 5 July 2024*)
Mr. Tam B Ray, Billy
Mr. Xu Guojun
Mr. Xue Wei (*Chairman*) (*Appointed on 5 July 2024*)

NOMINATION COMMITTEE

Ms. Han Xiao (*Chairman*) (*Resigned on 5 July 2024*)
Mr. Tam B Ray, Billy
Mr. Fan Yu (*Resigned on 19 April 2024*)
Mr. Su Zhenhui (*Appointed on 19 April 2024*)
Mr. Xue Wei (*Chairman*) (*Appointed on 5 July 2024*)

PRINCIPAL BANKERS

China CITIC Bank International Limited

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1405, 14/F.,
China Merchants Tower, Shun Tak Centre,
168-200 Connaught Road Central,
Sheung wan, Hong Kong

LEGAL ADVISORS

As to Hong Kong Law
CLKW Lawyers LLP

As to Bermuda Law
Conyers Dill and Pearman

WEBSITE

www.superrobotics.com.hk

STOCK CODE

8176



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of SuperRobotics Holdings Limited, I present herewith the audited consolidated financial statements of the Group for the year ended 31 December 2024 (the "Year").

2024 has been a promising year, the Group's financial performance has seen a dramatic improvement. The Group's revenue was approximately HK\$29.9 million, representing a 98.3% increase compared to that of HK\$15.1 million in 2023. The Group recorded a gross profit of approximately HK\$3.2 million, as compared to the gross profit of HK\$7.3 million last year.

In the fourth quarter of 2024, the Group officially launched a new products – AI development and cloud computing that yielded a dramatic revenue increase in 2024.

Overall, the Group had made significant progress towards its reviving despite a slower-than-expected economic recovery in 2024. The sluggish growth prospect caused by the external shock, repression and insufficient domestic demand is likely to result in a slowdown in investment and domestic consumption, consequently a likely negative impact on the Group's 2025 business performance and financial position. Looking forward, the Group will adapt to this wave-like development and remain to be cautiously optimistic to the near future. The management will focus on our specialised business segments where we endeavour to take advantage of our competitive edge to strive for better results in the coming year.

At last, I would like to thank our Board of Directors, management and staff for their contribution to the Group. I would also like to extend my sincere gratitude to our stakeholders for their continuous support and trust.

Su Zhenhui

Executive Director and Chairman

31 March 2025, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group mainly offers robotic products. For the provision of engineering related services, the Group provides equipment installation, support and maintenance services for robotics and automation systems (collectively, the “Engineering Business”).

During the year, the Group continued to develop and improve its robotic products. The Group has also driven the commercialisation of its products at a faster pace compared to 2023. For the year, the revenue of the Engineering Business has increased by 98.3% and contributed a total revenue of approximately HK\$29.9 million to the total turnover of the Group.

FINANCIAL REVIEW

For the year, the Group recorded a turnover of approximately HK\$29.9 million, representing an increase of approximately 98.3% as compared with the corresponding year in 2023 (for the financial year ended 31 December 2023: approximately HK\$15.1 million) from the Engineering Business.

For the year, the gross profit was approximately HK\$3.2 million (for the financial year ended 31 December 2023: gross profit of approximately HK\$7.3 million) and the gross profit margin was approximately 10.8% (for the financial year ended 31 December 2023: gross profit margin of 48.3%).

For the year, other income was approximately HK\$225,000 (for the financial year ended 31 December 2023: approximately HK\$347,000). The other income was mainly attributable to interest income from bond receivables of approximately HK\$95,000 and recovery of bad debt of approximately HK\$91,000.

For the year, other gain and losses (net) amounted of a net income of approximately HK\$4.7 million (for the financial year ended 31 December 2023: net loss of approximately HK\$3.6 million) which mainly consists of realised gain on fair value change of financial assets at fair value through profit or loss of approximately HK\$6.5 million, loss on early repayment of other borrowings of approximately HK\$0.6 million, loss on unrealised loss on fair value change of financial assets at fair value through profit or loss of approximately HK\$0.5 million, and written-off of prepayment of approximately HK\$0.3 million.

The selling and distribution costs for the year was approximately HK\$364,000 (for the financial year ended 31 December 2023: approximately HK\$2.4 million), representing a decrease of approximately 84.7% over the corresponding year in 2023. Such decrease was mainly attributed to the decrease in staff costs.

The administrative expenses for the year was approximately HK\$6.7 million (for the financial year ended 31 December 2023: approximately HK\$13.1 million). The administrative expenses mainly consist of employee related expense of approximately HK\$1.8 million (for the financial year ended 31 December 2023: approximately HK\$5.8 million), directors' remuneration of approximately HK\$1.1 million (for the financial year ended 31 December 2023: approximately HK\$0.8 million) and other administrative expense of approximately HK\$3.8 million (for the financial year ended 31 December 2023: approximately HK\$6.5 million).

The finance costs for the year was approximately HK\$22.7 million (for the financial year ended 31 December 2023: approximately HK\$37.2 million) and was mainly attributable to imputed interest and interest on other borrowings.



MANAGEMENT DISCUSSION AND ANALYSIS

The consolidated loss amounted to approximately HK\$21.9 million for the year (for the financial year ended 31 December 2023: approximately HK\$45.1 million). The loss was mainly attributed to the (i) imputed interest on other borrowings in financial costs; (ii) Impairment losses recognised under expected credit loss model, net of reversal, and (iii) absence of loss on modification of financial liabilities in 2024 which included in other gains and losses (net) which was partially offset by the increase in revenue; increase in net income on other gains and losses gain on reversal of slow-moving inventories and realised gain on fair value change of financial assets at fair value through profit and loss during the year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had a total secured borrowing of approximately HK\$139.8 million, which was secured by equity shares of a non-wholly owned subsidiary indirectly held by the Company and interest bearing fixed interest rate 5%. The Group also had unsecured borrowings of approximately HK\$7.2 million, which interest bearing at fixed interest rate ranging from 5%. Approximately HK\$7.2 million of the borrowings are denominated in Hong Kong dollar and approximately HK\$139.8 million of the borrowings are denominated in Renminbi.

The total secured and unsecured borrowings of the Group is approximately HK\$147.0 million, all approximately will mature between one to three years.

As at 31 December 2024, the Group had total assets of approximately HK\$26.3 million (31 December 2023: approximately HK\$27.6 million), including cash and cash equivalents of approximately HK\$14.0 million (31 December 2023: approximately HK\$12.0 million).

As at 31 December 2024, bank balances of approximately HK\$126,000 (2023: nil) are frozen in relation to the labours dispute and amounts of approximately HK\$101,000 (2023: nil) are denominated in RMB.

Restricted bank balances and bank balances earns interest at floating rates based on daily bank deposit rates. The restricted bank balances and bank balances are deposited with creditworthy banks with no recent history of default. As at 31 December 2024, amounts of approximately HK\$126,000 (2023: nil) and nil (2023: HK\$182,000) of the Group's restricted bank balances and cash and cash equivalents placed with banks in the PRC were denominated in RMB respectively, which is subject to foreign exchange control regulations of the PRC.

As at 31 December 2024, cash and cash equivalents with amounts of approximately nil (2023: HK\$157,000) are denominated in RMB.

CAPITAL STRUCTURE

As at 31 December 2024, the total issued share capital of the Company was approximately HK\$60,746,000 (31 December 2023: approximately HK\$60,746,000) divided into 607,463,599 (31 December 2023: 607,463,599) ordinary shares of HK\$0.1 each.

GEARING RATIO

Gearing ratio is not meaningful as the Group has capital deficiencies attributable to owners of the Company as at 31 December 2024 and 2023.

PLEDGE OF ASSETS

The Group pledged equity share of a non-wholly owned subsidiary to secure other borrowings as at 31 December 2024 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE RISK

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risks. However, the Group's management closely monitors the exposures and will consider hedging the exposures when in need.

CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities as at 31 December 2024 and during the year.

EMPLOYEES

As at 31 December 2024, the Group had 11 employees (as at 31 December 2023: 12 employees). Total staff costs including directors' emolument for the year amounted to approximately HK\$2.9 million (for the financial year ended 31 December 2023: approximately HK\$6.7 million). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme, the employees in the PRC joined the national statutory social security insurance scheme.

SIGNIFICANT INVESTMENT

The Group did not make any significant investment during the year.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND AFFILIATED COMPANIES

The Group did not make any material acquisition or disposal of subsidiaries, associates or affiliated companies during the year.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not have any concrete plan for material investments or capital assets for the coming year.

SUBSEQUENT EVENT

On 20 March 2025, the Group entered into settlement deeds with the lenders to allot and issue total of 45,537,129 new shares at HK\$0.174 per settlement share to fully settle the outstanding unsecured borrowings and the outstanding interest payables due by the Group with a total amount of approximately HK\$7,923,000.

INDUSTRY OUTLOOK

In the past year, the company has made significant progress in engineering and automation production, establishing a strong market position. With the continuous evolution of technology and growing market demand, the company will continue to focus on improving product quality and technological innovation, striving to provide more competitive solutions for customers.

In the fourth quarter of 2024, the company officially launched a new products—AI development and cloud computing. This strategic move aims to seize the opportunities in the rapidly growing AI and cloud computing markets, expanding the company's business scope and achieving sustainable long-term growth.



MANAGEMENT DISCUSSION AND ANALYSIS

In terms of AI development, we will focus on developing intelligent solutions that enhance efficiency, reduce costs, and improve user experience. Our goal is to become an industry-leading AI technology provider, driving market trends through continuous innovation.

AI Development in the Chinese Market Analysis

According to latest research report, China's AI market is rapidly growing and is expected to bring significant growth opportunities to key industries by 2030. Currently, China's AI adoption rate is 41%, slightly behind the global average, but there is still great potential for growth. In industries such as automotive, transportation and logistics, manufacturing, healthcare, and life sciences, the application of AI technology can create over \$600 billion in economic value annually.

However, Chinese enterprises still have considerable room for improvement in AI technology monetization and economic value creation. Only 9% of Chinese companies can achieve over 10% revenue growth through AI, compared to 19% in leading countries. Therefore, the company will focus on enhancing the integration of AI technology with business and strengthening AI-related talent cultivation to achieve greater economic benefits.

AI and Cloud Computing Development in the Chinese Market Over the Next 5 Years

Over the next five years, China's AI and cloud computing markets will experience explosive growth. According to industry analysis, AI large models will drive a new wave of growth in the cloud computing industry. It is estimated that by 2027, China's cloud computing market will exceed 2.1 trillion yuan.

Additionally, China's intelligent computing power will continue to grow rapidly, with a projected compound annual growth rate of 52.3% over the next five years. With the launch of the "Eastern Data Western Computing" project and the construction of intelligent computing centers, effective resource structure integration will be achieved at the national level, supporting industrial structure adjustments and building a more robust computing power and algorithm infrastructure.

In terms of cloud computing, we will strive to provide efficient, secure, and flexible cloud services to meet the needs of different customers. We will enhance our technical capabilities and service levels through strategic partnerships, ensuring the company's competitive advantage in the cloud computing market.

In the future, the board will continue to increase investment in research and development, strengthen market expansion, and promote diversified business development.



DIRECTORS' PROFILE

EXECUTIVE DIRECTOR

Mr. Su Zhenhui ("Mr. Su"), aged 31, has been appointed as an executive director on 19 April 2024. He has also appointed as the chairman of the Company (the "Chairman"), the compliance officer, the authorized representatives and a member of each of the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee"). He obtained a Bachelor of Commerce – Professional Accounting from Macquarie University in Sydney, Australia, in April 2020. Since January 2021, Mr. Su has worked in the roles of an accountant, operations supervisor and finance manager at Shenzhen Anzer Intelligent Robot Company Limited, a non-wholly owned subsidiary of the Company.

Mr. Su is the nephew of Mr. Su Zhituan, a substantial shareholder of the Company. Mr. Su Zhituan is deemed to be interested in 151,425,197 Shares by virtue of the SFO, representing 24.93% of the total issued share capital of the Company, through Tai Dong New Energy Holding Limited. Save as disclosed herein, Mr. Su does not have any relationship with any Director, senior management or substantial or controlling shareholders of the Company.

Mr. Feng Zheng ("Mr. Fung"), aged 41, has been appointed as an executive director on 19 April 2024. He has also appointed as the authorized representatives. He obtained a bachelor's of economics degree in finance from Sun Yat-sen University in the People's Republic of China (the "PRC") in June 2006. From July 2006 to September 2015, Mr. Feng worked in the roles of a bank savings teller, a wealth manager, a public account manager and a marketing manager at the Binhai branch of the Industrial and Commercial Bank of China. From October 2015 to December 2018, Mr. Feng worked as an assistant branch manager of the Longmen branch of the Industrial and Commercial Bank of China. Since September 2020, Mr. Feng has been the head of the finance department at Taidong Group Co., Ltd., which is wholly-owned by Mr. Su Zhituan.

Non-Executive Director

Ms. Li Jiaqi ("Ms. Li"), aged 32, has been appointed as an independent non-executive director on 31 October 2024. She obtained a Bachelor of Management degree through a distant learning programme from Dongbei University of Finance & Economics in January 2022 and obtained an accounting professional qualification the Department of Human Resources and Social Security Department of the PRC in September 2024. Since July 2015, Ms. Li has been an administrator and secretary at Shenzhen Taidong Capital Management Company Limited* (深圳太東資本管理有限公司) which is a company controlled by Mr. Su Zhituan, a substantial shareholder of the Company.



DIRECTORS' PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tam B Ray, Billy ("Mr. Tam"), aged 55, joined the Company as an independent non-executive director on 5 March 2012. He is also a member of each of the audit committee of the Board (the "Audit Committee") and the nomination Committee. Mr. Tam has been a practicing solicitor in Hong Kong for over 26 years. He holds an EMBA from the Chinese University of Hong Kong, a Bachelor of Laws degree from the University of London, a Bachelor degree in laws of the People's Republic of China from Tsinghua University and a Master of Laws degree from the University of Hong Kong. Mr. Tam is a partner of Messr. Ho & Tam. He has been an independent non-executive directors of China Fortune Financial Group Limited (stock code: 290), a company listed on the Main Board of the Stock Exchange, from 4 December 2007 to 21 December 2016. He has also been an independent non-executive director of Silk Road Energy Services Group Limited (stock code: 8250), a company listed on GEM, from 10 November 2011 to 18 June 2014. Mr. Tam has also been a non-executive director of Larry Jewelry International Company Limited (stock code: 8351), a company listed on GEM of the Stock Exchange, from 16 December 2010 to 19 September 2014 and Milan Station Holdings Limited (stock code: 1150), a company listed on the Main Board of the Stock Exchange, since 28 April 2011 to 3 March 2017.

Mr. Xu Guojun ("Mr. Xu"), aged 58, joined the Company as an independent non-executive director on 30 November 2023. He is also a member of each of the Audit Committee and the Remuneration Committee. Mr. Xu obtained a bachelor's degree in engineering majoring in mechanical engineering from the Southwest Jiaotong University, the People's Republic of China (the "PRC"), in July 1989. He has also obtained a certificate of intermediate professional and technical qualifications as an engineer from the Jiangxi Provincial Title Reform Leading Group of the Jiangxi Provincial Personnel Department* (江西省職稱改革領導小組江西省人事廳) in September 1996 and qualifications as a certified property manager as approved and authorised by the Ministry of Personnel of the PRC and the Ministry of Housing and Urban-Rural Development of the PRC in October 2010. He was a construction engineer at the Jiangxi Provincial Institute of Administration* (江西省行政學院) from February 1992 to September 1995, a civil engineer and manager of the engineering department of Shenzhen Lushan Real Estate Company Limited* (深圳廬山置業有限公司) from October 1995 to December 2003, an engineering project manager at Shenzhen Mission Hills Property Development Company* (深圳觀瀾湖房地產開發公司) from February 2004 to April 2005, a project director at Shenzhen Jiuding Architectural Design Consulting Company Limited* (深圳市玖鼎建築設計顧問有限公司) from June 2006 to September 2007, a director of engineering at Fujian Gaoxiao Science and Technology Industrialisation Promotion Centre (Group) Company Limited* (福建高校科技產業化促進中心(集團)有限公司) from October 2007 to February 2010, the deputy general manager of Eastern China for Beijing Shoukai Group Baojing Property Management Company Limited* (北京首開集團寶景物業管理有限公司) from June 2010 to June 2012 and a senior engineer and an engineering manager with his last position as the head of regional engineering at Shenzhen Yide Investment Management Company Limited* (深圳市毅德投資管理有限公司) between the period of August 2012 to January 2022.

Mr. Xue Wei ("Mr. Xue"), aged 54, has been appointed as an independent non-executive Director and the chairman of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 5 July 2024. He obtained a diploma in industrial and civil engineering from Jiangnan University, the People's Republic of China (the "PRC") in July 1991, a master of business administration from the Wuhan University of Technology, the PRC in July 2001 and a doctoral degree in history of economic thoughts from Wuhan University, the PRC in June 2023. Mr. Xue also has accreditations as a certified public accountant, certified public valuer, certified tax agent, certified cost engineer, certified real estate appraiser and certified land valuer in the PRC. Mr. Xue was the chairman and the chief accountant of Hubei Zhongxin CPA Limited* (湖北中信會計師事務有限責任公司) from July 2001 to October 2013. Since 2001, Mr. Xue has been the chairman of each of Hubei Zhonghengxin Engineering Cost Consulting Company Limited* (湖北中衡信工程造價諮詢有限公司), Hubei Zhonghengxin Asset Appraisal Company Limited* (湖北中衡信資產評估有限公司) and Hubei Kunheng Real Estate Appraisal Company Limited* (湖北坤衡房地產評估有限公司). Mr. Xue has also been a partner of Tianyuanquan CPA (Special General Partnership)* (天圓全會計師事務所(特殊普通合夥)) and head of its Hubei branch since October 2013. Mr. Xue was appointed as an independent director of QingHai HuaDing Industrial Co Ltd (青海華鼎實業股份有限公司) on 29 December 2023, a company listed on the Shanghai Stock Exchange (stock code: 600243).



DIRECTORS' REPORT

The directors are pleased to present this annual report and the audited consolidated financial statements of the Group for the year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 36 to the consolidated financial statements. The principal activities of the Group consist of the Engineering Business. Save as disclosed above, there were no significant changes in the nature of business of the Group during the year.

A fair review of the business of the Group during the year, discussion on the key financial performance indicators of the Group, particulars of important events affecting the Group that have occurred since the end of the year review and future development of the Group are provided in the section headed "Management discussion and Analysis" from page 4 to page 7 of this annual report.

Description of the environmental policies and performance, compliance with the applicable laws and regulations which have a significant impact on the Group, relationships with stakeholders and principal risks and uncertainties facing the Group can be found in the paragraphs below.

Environmental Policies and Performance

The Group is committed to creating a successful business that is not achieved at the expense of the environment. The Group is dedicated to creating an environmentally friendly and sustainable operation. The directors are not expecting that the business of the Group will have a significant impact on the environment due to the nature of its principal businesses. Details on Group's environmental policies are set out in the section headed "Environmental, Social and Governance Report" from page 34 to page 48 of this annual report.

Compliance with the Applicable Laws and Regulations which have a Significant Impact on the Group

The Company and its subsidiaries operating in Hong Kong and China are subject to requirements under various laws and regulations. For subsidiaries operating in Hong Kong, applicable laws and regulations include, among others, the Trade descriptions Ordinance (Cap. 362 of the Laws of Hong Kong), the Personal data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), the Competition Ordinance (Cap. 619 of the Laws of Hong Kong), the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), and the applicable regulations, guidelines, policies and licence terms issued or promulgated under or in connection with these statutes. In addition, the Group is also subject to the provisions of the GEM Listing Rules. For subsidiaries operating in China, applicable laws and regulations include, among others, Administrative Measures on Foreign Investments in Commercial Sector (外商投資商業領域管理辦法), Law on Environmental Impact Assessment of the PRC (中華人民共和國環境影響評價法), Administrative Measures on Pollutants discharge Permits (廣東省排污許可證管理辦法), Law on wholly Foreign Owned Enterprises of the PRC (中華人民共和國外資企業法), and Administrative Regulations on Company Registration of the PRC (中華人民共和國公司登記管理條例).



DIRECTORS' REPORT

Relationships with Stakeholders

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders including its employees, customers, suppliers, business partners and the community.

The Group considers its employees as the key to sustainable business growth. The Group is committed to providing all employees a safe and harassment-free working environment with equal opportunities in relation to employment, reward management, training and career development.

As a customer-focused service provider, the Group considers its customers as one of the most important stakeholders. The Group is committed to serving its customers to the best of its ability and continually elevating the level of service excellence.

The Group is committed to upholding the highest ethical and professional standards when dealing with suppliers. The Group has established suppliers monitoring and screening process and conducted suppliers' performance review regularly. Unsatisfactory rating for rectification or improvements will be communicated to its suppliers.

RISK MANAGEMENT

The risk management process is integrated into our day-to-day activities and is an ongoing process that flows through the Group.

When performing risk identification, the Group takes into account internal and external factors including economic, political, social, technological, environmental and new or updated Group strategy and new regulations, as well as our stakeholders' expectation in these aspects. Each risk identified is analysed on the basis of likelihood and impact consistent with risk parameters set by the Board. Action plans are in place to manage risks. Fundamental to the achievement of our business goal is how the Group can effectively manage existing and emerging risks in economic, social and political environment. A description of the Group's risk factors is shown as below:

Risk factors

Risks and uncertainties can affect the Group's business, financial condition, operation results or growth prospects leading to a divergence from expected or historical result. Key risk factors affecting the Group are outlined below. In dealing with these, the Group remains in touch with stakeholders with the aim of understanding and addressing their concerns.

These factors are not exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could become material in the future.

Macroeconomic Conditions of the World and China

Global economic growth has been weaker than expected with sluggish demand conditions in the major economies. Uncertainty in world economic recovery continued due to economic pressures and geopolitical tensions in various areas of the world and slow growth in emerging markets including China.

The Group's target customers of the Engineering Business comprise companies and government agencies operating in China. Any unexpected economic, political and social events or changes in China may have a significant impact on the Engineering Business.



DIRECTORS' REPORT

The Group has taken a proactive approach to monitor changes in the macroeconomics factors of China and the world. To address macroeconomics volatility, the Group's strategy is to pursue diversification of product lines and expansion in different geographic areas.

The Engineering Business may not be able to keep up with technological changes

The engineering industry is moving and customers' preferences change quickly. The introduction of new technology in this industry may render the Group's services to be obsolete and uncompetitive. Accordingly, the Group's future success will depend on its ability to adapt to changing technologies and continually improving the know-how of its staff in response to evolving demands of the market place. Failing to adapt to such changes may result in the Engineering Business losing its customers, which would have a material adverse effect on the financial position of the Group.

The management has been monitoring the latest development in technologies relating to the engineering industry. Research and development will be done internally through the Group's own talents or outsourced to qualified third parties. When seen fit, the Group may also acquire companies with technologies that meet the business strategy of the Group.

Compliance with the laws and regulations of China

As set out in the paragraph headed "Compliance with the Applicable Laws and Regulations which have a Significant Impact on the Group" above, the operation of the Engineering Business is subject to compliance with various rules and regulations in China. In order to expand into the production of robotics products in China, the Group must obtain certain required qualifications. The Group may not be able to obtain or renew such qualifications and may therefore be unable to expand into the production of robotics products.

The Group has taken a proactive approach to monitoring any change in applicable laws and regulation. The compliance is done through a variety of means including engaging external advisors, performing regular audits and complying with regulatory reporting obligations.

Product liability

The products provided by the Group may contain defects or errors. The Group may incur costs in correcting the defects or errors or defending any legal proceedings and claims brought by its customers against the Group. Defects or errors that may be contained in the Group's products may also affect the Group's relationship with such customers and result in negative publicity, hence adversely affecting the Group's reputation. The Group does not currently maintain any product liability insurance but may consider doing so in the future. There is no assurance that there will not be any product liability claims against the Group for the loss or damage caused by defective products. If any of the Group's customers make any claim against the Group which is in excess of any insurance coverage of the Group or otherwise falls outside such coverage, the Group will need to bear the costs of settling such claims, and may result in the Group's business and financial condition being adversely affected.

To prevent product liability claims, the Group only deals with qualified and reputable raw material suppliers. The management also conducts regular product safety reviews to confirm that products comply with the latest industry and government safety standards.



DIRECTORS' REPORT

Competition

The Group operates in markets and industries where open competition has led to increased competition, pricing pressure, loss of market share, and increased promotional, marketing and customer acquisition expenditures.

The Group has been consistently monitoring its competitors, markets and industries and adjusting its business strategy to adapt to changing market place.

Client complaints, claims and legal proceedings in the course of the Group's operations

Given the nature of the beauty industry and the subjective views on the level of satisfaction of beauty products and services provided, on occasion, the Group is susceptible to complaints associated with its products or services. Common client complaints include (i) unsatisfactory results of the Group's services and products; (ii) physical injury caused by the Group's services; (iii) disputes over payment method (e.g. credit card instalment); (iv) unsatisfactory staff services; (v) unsatisfactory treatment progress; (vi) client's change of mind; and (vii) subsequent argument on the terms of contracts.

Customer complaints are handled in a timely manner by a trained customer service team of the Group. In case of legal proceedings being filed against the Group, the Group will engage or consult qualified professionals to minimize the impact.

RESULTS AND PROFIT DISTRIBUTION

Details of the Group's results for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 53 to 54 of this annual report.

The directors did not recommend the payment of any final dividend for the year (for the financial year ended 31 December 2023: nil).

FINANCIAL SUMMARY

A summary of the published results and the assets and liabilities of the Group for the past five financial years/periods ended 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023 and 31 December 2024 are set out on page 125 of this annual report. This summary does not form part of the audited consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 25 to the consolidated financial statements in this annual report.

DIRECTORS' REPORT

RESERVES

Details of the movement in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 57 and note 33 to the consolidated financial statements, respectively, in this annual report.

DISTRIBUTABLE RESERVE

The Company did not have any reserves available for distribution to the shareholders of the Company as at 31 December 2024 (as at 31 December 2023: nil).

CHARITABLE DONATIONS

The Group did not make any charitable donations during the year (for the financial year ended 31 December 2023: nil).

DIRECTORS

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

Executive Directors

Mr. Fan Yu (*Resigned on 19 April 2024*)
Ms. Qiu Xueyun (*Resigned on 19 April 2024*)
Mr. Su Zhenhui (*Appointed on 19 April 2024*)
Mr. Feng Zheng (*Appointed on 19 April 2024*)

Non-executive Directors

Ms. Li Jiaqi (*appointed on 31 October 2024*)

Independent non-executive Directors

Mr. Tam B Ray, Billy
Ms. Han Xiao (*resigned on 5 July 2024*)
Mr. Xu Guojun
Mr. Xue Wei (*appointed on 5 July 2024*)

THE BIOGRAPHY OF THE DIRECTORS

The biographical details of the directors of the Company are set out in the section headed "Directors' Profile" on pages 8 to 9 of this annual report.

DIRECTORS' SERVICE CONTRACTS

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



DIRECTORS' REPORT

PERMITTED INDEMNITY

Pursuant to the Bye-laws, 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 shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his duty, or supposed duty, in their respective offices or trusts such indemnity provision has been in force throughout the year.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received annual written confirmations from each of Mr. Tam B Ray, Billy, Mr. Xu Guojun and Mr. Xue Wei, all being the independent non-executive directors during the year, in respect of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive directors, including Mr. Xue Wei who was appointed on 5 July 2024 and Mr. Tam B Ray who served more than nine years, are and continue to be independent in accordance with the guidelines set out in the GEM Listing Rules.

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

As at 31 December 2024, so far as is known to any directors or chief executive of the Company, none of the directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") which would have to be notified to the Company and the Stock Exchange pursuant to divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OF THE COMPANY

Save as disclosed in this annual report, at no time during the year was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the directors (including their respective spouses and children under the age of 18) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations, and none of the directors or their respective spouses or children under the age of 18 had any right to subscribe for shares of the Company or any of its associated corporations or had exercised any such right during the year.



DIRECTORS' REPORT

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, no director nor any connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which a controlling shareholder of the Company, or any of the Company's subsidiaries or fellow subsidiaries was a party at any time during the year.

CONTRACTS OF SIGNIFICANCE

Save as the contracts described under the section headed "Connected Transactions" below, no contract of significance in relation to the Group's business in which the Company, or any of its subsidiaries or fellow subsidiaries or a controlling shareholder of the Company was a party, and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the year under review or at any time during the year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Board on the basis of their job responsibilities, work performance, professional experience and prevailing industry practices.

The emoluments of the directors are decided by the Board with reference to the recommendations from the Remuneration Committee, with regard to the Company's operation results, individual performance and comparable market statistics.

Details of the emoluments of the directors and the five highest paid individuals of the Group are set out in note 13 and note 12 to the consolidated financial statements, respectively, in this annual report.

COMPETING INTERESTS OF DIRECTORS

As at 31 December 2024, none of the directors, substantial shareholders of the Company nor any of their respective close associates (as defined under the GEM Listing Rules) had any interest in a business which causes or may cause significant competition with the business of the Group.

DIRECTORS' REPORT

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

As at 31 December 2024, so far as is known to the directors and the chief executives of the Company, the interests and shorts positions of the persons or corporations (other than the directors and the chief executive of the Company) in the shares and underlying shares as recorded in the register to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Interests and short positions in the ordinary shares or underlying ordinary shares of the Company

Name of shareholder	Nature of interests	Notes	Interest in shares of the Company (Note 1)	Interest in underlying shares of the Company (Note 1)	Total interest in shares of the Company (Note 1)	Approximate percentage of shareholding (Notes 1 and 8)
Su Zhituan	Interest of controlled corporation	2	151,425,197(L)	–	151,425,197(L)	24.93%(L)
Tai Dong New Energy Holding Limited ("Tai Dong")	Beneficial owner	2	151,425,197(L)	–	151,425,197(L)	24.93%(L)
Hong Kong Bridge Investments Limited ("Hong Kong Bridge Investments")	Beneficial owner	3	41,666,666(L)	–	41,666,666(L)	6.86%(L)
HKBridge Absolute Return Fund, L.P ("HKBridge Absolute")	Beneficial owner	4	64,148,063(L)	–	64,148,063(L)	10.56%(L)
On Top Global Limited ("On Top Global")	Beneficial owner	5	24,397,946(L)	–	24,397,946(L)	4.02%(L)
Renco Holdings Group Limited ("Renco Holdings")	Interest of controlled corporation	3,4,5	130,212,675(L)	–	130,212,675(L)	21.4%(L)
Mr. Huang Jianhang	Beneficial owner	6	89,970,697(L)	–	89,970,697(L)	14.81%(L)

Notes:

- "L" represents long position in shares or underlying shares of the Company and "S" represents short position in shares or underlying shares of the Company.
- Tai Dong is interested in 151,425,197 shares of the Company. As Tai Dong is ultimately wholly-owned by Mr. Su Zhituan, Mr. Su Zhituan is deemed to be interested in such 151,425,197 shares of the Company.
- Hong Kong Bridge Investments is interested in 41,666,666 shares of the Company. As Hong Kong Bridge Investments is a wholly-owned subsidiary of Renco Holdings, Renco Holdings is deemed to be interested in such 41,666,666 shares of the Company.

DIRECTORS' REPORT

4. HKBridge Absolute, a Cayman Islands exempted limited partnership, the general partner of which is HKBridge (Cayman) GP2 Limited, a Cayman Islands limited liability company, is interested in 64,148,063 shares of the Company. As the entire issued share capital of the general partner of HKBridge Absolute is indirectly owned by Renco Holdings, Renco Holdings is deemed to be interested in such 64,148,063 shares of the Company.
5. On Top Global is interested in 24,397,946 shares of the Company. As On Top Global is a wholly-owned subsidiary of Hong Kong Bridge High-Tech Investment Fund L.P. ("Hong Kong Bridge High-Tech"), Hong Kong Bridge High-Tech is deemed to be interested in such 24,397,946 shares. Hong Kong Bridge High-Tech, a Cayman Islands exempted limited partnership, the general partner of which is Hong Kong Bridge High-Tech Investment G.P Limited, a Cayman Islands limited liability company. As the entire issued share capital of the general partner of the Hong Kong Bridge High-Tech is indirectly owned by Renco Holdings, Renco Holdings is deemed to be interest in such 24,397,946 shares of the Company.
6. Mr. Huang Jianhang is interested in 80,970,697 shares of the Company.
7. The percentage is calculated on the basis of 607,463,697 shares in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, so far as is known to the directors and the chief executive of the Company, and based on the public records filed on the website of the Stock Exchange and records kept by the Company, no other persons or corporations (other than the directors and the chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

RETIREMENT BENEFIT SCHEMES

Particulars of the retirement benefit schemes of the Group are set out in note 31 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's largest customer accounted for approximately 60.6% (for financial year ended 31 December 2023: 34.2%) of the Group's total sales for the year and the five largest customers taken together accounted for approximately 98.8% (for financial year ended 31 December 2023: 91.0%) of the Group's total sales. The Group does not have any significant transaction with any single customer for the year.

During the year, the aggregate purchases attributable to the Group's largest suppliers accounted for approximately 95.2% (for financial year ended 31 December 2023: 6.2%) of the Group's total purchase for the year and the five largest suppliers are each together accounted for approximately 99.9% (for the financial year ended 31 December 2023: 20.3%) of the Group's total purchase.

Huizhou City Dayawan Dongbang Industry Trade Company Limited* (惠州市大亞灣東邦工貿有限公司) and its relevant associated Company, being one of the Group's five largest customers, is ultimately wholly-owned by Mr. Su Zhituan. Mr. Su Zhituan is a substantial Shareholder interested in more than 5% of the issued Shares.

Save as disclosed in this annual report and to the best knowledge of directors, none of the directors, their associates, or any shareholders of the Company (which to the best knowledge of the directors own more than 5% of the Company's issued share capital) has any interest in any of the Group's five largest suppliers or customers during the year.



DIRECTORS' REPORT

CONNECTED TRANSACTIONS

As disclosed in the announcement of the Company dated 30 March 2023, Anzer, a non-wholly owned subsidiary of the Group, as the vendor and Huizhou City Dayawan Dongbang Industry Trade Company limited* (惠州市大亞灣東邦工貿有限公司), Huizhou City Taidong International logistics Park Company limited* (惠州市太東國際物流園有限公司), Taidong Shiye* (太東實業) and Huizhou Dayawan Yunhai Property development Company limited* (惠州大亞灣雲海房地產開發有限公司) (collectively, the "Huizhou Entities"), as the purchaser, entered into the master agreement (the "2023 Master Agreement") in relation to the sale and provision of robotics equipment and the provision of intelligence project services (the "Products and Services") for a term of three years with effect from 1 January 2023 to 31 December 2025.

Each of the Huizhou Entities is wholly and beneficially owned by Mr. Su Zhituan, therefore each of the Huizhou Entities is a connected person of the Company. According, the 2023 Master Agreement constitute a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. Given that one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) of the highest annual cap in respect of the 2023 Master Agreement exceeds 5% but are less than 25% and the highest annual cap is less than HK\$10,000,000, the 2023 Master Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements under Chapter 20 of the GEM Listing Rules but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

For the Year, the aggregate consideration for the sales and provision of the Products and Services by Anzer, a non-wholly owned subsidiary of the Group, to Huizhou Entities was approximately RMB523,000 (equivalent to approximately HK\$571,000) (the "2024 Transactions").

The Huizhou Entities have been purchasing the Products and Services from the Group since 2020. Anzer sold the Products and Services to the Huizhou Entities in its ordinary and usual course of business to generate additional revenue. The prices and terms of the Products and Services sold to the Huizhou Entities were not more favourable than those offered to independent third parties. The directors have carried out a detailed review of the terms of the 2024 Transactions and noted that the prices of Products and Services sold by the Group were negotiated on an arm's length basis with prices and terms no more favourable than those offered by the Group to independent third parties. The Board (including the independent non-executive directors) is of the view that the 2024 Transactions were entered into on normal commercial terms, in the ordinary and usual course of business of the Group, and on terms that were fair and reasonable and in the interests of the Company and the Shareholders as a whole.



DIRECTORS' REPORT

Payments of emoluments to the directors pursuant to their respective service contracts with the Company were exempt connected transactions under Rule 20.93 of the GEM Listing Rules while payments of emoluments/consultancy fee to senior management do not constitute connected transactions under Chapter 20 of the GEM Listing Rules.

Details of related party transactions entered into by the Group during the year ended 31 December 2023 and 31 December 2024 are disclosed in note 34 in the consolidated financial statements. Save as disclosed above, such related party transactions do not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 20 of the GEM Listing Rules.

During the year ended 31 December 2024, save as disclosed above, the Group did not enter into any connected transactions and continuing connected transactions which required reporting, annual review, announcements and/or independent shareholders' approval under the GEM Listing Rules.

CONFIRMATION FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

For the year ended 31 December 2024, the independent non-executive Directors have reviewed the 2024 Transactions, being continuing connected transactions of the Company, and confirmed that the 2024 Transactions had been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the 2023 Master Agreement on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

CONFIRMATION FROM THE AUDITOR

For the year ended 31 December 2024, Jon Gepsom CPA Limited, the Company's independent auditor, has issued its unqualified letter containing its findings and conclusions in respect of the 2024 Transactions, being continuing connected transactions of the Company, in accordance with Rule 20.54 of the Rules (the "GEM Listing Rules") Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), confirming that:

- (i) the 2024 Transactions have been approved by the Board;
- (ii) the 2024 Transactions were entered into, in all material respects, in accordance with the 2023 Master Agreement; and
- (iii) the aggregate amount of the 2024 Transactions has not exceeded the relevant annual cap.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MANAGEMENT CONTRACTS

During the year, other than the letters of appointment of the directors, no management and administrative contracts regarding the entire or any major businesses of the Company have been entered into or have existed.



DIRECTORS' REPORT

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws and there is no restriction against such rights under the law of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available and to the best knowledge, information and belief of the directors, the Company has maintained a sufficient public float as required under the GEM Listing Rules throughout the year.

EVENTS AFTER THE REPORTING PERIOD

On 20 March 2025, the Group entered into settlement deeds with the lenders to allot and issue total of 45,537,129 new shares at HK\$0.174 per settlement share to fully settle the outstanding unsecured borrowings and the outstanding interest payables due by the Group with a total amount of approximately HK\$7,923,000.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 22 to 33 of this annual report.

AUDITOR

Elite Partners CPA Limited ("Elite") has resigned as the auditor of the Company with effect from 11 November 2024 after considering factors including its available internal resources. Prior to the resignation of Elite Partners, the Company noted that Elite Partners is no longer able to undertake audit services for Mainland enterprises listed outside the Mainland for a period of 5 years following a regulatory decision from a regulator in the People's Republic of China and has made relevant enquiries with Elite Partners.

The Company has appointed Jon Gepsom CPA Limited ("JGCPA") as the auditor of the Company for the reporting period. A resolution will be proposed for approval by shareholders at the forthcoming annual general meeting of the Company to re-appoint JGCPA as the auditor of the Company.

On behalf of the Board

Su Zhenhui

Executive Director and Chairman

Hong Kong, 31 March 2025

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Stock Exchange issued the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the GEM Listing Rules which sets out the principles and the code provisions which listed issuers are expected to apply and comply with.

During the year and up to the date of this annual report, the Company has applied the principles as set out in the then CG Code that was effective for the year which were considered to be relevant to the Company and has complied with most of the applicable code provisions as set out in the CG Code save for certain deviations, details of which are explained in the relevant paragraphs of this corporate governance report.

The key corporate governance principles and practices of the Company are summarised as follows:

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own codes of conduct regarding directors’ and relevant employees’ securities transactions, namely the “Code for Securities Transactions by directors” and the “Code for Securities Transactions by Relevant Employees” (each a “Securities Code”), both of which apply to all directors and relevant employees of the Company in terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

Having made specific enquiry with each of the directors, all of the directors have confirmed that they have complied with such Securities Code and the required standard of dealings on directors’ securities transactions during the year.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible for the leadership and control of the Company and oversees the Group’s business, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibilities for decision making in all major matters of the Company including the approving and monitoring of all policy matters, the setting of objectives, annual budgets and overall strategies, material transactions, appointment of directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior management. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior management and the Board must have full support of them to discharge its responsibilities. In addition, the Board has also delegated various responsibilities to the Board committees. Further details of these committees are set out in this corporate governance report.

Composition

The directors have distinguished themselves in their respective fields of expertise, and have exhibited high standards of personal and professional ethics and integrity. All the directors have given sufficient time and attention to the Company’s affairs.

As at the date of this annual report, the Board comprises five directors and their respective roles are set out as follows:

Executive Director

Mr. Fan yu (*Chairman*) (*Resigned on 19 April 2024*)

Ms. Qiu Xueyun (*Resigned on 19 April 2024*)

Mr. Su Zhenhui (*Appointed on 19 April 2024*)

Mr. Feng Zheng (*Appointed on 19 April 2024*)



CORPORATE GOVERNANCE REPORT

Non-executive Director

Ms. Li Jiaqi (*Appointed on 31 October 2024*)

Independent non-executive Directors

Mr. Tam B Ray, Billy

Ms. Han Xiao (*Resigned on 5 July 2024*)

Mr. Xu Guojun

Mr. Xue Wei (*Appointed on 5 July 2024*)

Mr. Su Zhenhui, Mr. Feng Zheng, Mr. Xue Wei and Ms. Li Jiaqi have obtained legal advice from a law firm qualified to advise on Hong Kong law pursuant to Rule 5.02D of the GEM Listing Rules on 16 April 2024, 16 April 2024, 2 July 2024 and 30 October 2024 respectively before their appointment and each of them has confirmed he/she understood his/her obligations as a director of a listed issuer.

Following the resignation of Ms. Han Xiao as an independent non-executive director on 5 July 2024, the Company had a single gender board which does not meet the diversity requirement under Rule 17.104 of the GEM Listing Rules. The Company had re-complied with Rule 17.104 of the GEM Listing Rules after Ms. Li Jiaqi was appointed as a non-executive director on 31 October 2024.

One of the independent non-executive directors has appropriate professional qualifications, or accounting or related financial management expertise.

None of the Board members have financial, business, family or other material/relevant relationships with each other.

Biographical details of the directors are set out in the section headed “Directors’ Profile” on pages 8 to 9 of this annual report.

The directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. All the directors have given sufficient time and attention to the Company’s affairs. The CG Code stipulates that there should be a policy concerning the diversity of Board members. with a view to achieving a sustainable and balanced development, the Company has been seeing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Company will consider board diversity from a number of factors when deciding on new appointments to the Board and the continuation of those appointments in order to achieve a diversity of perspectives among Board members. These factors include but not limited to gender, age, cultural and educational background, professional or industry experience, skills, knowledge and other qualities of directors. The Board as a whole is responsible for reviewing the structure, size and composition of the Board with due regard to the intended benefits of board diversity. The balance between the number of executive and non-executive directors is considered effective in ensuring independent judgment being exercised effectively to provide sufficient checks and balances to safeguard the interests of the Company and its shareholders. The Company believes that the current Board composition is well-balanced sufficiently represented by members of each gender and of a diverse mix appropriate for the business of the Company. The Board will review and monitor the implementation of board diversity on a regular basis to ensure its effectiveness on determining the optimal composition of the Board and develop a pipeline of potential successors to the Board to continue to maintain the diversity in gender going forward.

Mr. Xue Wei is appointed for a term of three years while Mr. Xu Guojun is appointed for a term of one year, each commencing from the date of their respective letters of appointment. Mr. Xu Guojun’s term shall be automatically renewed for consecutive term(s) of one year upon expiry. Mr. Tam B Ray, Billy was appointed for an initial term of two years from the date of his letter of appointment which has been continued after his initial term. Each independent non-executive director is subject to retirement at the next general meeting of the Company after their appointment and thereafter subject to retirement by rotation at least once every three years in accordance with the Bye-laws of the Company. Currently there are letters of appointment entered into between the Company and all the independent non-executive directors. Their appointments will be reviewed when they are due for re-election. The Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those set out in the CG Code.

The Company has received annual written confirmations from each of Mr. Tam B Ray, Billy, Mr. Xue Wei and Mr. Xu Guojun, all being the independent non-executive directors during the year, in respect of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all the independent non-executive directors (including Mr. Tam B Ray, Billy who has served for more than 9 years) to be independent.

Pursuant to the code provision C.1.8 of the CG Code, the Company should arrange appropriate insurance to cover potential legal actions against its directors. The Company is still arranging for appropriate liability insurance for the directors for indemnifying their liabilities arising from corporate activities.

CORPORATE GOVERNANCE REPORT

APPOINTMENTS, RE-ELECTION AND REMOVAL

The Board has established the nomination Committee on 27 March 2012 with details set out in the paragraph headed “Nomination Committee” on page 26 of this annual report.

According to the Bye-laws, the Board may from time to time and at any time appoint any person as a director either to fill a casual vacancy on the Board or, subject to authorisation in general meeting, as an addition to the existing Board. Any director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting. Any director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Board Meetings

The Board regularly meets in person or through other electronic means of communication at least four times every year to determine overall strategic direction and objectives and approve quarterly, interim and annual results, and other significant matters. All directors are given an opportunity to attend and include matters in the agenda for discussion. During the year under review, at least 14 days’ notice were given to all directors for a regular board meeting in order to comply with the relevant code provision of the CG Code.

Apart from regular meetings, our senior management from time to time provides directors with information on activities and development of the businesses of the Group. The company secretary of the Company (the “Company Secretary”) takes detailed minutes of the meetings and keeps records of matters discussed and decisions resolved at the meetings. Individual attendance records of each director at the respective Board and committee meetings are set out in the following section.

DIRECTORS’ ATTENDANCE RECORD AT MEETINGS

Details of the attendance of the directors at the meetings of the Board and its respective committees during the year are as follows:

Name of Director	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive Directors					
Mr. Fan yu (<i>Resigned on 19 April 2024</i>)	2/2	–	1/1	1/1	–
Ms. Qiu Xueyun (<i>Resigned on 19 April 2024</i>)	2/2	–	–	–	–
Mr. Su Zhenhui (<i>Appointed on 19 April 2024</i>)	6/6	–	2/2	2/2	1/1
Mr. Feng Zheng (<i>Appointed on 19 April 2024</i>)	6/6	–	–	–	1/1
Non-executive Director					
Ms. Li Jiaqi (<i>Appointed on 31 October 2024</i>)	2/2	–	–	–	–
Independent non-executive Directors					
Mr. Tam B Ray, Billy	8/8	4/4	–	2/2	1/1
Ms. Han Xiao (<i>Resigned on 5 July 2024</i>)	4/4	1/1	1/1	1/1	1/1
Mr. Xu Guojun	8/8	4/4	2/2	–	1/1
Mr. Xue Wei (<i>Appointed on 5 July 2024</i>)	4/4	3/3	1/1	1/1	–

CORPORATE GOVERNANCE REPORT

Directors' Training

Code provision C.1.4 of the CG Code stipulates that all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Up to the date of this annual report, all directors have participated in continuous professional development by attending training courses on the topics related to corporate governance and regulations to comply with the relevant code provision. For those directors who did not attend a structured course, the Company has arranged the Company Secretary to provide in-house training to such directors and maintained a record of training.

A summary of the training received by the directors for the year according to the records provided by the directors is as follows:

Name of Directors	Type of Continuous Professional Development	
	Reading on corporate governance, regulatory updates and other relevant topics	Attending relevant training Sessions
Executive Directors		
Mr. Fan Yu (<i>Resigned on 19 April 2024</i>)	✓	✓
Ms. Qiu Xueyun (<i>Resigned on 19 April 2024</i>)	✓	✓
Mr. Su Zhenhui (<i>Appointed on 19 April 2024</i>)	✓	✓
Mr. Feng Zheng (<i>Appointed on 19 April 2024</i>)	✓	✓
Non-executive Director		
Ms. Li Jiaqi (<i>Appointed on 31 October 2024</i>)	✓	✓
Independent non-executive Directors		
Mr. Tam B Ray, Billy	✓	✓
Ms. Han Xiao (<i>Resigned on 5 July 2024</i>)	✓	✓
Mr. Xu Guojun	✓	✓
Mr. Xue Wei (<i>Appointed on 5 July 2024</i>)	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer of the Company should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. The position of the chairman is held by Mr. Su Zhenhui. The responsibilities of the chairman of the Company is to ensure the Board will work effectively and perform its responsibilities, that all key and appropriate issues are discussed by the Board, to draw up and approve the agenda for each board meeting and take into account any matters proposed by others directors for inclusion in the agenda.

As at 31 December 2024 and up to the date of this annual report, the Company has not appointed a chief executive officer and is looking for a suitable candidate to act as chief executive officer in order to comply with the CG Code. The office and duties of the chief executive officer in respect of the day-to-day management of the Group's business is handled by the executive directors collectively.

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 5.05 of the GEM listing Rules, the Company must have three independent non-executive directors and one of which must have appropriate professional qualifications or accounting or related financial management expertise. Mr. Xue Wei has appropriate professional qualification and accounting or related financial management expertise.

BOARD COMMITTEE

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference in compliance with the GEM Listing Rules. The principal responsibilities of the Remuneration Committee include making recommendation to the Board on the Group's policies and structure for all remuneration of directors and senior management, assessing performance of executive directors, determining specific remuneration packages of all executive directors and senior management, and reviewing and approving performance-based remuneration.

As at 31 December 2024 and up to date of this annual report, the Remuneration Committee comprises two independent non-executive directors, namely Mr. Xue Wei (chairman) and Mr. Xu Goujun and one executive director, Mr. Su Zhenhui.

The Remuneration Committee held three meetings during the year to determine the policy for the remuneration of executive directors, assess performance of executive directors and approve the terms of the executive directors' service contracts.

Nomination Committee

The Company has established the nomination Committee with written terms of reference in compliance with the GEM Listing Rules. The principal responsibilities of the nomination Committee include reviewing the structure, size and composition of the Board, identification of individuals suitably qualified to become Board members and making recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of independent non-executive directors and making recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors.

In respect of the appointment and reappointment of directors, the nomination Committee adopted a nomination policy concerning selection criteria and procedures. The factors that would be used as reference by the nomination Committee in assessing the suitability of a proposed candidate are reputation for integrity, qualifications, skills and experience that are relevant to the Group's businesses having regard to the corporate strategy and commitment in respect of available time and relevant interest. In the case of nominating candidates for appointment/re-appointment as an independent non-executive director, in addition to the selection criteria to which the nomination Committee would give due regard, the independence of the candidate would be assessed with reference to the independence criteria set out in the GEM Listing Rules. If an independent non-executive director serves more than nine consecutive years, particular attention would be given to reviewing the independence of such independent non-executive director for determining his eligibility for nomination by the Board to stand for re-election at a general meeting.



CORPORATE GOVERNANCE REPORT

The CG Code stipulates that there should be a policy concerning the diversity of Board members. with a view to achieving sustainable and balanced development, the Company has been seeing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The nomination Committee has adopted a diversity policy in relation to the nomination and appointment of new directors. The Company will consider board diversity from a number of factors when deciding on new appointments to the Board and the continuation of those appointments in order to achieve a diversity of perspectives among Board members. These factors include but are not limited to gender, age, cultural and educational background, professional or industry experience, skills, knowledge and other qualities of the directors. The Board as a whole is responsible for reviewing the structure, size and composition of the Board with due regard to the intended benefits of board diversity. The balance between the number of executive and non-executive directors is considered effective in ensuring independent judgment is being exercised effectively to provide sufficient checks and balances to safeguard the interests of the Company and its shareholders. The Company believes that the current Board composition is well-balanced, sufficiently represented by members of each gender and of a diverse mix appropriate for the business of the Company. The Board will review and monitor the implementation of board diversity on a regular basis to ensure its effectiveness on determining the optimal composition of the Board and develop a pipeline of potential successors to the Board to continue to maintain the diversity in gender going forward. The Board recognised the importance of the gender diversity to bring different voices to the Board with the ultimate goal of achieving gender parity on the Board. Depending on the business needs of the Group, the Board will take opportunities to increase the proportion of female members over time as and when appropriate candidates are identified.

Details of the Group's gender diversity at workforce level are set out in the ESG report.

As at 31 December 2024 and up to date of this annual report, the nomination Committee comprises two independent non-executive directors, namely Mr. Xue Wei (chairman) and Mr. Tam B Ray, Billy and one executive director, Mr. Su Zhenhui.

The nomination Committee held three meeting during the year.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. As at 31 December 2024 and up to the date of this annual report, the Audit Committee comprises three independent non-executive directors, namely, Mr. Xue Wei (chairman), Mr. Tam B Ray, Billy and Mr. Xu Guojun. The Audit Committee has reviewed the annual results of the Group for the twelve months ended 31 December 2024 and has provided advice and comments thereon.

The principal duties of the Audit Committee include:

- (a) reviewing the relationship with the external auditor to (i) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; and (ii) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (b) monitoring integrity of the Company's financial statements and annual report and accounts, half-year report and quarterly reports, and review these reports and significant financial reporting judgements contained in them;
- (c) reviewing the Company's financial controls, risk management and internal control systems, discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems, and consider major investigation findings on risk management and internal control matters;
- (d) considering any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors; and

CORPORATE GOVERNANCE REPORT

- (e) reviewing arrangements that employees of the Company can use, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters, and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During year, the Audit Committee had four meetings and performed the above mentioned principal duties and reviewed the Company's annual results, annual report, interim report and quarterly reports and to advised and provided comments thereon to the Board. The Audit Committee has also reviewed the compliance procedures, reported on the Company's internal control and risk management. The Audit Committee also met the external auditor twice without the presence of the executive directors. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of the external auditor.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in Appendix C1 (referred to as Appendix 14 during the year ended 31 December 2023) to the GEM Listing Rules.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and the senior management, the Company's policies and practices compliance with the legal and regulatory requirements, the compliance of the "Code for Securities Transactions by directors" and "Code for Securities Transactions by Relevant Employees", and the Company's compliance with the CG Code and disclosure in this corporate governance report.

ATTENDANCE OF GENERAL MEETING

Pursuant to code provision F.2.2 of the CG Code, the Chairman should attend the annual general meeting of the Company and he should invite the chairmen of the Audit Committee, the Remuneration Committee, the nomination Committee and any other committees (as appropriate) to attend. Pursuant to code provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend the general meetings of the Company. During the year, the annual general meeting of the Company was held on 30 June 2024 (the "2024 AGM") and all the then directors had attended the 2024 AGM.

AUDITOR'S REMUNERATION

During the year ended 31 December 2024, the fees paid/payable to Jon Gepsom CPA Limited ("JGCPA"), the Company's auditor, and to auditors other than JGCPA for the Company's subsidiaries, in respect of audit services and non-audit services are set out belows:

Services rendered	Fee paid/payable HK\$'000
Audit services – audit fee to JGCPA	750
Non-audit services by JGCPA	35
Audit services – audit fee to auditor other than JGCPA	62
Non-audit services to other auditor other than JGCPA	8



CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements. The directors, having made appropriate enquiries, confirm that, save as disclosed in note 3 to the consolidated financial statements, they are not aware of any other material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

During the year ended 31 December 2024, the Group incurred a net loss of HK\$21,912,000 (2023: HK\$45,076,000) and had a net cash generated/(used in) operating activities of HK\$5,013,000 (2023: HK\$9,993,000). As at 31 December 2024, the Group had a capital deficiencies of HK\$161,949,000 (2023: HK\$144,718,000) including cash and cash equivalents of HK\$14,038,000 (2023: HK\$12,003,000) and other borrowings of HK\$146,999,000 (2023: HK\$138,444,000). These conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

In view of these circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- (i) On 16 January 2023, the Group entered into a new facilities agreement with 惠州市金達勝投資有限公司(Huizhou Jindasheng Investment Limited*) ("HJIL"), who is non-controlling interests of the Group's certain subsidiaries. Under the new facilities agreement, as at 31 December 2024, the new facilities granted to the Group with the amount of approximately RMB18,266,000 (equivalent to HK\$19,428,000) which will be available for drawdown as and when needed. The directors considered that such facilities will continue to be available given that such facilities are secured by the entire equity interest in a non-wholly owned subsidiary of the Group, 深圳市安澤智能機器人有限公司 (Shenzhen Anzer Intelligent Robot Company Limited*). It is expected that borrowings will continue to be available for drawdown under these facilities as and when needed in the next twelve months and within 3 years from the date of the new facilities.
- (ii) On 20 March 2025, the Group entered into settlement deeds with the lenders to allot and issue total of 45,537,129 new shares of HK\$0.174 per settlement share to fully settle the outstanding unsecured borrowings and the outstanding interest payables due by the Group with a total amount of approximately HK\$7,923,000.
- (iii) The management of the Company has actively to taken measures to improve operating results and net cash inflows of the Group's Robotics Business in People's Republic of China ("PRC") including but not limited to increase sales order for Robotics Business. Subsequent to the end of the reporting period, the Group entered into sales agreement with a customer for providing engineering related services of approximately HK\$10,100,000.
- (iv) The Group will continue to source additional funding from external resources and/or fund raising opportunities.

The directors have reviewed the Group's cash flow projection covering a period of not less than twelve months from 31 December 2024 prepared by the management and have considered the possible downward changes in its operating performance. They are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

* for identification purposes only

CORPORATE GOVERNANCE REPORT

Notwithstanding the above, material uncertainty exists as to whether management of the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

- (i) Successful drawdown of the funds from abovementioned facilities as and when needed.
- (ii) Successful implementation of measures to improve the operating results of the Group's Robotic Business in the PRC and to generate sufficient cash inflow.
- (iii) Successfully sourcing additional funding from external resources and/or fund raising opportunities.

MANAGEMENT ACTION PLANS ON GOING CONCERN MITIGATION MEASURES

In order to meet the company's financial obligation and to improve the operational capability, the directors of the Company have been undertaking a number of measures, including:

- (i) On 16 January 2023, the Group entered into a new facilities agreement with 惠州市金達勝投資有限公司(Huizhou Jindasheng Investment Limited*) ("HJIL"), who is non-controlling interests of the Group's certain subsidiaries. Under the new facilities agreement, as at 31 December 2024, the new facilities granted to the Group with the amount of approximately RMB18,266,000 (equivalent to HK\$19,428,000) which will be available for drawdown as and when needed. The directors considered that such facilities will continue to be available given that such facilities are secured by the entire equity interest in a non-wholly owned subsidiary of the Group, 深圳市安澤智能機器人有限公司 (Shenzhen Anzer Intelligent Robot Company Limited*). It is expected that borrowings will continue to be available for drawdown under these facilities as and when needed in the next twelve months and within 3 years from the date of the new facilities.
- (ii) On 20 March 2025, the Group entered into settlement deeds with the lenders to allot and issue total of 45,537,129 new shares of HK\$0.174 per settlement share to fully settle the outstanding unsecured borrowings and the outstanding interest payables due by the Group with a total amount of approximately HK\$7,923,000.
- (iii) The management of the Company has actively taken measures to improve operating results and net cash inflows of the Group's Robotics Business in People's Republic of China ("PRC") including but not limited to increase sales order for Robotics Business. Subsequent to the end of the reporting period, the Group entered into sales agreement with a customer for providing engineering related services of HK\$10,100,000.
- (iv) The Group will continue to source additional funding from external resources and/or fund raising opportunities.

The Audit Committee had critically reviewed the material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern (the "**Material Uncertainties**"), the Board's response to the Material Uncertainties, and the Company's action plan in addressing the Material Uncertainties and concurred with the Board's view.

* for identification purposes only



CORPORATE GOVERNANCE REPORT

The Audit Committee is in agreement with the Board with respect to the Material Uncertainties and the Group's ability to continue as a going concern and the actions or measures to be implemented by the Board or the Group. The Audit Committee's views are based on a critical review of:

- (i) the management's action plan on going concern mitigation measures (and the assumption of successful and continued implementation); and
- (ii) discussions between the Audit Committee, the auditor of the Company and the Board regarding the Material Uncertainties. The Audit Committee is of the view that the Board should continue its efforts in implementing the actions and measures set out in the action plan above to mitigate the Group's liquidity pressure and remove the Material Uncertainties.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the risk management and internal control of the Group. To facilitate the effectiveness and efficient operations and to ensure compliance with relevant laws and regulations, the Group emphasizes the importance of a sound risk management and internal control systems which is also indispensable for mitigating the Group's risk exposures. The risk management and internal control systems are reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and identification of business risks. The Board is satisfied that, based on information furnished to it and on its own observations, the present risk management and internal control of the Group are satisfactory. The Group has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system and periodic review of the Group's performance by the Audit Committee and the Board. The Board has conducted review of the effectiveness of the system of internal control and is of the view that the risk management and internal control systems adopted for the year is sound and are effective to safeguard the interests of the shareholders' investment and the Company's assets.

With respect to procedures and internal controls for handling dissemination of inside information, the Company is aware of its obligations under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO") and the GEM Listing Rules and the overriding principle that inside information should be announced immediately after such information comes to our attention and/or it is the subject of a decision unless it falls within the safe harbours as provided in the SFO. The Company conducts its affairs with close regard to the applicable laws and regulations and the "Guidelines on disclosure of Inside Information" issued by the Securities and Futures Commission. The Company has also communicated to all staff the principal and requirement regarding inside information.

As required under code provision D.2.5 of the CG code, the Company has established an internal audit function. A senior executive has been appointed in charge of internal audit function and reports directly to the Audit Committee. The senior executive is provided with unrestricted access to all information on the Group's assets, records and personnel in the course of internal audit. The senior executive has attended the Audit Committee meetings and reported findings to members of the Audit Committee. All directors are informed of the findings of internal audit assignments carried out during the year.

COMPANY SECRETARY

The Company Secretary is responsible for advising the Board through the Chairman on governance matters and also facilitates induction and professional development of the directors. The Company Secretary reports to the Chairman. All directors have access to the advice and services of the Company Secretary to ensure that the Board procedures, all applicable laws, rules and regulations are followed. Mr. Chan Cheuk Ho ("Mr. Chan") is the Company Secretary. Mr. Chan has been a fellow member of the Hong Kong Institute of Certified Public Accountants since 2003. According to Rule 5.15 of the GEM Listing Rules, Mr. Chan has confirmed that he has taken no less than 15 hours of relevant professional training to update his skills and knowledge during the year. He will continue to comply with the GEM Listing Rules and take no less than 15 hours of relevant professional training in each financial year.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Annual report, interim report and quarterly reports offer comprehensive information to the shareholders of the Company on operational and financial performance whereas annual general meetings provide a forum for the shareholders of the Company to exchange views directly with the Board. All of the then directors and all members of the Audit Committee attended the AGM held in 2024 to answer questions raised at the meeting. Each general meeting, other than an annual general meeting, shall be called a special general meeting (the "SGM").

Right to convene SGM

According to the Bye-laws, any one or more shareholders of the Company 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 meeting of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a SGM to be called by the Board for the transaction of any business specified in such requisition. The requisition must be lodged with the Company's principal place of business in Hong Kong.

The request will be verified with the Company's branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified as not in order, the shareholders will be advised of this outcome and accordingly, a SGM will not be convened as requested. If within twenty-one (21) days from the date of the deposit of the proper and orderly requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the SGM shall be at least 14 clear days.

Right to put forward enquiries to the Board

Shareholders of the Company may at any time send their enquiries and concerns to the Board in writing to the Company Secretary at the Company's head office in Hong Kong at Room 1405, 14/F., China Merchants Tower, Shun Tak Centre, 166-200 Connaught Road Central, Sheung wan, Hong Kong.

Right to put forward proposals at general meetings

Shareholders of the Company should follow the procedures set out in the sub-section headed "Right to convene SGM" above for putting forward proposals at general meetings.



CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

There are no significant changes in the Company's Bye-laws during the year.

The Company considers that effective communication with shareholders of the Company is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with the shareholders of the Company and in particular, through annual general meetings and other general meetings. The website of the Company is <http://www.superrobotics.com.hk>.

The Board reviews the effectiveness of the above channels of communication between the Company and its shareholders on an annual basis. The Board is satisfied with the implementation and effectiveness of the Company's activities in communicating with shareholders and investors during the year.

DIVIDEND POLICY

The Board has approved and adopted a dividend policy on 26 March 2019 ("Dividend Policy") which shall take effect on 26 March 2019. The dividend Policy allows the shareholders of the Company to participate in the Company's profits by provision of dividends whilst preserving the Company's liquidity to capture future growth opportunities. According to the dividend Policy, the Board shall consider the following factors, among others, before proposing and declaring dividends:

- (i) the Group's operation and financial performance;
- (ii) the Group's capital requirements and future funding needs;
- (iii) the liquidity conditions of the Group;
- (iv) the availability of reserves of the Company and each of the members of the Group;
- (v) any restriction on payment of dividends;
- (vi) the general economic conditions and other internal and external factors that may have an impact on the business or financial performance and position of the Group; and
- (vii) any other factors that the Board may consider relevant.

The declaration of dividends by the Company is also subject to the compliance with applicable laws and regulations, including the laws of Bermuda, the GEM Listing Rules, Bye-laws of the Company and any applicable laws, rules and regulations. The dividend Policy will be reviewed from time to time by the Board and may adopt changes as appropriate at the relevant time. There can be no assurance that dividends will be paid in any particular amount for any given period.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

ABOUT THIS REPORT

We are delighted to present the Environmental, Social and Governance (“ESG”) Report of SuperRobotics Holdings Limited (the “Company”) together with its subsidiaries (collectively the “Group”). The Group’s main operations include (i) high-tech robotics and light machinery engineering and (ii) in-flight WLAN and WIFI engineering and services provider.

We believe that sustainable business growth is of high priority to both the Group and its stakeholders. We are committed to providing quality and socially responsible products and services to the community, whilst minimising the environmental and social impacts from our operations.

The report is compiled in accordance with the disclosure requirement of the “comply or explain” provisions as detailed in the Environmental, Social and Governance Reporting Code (ESG Code) under Appendix C2 to the GEM Listing Rules issued by the Stock Exchange of Hong Kong Limited. The disclosure contents of this Report have been confirmed by the Board.

The reporting period of this report shall cover the period between 1 January 2024 and 31 December 2024.

MANAGEMENT OF ESG TOPICS

To enable more focused efforts in addressing issues related to ESG topics, the Group established a ESG Committee in December 2021. The ESG Committee is responsible for the development of the Group’s governing ESG principles and policies, setting out the direction of the Group’s ESG management strategy.

The Board, with a diverse composition from various disciplines, is involved in the evaluation of ESG risks pertinent to the Group and the development with risk management measures. Scenario analysis is performed to evaluate potential socioeconomic changes in the upcoming years which may have an impact to the Group’s operations. In addition, to ensure the Group’s management can make informed decisions regarding the Group’s ESG strategy, the Group maintains understanding of latest information and trends relevant for the sector and ESG as a whole, such as changes in regulations and the value chain.

STAKEHOLDER ENGAGEMENT

We engage our stakeholders on an ongoing basis and seek to collect their views and expectations on our ESG performance and disclosures. In response to the interests and concerns of our stakeholders, the ESG performance of the Group was reviewed using the strictest corporate governance principles, with respect to environmental protection, employee development, community investment. The results of the review are presented in the following sections of the report.

To extend its efforts to a broader audience, the Group had consulted both its internal and external stakeholders on its potential impact on the environment and society as a result of its business operations. The Group understands and values a mutually-beneficial relationship with customers and suppliers, and thus included both parties as our consultation targets.

The table below presents key stakeholders of the Group as well as the engagement channels adopted by the Group during the year to communicate with the respective parties.

Internal Stakeholders

- The Board
- Management
- General Staff

External Stakeholders

- Shareholders
- Investors
- Customers
- Suppliers

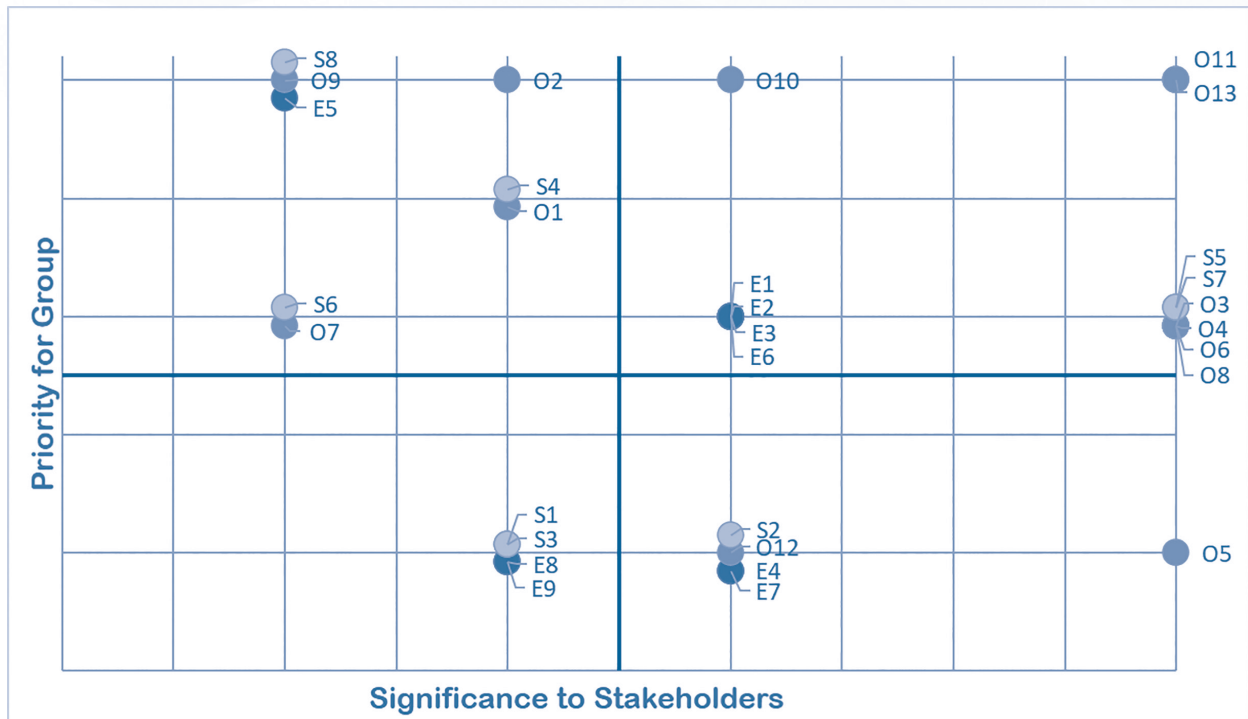
Engagement methods:

Meetings, staff performance appraisal interviews, interviews direct mail, internal publications, Annual General Meeting (“AGM”) and announcements.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

MATERIALITY ASSESSMENT

To identify the key concerns and interests of the Group's internal and external stakeholders, such as customers, investors, employees, suppliers and the government, we have performed a materiality assessment, and the results of the assessment is presented in the below figures:



Legend

E1	Raw Materials Management
E2	Wastewater Management
E3	Energy Management
E4	Air Emission Management
E5	Expenses on Environmental Protection
E6	Waste Management
E7	Greenhouse Gases Management
E8	Environmental Compliance
E9	Green Product Management

O1	Supplier Management
O2	Innovation and Intellectual Property Rights
O3	Product Quality Management
O4	Product Health and Safety
O5	Anti-competitive behaviour management
O6	Product Sales and Labelling
O7	Occupational Safety and Health
O8	Data Security and Customer Privacy Management
O9	Generation of Economic Value
O10	Anti-Corruption
O11	Company profitability
O12	Anti-discrimination
O13	Customer Satisfaction

S1	Child Labour and Forced Labour Management
S2	Diversity and Equal Opportunity
S3	Human Right Protection
S4	Talent Management
S5	Social and Economic Compliance
S6	Training and Development
S7	Community Relations
S8	Employee communication

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

STAKEHOLDER FEEDBACK

Stakeholders' valuable feedback can help us continuously improve with respect to our environmental, social and governance strategy and performance. If you have any questions or comments regarding the contents of this report, please contact us through one of our communication channels.

ENVIRONMENTAL PROTECTION

The Group endeavours to create sustained business growth that is not achieved at the expense of our environment. The Group's environmental policy emphasises both impact management and efficient utilization of resources. This is achieved mainly through development of strategies relating to proper waste management, energy efficiency enhancement, and greenhouse gas (GHG) emissions reduction.

The Group is aware of the potential environmental impacts associated with its robotics business and has developed a set of internal regulations with the objective of minimising such impacts. Our robotics business has implemented an environmental management system in line with the international standard ISO14001:2015. Additionally, we are committed to continuous training and awareness programs for our employees to foster a culture of environmental responsibility. By actively engaging with stakeholders and incorporating their feedback, we strive to enhance the environmental performance and ensure compliance with evolving regulations.

Impact Awareness

To measure the impacts from our operations from the robotics business, we have implemented a number of environmental management policies, including Policy for Identification and Evaluation of Environmental Factors (環境因素識別與評價程序), Policy for Monitoring and Surveying of Environmental Safety (環境安全監視和測量控制程序), and Policy for Environmental Monitoring Management (環境監測管理程序).

The Group adopts a risk-based approach to identify significant environmental aspects by measuring the scale of potential impact and its likelihood. This helps us prioritise mitigation measures to address activities identified to be the most impactful to the environment.

A systematic approach is adopted by the Group to identify factors of environmental impact associated with the Robotics Business. Factors covered by this analysis include emissions (including atmospheric, water, and noise), waste production, land pollution, use of resources, in addition to other environmental and social impacts. In addition to normal operation, the analysis considers potential impacts related to alternate operation modes and emergency scenarios. Furthermore, we engage stakeholders and experts to enhance our understanding of environmental risks and to develop effective strategies for sustainability. Major environmental factors identified from this exercise are managed and monitored regularly, ensuring continuous improvement in our practices. In case of significant changes to the premises of the analysis, such as revisions in regulation or emerging technologies, the impact identification process will be revisited to align with best practices and industry standards.

In the latest issue of the Group's ESG policy, issued in December 2021, the Group has outlined defined its key environmental responsibilities, as summarized below:



ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Enhance Awareness

- Promote internationally-recognized environmental principles, commitments and responsibilities
- Ensure the Group's business operations comply with all relevant environmental legislations and standards
- Consider the environmental impacts associated with Group's services through the business cycle

Impact Management

- Ensure non-wastage, reuse and recycling of materials and resources, and dispose waste generated in a responsible manner
- Minimize carbon emissions and usage of energy & natural resources
- Identify and evaluate environmental impacts from the Group's business operations and mitigate any significant impacts
- Embrace sustainable development through good environmental management
- Commit to continuous improvement by monitoring environmental impacts from the Group's responsibilities and track our performance over time

Supplier Engagement

- Engage contractors and suppliers to persuade them to follow the Group's Environmental and Social Responsibility Policy and Code of Conduct, so that they operate in an environmentally responsible manner
- Support new technology with potential to provide long-term environmental benefits
- Encourage environmental responsibility with suppliers

Climate-Related Issues

The Group's business in robotics is not expected to be significantly impacted by climate-change. However, minimizing factors which contribute to global warming has, and continues to be a critical consideration in formulation of the Group's sustainable development strategy.

The Group has developed a set of policies to identify potential impacts of climate-related risks which can cause a material impact to the Group's businesses.

With the increasing importance of decarbonisation ambitions across the world, the Group will remain alert of significant policy changes, and is committed to reducing its environmental impact to minimize the impact of any potential tightening of environmental regulations on our business operations.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Emissions

Greenhouse Gas Emissions

The Group puts great emphasis on energy conservation and GHG emission reduction at our premises. To mark our ambitions, the Group has targeted to reduce its GHG emissions by 10% by year 2030, and gradually progress towards achieving net zero emissions by year 2050.

To progress towards our carbon reduction target, we actively encourage the use of equipment with higher energy efficiency ratings. In addition, hydrofluorocarbon (HFC) refrigerants, which have lower global warming potential compared to traditional chlorofluorocarbon (CFC) and hydrochlorofluorocarbon (HCFC) refrigerants, are used in our air conditioning systems as far as possible to limit GHG emissions. To further reduce GHG emissions from refrigerant systems, the Group is planning to gradually switch to hydrocarbon refrigerants, which have lower global warming potentials (GWP). The air conditioning systems at the Group's facilities are also regularly maintained to achieve higher energy efficiency and reduce associated GHG emissions.

The Group is also committed to becoming an industry leader in exploring new technology for enhancing energy efficiency, including promoting the use of renewable energy and encouraging our suppliers & clients to reduce their GHG emissions. The Group has also incorporated low-carbon considerations as part of its product portfolio and material procurement philosophy.

To reduce automobile emissions, vehicles owned by the Group are regularly inspected and provided with proper maintenance. Also, purchase of vehicles with better fuel economy ratings is preferred, to reduce fuel consumption and associated expenses. Employees are encouraged to prevent idling during everyday use of vehicles.

During the reporting period, the Group operated in compliance with relevant laws and regulations relating to emissions, and generated 18.23 tonnes of greenhouse gas (GHG) emissions in total. The Group's GHG emissions during the reporting period increased as compared due to the previous year due to increased electricity consumption from our Mainland China operations. The Group will continue to strive to minimize business travel through the use of videoconferencing where possible in substitute of face-to-face meetings.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Air Emissions

The major source of air emissions was from the use of petrol-powered automobiles, which emit NO_x, SO_x and particulate matter in addition to carbon dioxide. Overall, air emissions generated as a result of the Group's operations during 2024 are summarized in the below figure.



Environmental KPIs	Unit	2024	2023
Greenhouse gas (GHG) Emissions			
Scope 1 – Direct emissions	tonne CO ₂ e	8.39	8.12
Scope 2 – Energy indirect emissions	tonne CO ₂ e	5.00	1.03
Scope 3 – Other indirect emissions*	tonne CO ₂ e	4.84	3.40
Total Emissions	tonne CO ₂ e	18.23	12.55
Emission Intensity	kg CO ₂ e/1000 HKD revenue	0.61	0.83

* Includes contribution from business air travels and paper waste disposed at landfills

Use of Resources

The Group places a high priority on effective use of resources such as water, electricity, fuel and paper. Resource usage at our robotics offices is addressed in a dedicated policy regarding resource and energy consumption (資源能源控制規定). Consumption is monitored on a monthly basis and corrective actions will be implemented in case excessive consumption is identified. Policies are also in place to regulate the use of air-conditioning. Indoor air-conditioning is turned on when the outdoor temperature is 30°C or higher, and is set at 26°C or above to limit electricity consumption while maintaining a suitable working environment. In addition, the Group's intends to operate its offices in a paperless environment, reducing paper usage where possible. Employees are recommended to use duplex printing and copying. In addition, most of our marketing materials were distributed through electronic means only.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

To reduce water consumption, reminders are posted within the working sites to promote water conservation practices.

Environmental KPIs	Unit	2024	2023
Energy Consumption			
<i>Direct Energy Consumption</i>			
Petrol	kWh	29,779	28,817
<i>Indirect Energy Consumption</i>			
Purchased Electricity	kWh	8,532	1,800
Energy Intensity	kWh/1000 HKD revenue	1.28	2.03
Water Consumed	m ³	230	850
Water Consumption Intensity	m ³ /1000 HKD revenue	0.01	0.06

Managing our Waste

Waste management procedures have been implemented to properly segregate, store and dispose waste generated from our operations in accordance with regulatory requirements. Waste reduction, reuse and recycling of materials where possible are strongly encouraged. To achieve this, a representative from each department is assigned to ensure all produced waste are categorized and disposed accordingly. In addition, the importance of waste categorization, along with categorization techniques are regularly presented to all members of our staff through means such as meetings and signages. Our Waste Management Policy (廢棄物管理規定) also calls for routine maintenance and cleaning of waste collection locations within our facilities to limit foul odours and to repel insects. Relevant national and local laws and regulations with respect to waste disposal are strictly adhered to.

The Group has adopted a number of risk reduction measures at our Robotics manufacturing sites to limit emissions of contaminated water, as addressed in its Chemical Substances Management Policy (化學物質管理規定). Disposal of oil and chemicals into the sewer system is strictly prohibited. To prevent contamination of runoff, the Group prohibits the storage of hazardous substances and pollutants near stormwater drainage channels. Furthermore, stormwater channels are segregated from the wastewater disposal network at the Group's production facilities.

Production Process

The Group regularly reviews its production processes and makes continuous improvements to enhance its utilization efficiency of raw materials, such that wastage can be minimized where feasible. To minimize waste generation along our value chain, the Group proactively sources materials with recycled content where possible, as well as designing our products with the consideration of their lifecycle impacts.

Hazardous Waste

Use of batteries is inevitable for our robotics business, which requires the Group to develop suitable measures to manage spent batteries. To enhance the management of spent batteries, the Group promotes the recycling of batteries to prevent potential environmental contamination associated with improper disposal of batteries, such as release of heavy metals, as well as soil and groundwater pollution. Spent batteries from our businesses are screened and reused as appropriate to minimize hazardous waste generation. In addition, the Group promotes the use of green batteries, such as fuel cells and photovoltaic cells, to provide a clean and efficient electricity source.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

In this reporting period, the Group did not generate any hazardous waste from its operations. The Group will committed to minimizing the generation of hazardous waste from its operations and ensuring their proper disposal in line with local regulations.

Non-hazardous Waste

Waste generation data associated with the Group's daily operations is collected and logged in an organized fashion. At our Robotics business, examples of typical non-hazardous wastes produced include cardboard cartons, hardware (e.g., screws, nuts, bolts), springs, gloves and masks.

During this reporting period, the Group generated a total of 2.10 tonnes of non-hazardous waste, consisting mainly domestic waste generated from our day-to-day operations. The Group will continue monitoring closely on reduction efforts to limit waste generation.

Environmental KPIs	Unit	2024	2023
Waste Production			
Hazardous waste produced	tonne	0	0
Non-hazardous waste produced	tonne	2.10	3.50
Non-hazardous waste production intensity	kg/1,000 HKD revenue	0.07	0.23

Packaging Materials

During the reporting period, it was recorded that a total of 0.53 tonnes of packaging material was used for the packaging of finished products, which includes packing paper, carton boxes, and wooden crates.

Environmental KPIs	Unit	2024	2023
Packaging Materials			
Total	tonne	0.53	1.15
Intensity	kg/1,000 HKD revenue	0.018	0.062

The Group promotes the reduction of packaging material consumption, and the use of recycled and / or recyclable materials for packaging. Optimisation of packaging material usage helps reduce the Group's waste generation, as well as reduce costs associated with packaging materials.

Recycling

In addition to the reducing consumption, the Group also promotes the recycling of materials to minimize waste generation. This includes the placement of recycling collection bins at the Group's operation sites, as well as providing explanatory signages to convey the importance of recycling and waste reduction to the Group's employees. During the reporting period, a total of 0.8 tonnes of paper waste was generated by the Group and sent to landfill.

The Group has set a target to achieve 15% waste diversion by year 2030, and to have zero waste sent to landfill by 2050. The Group is committed to promote circular economy in operations, through assessment and analysis of our material consumption and disposal.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

SOCIAL

Employment and Labour Practices

Employment

The business of the Group spreads across different business sectors. The Group understands that our staff is the key to the success of our business and we adopt a people-centric strategy to human capital management. To attract and motivate talent, the Group is committed to providing a rewarding career and maintaining a safe, and positive environment. Our human resources policies and handbook provides clear guidance covering various employment aspects including compensation, dismissal, recruitment, promotion, rest periods, equal opportunity, diversity, anti-discrimination, welfare, and other benefits.

Recruiting and retaining talent is vital to our business growth. To identify and secure suitable young talent with the needed knowledge and skillsets for our high-tech robotics business, we work closely with universities in Shenzhen, Mainland China for campus recruitment. In addition, through usage of popular social media platforms such as WeChat, our career recruitment network extends beyond Shenzhen to engage and attract aspiring talents from the rest of Mainland China.

As one of its guiding principles, the Group commits to growing its business in a manner that is both sustainable and socially responsible. It is the Group's goal to maintain its best management practices and evolve with time through a continual improvement process.

During the reporting period, the Group was in compliance with relevant labour laws in Hong Kong SAR and PRC, including but not limited to regulations on compensation and dismissal, recruitment and promotion, equal-opportunity and anti-discrimination.

As of 31 December 2024, the Group has a total of 11 employees, which are all full-time employees. The breakdown of our workforce distribution is presented in the following table:

Total Number of Employees	11	
Employee Gender Distribution		
Number of Male Employees	10	91%
Number of Female Employees	1	9%
Employee Age Distribution		
Within the age group <30	0	0%
Within the age group 30-50	11	100%
Within the age group >50	0	0%
Employee Type Distribution		
Senior Management Staff	7	64%
Middle Management Staff	4	36%
Other Employees	0	0%
Employee Geographic Distribution		
Hong Kong	4	36%
Mainland China	7	64%



ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

The Group's turnover statistics for 2024 is summarized in the below table:

Overall Turnover Rate		51%
By Gender		
Male Employees		28%
Female Employees		277%
By Age		
Within the age group <30		0%
Within the age group 30-50		51%
Within the age group >50		0%
By Region		
Hong Kong		55%
Mainland China		43%

Equal Opportunities, Diversity and Anti-Discrimination

The Group is committed to ensure that our employees are given equal opportunities with respect to recruitment, promotion, training & development, compensation and other aspects of employment practices. All forms of discrimination are prohibited, including on the grounds of gender, religion, race, sexual orientation, age, family status, disability, maternity or political affiliation. This principle against discrimination is applied across all aspects of our human resource management philosophy.

Work-Life Balance

To enhance employee engagement and encourage collaboration, during the year, we organise a range of teambuilding activities, including an outdoor team-bonding day, corporate basketball matches, and public speaking competitions amongst colleagues. Furthermore, the employees are welcomed to organize hobby clubs based on their interests. The Group has allocated an annual sponsorship budget to fund the operations of hobby clubs.

Remuneration

Our employees are assessed and incentivised based on their performance. The Group reviews the remuneration package annually to maintain competitiveness in the market. The Group strictly follows the requirements for working hours and holidays defined in local laws in the jurisdictions where its operations are located. Our employees are entitled to local statutory holidays and paid leaves. In addition, our employees are provided with other forms of paid time off, such as marriage leave, compassionate leave, maternity leave and paternity leave.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Retirement Benefit Scheme

The Group participates in the Mandatory Provident Fund (MPF) scheme and have fulfilled the employer contribution requirements during the Reporting Period in accordance with the Mandatory Provident Fund Schemes Ordinance (Cap. 485). For the employees of the Robotics Business which operate in PRC, the Group makes contributions to the central pension scheme operated by the local municipal government, in compliance with the Labour Law of the People's Republic of China. The Group makes monthly contributions to the scheme at up to about 5% of the employees' relevant incomes.

During the year ended 31 December 2024, the total contributions paid or payable to the pension fund scheme by the Group amounted to approximately HK\$153,000 (approximately HK\$417,000 in 2023), which has been recognized as expenses and included in employee costs in the consolidated statement of comprehensive income.

In addition to standard compensation packages and bonuses, we offer a range of supplementary benefits to our employees. This includes meal and transportation subsidies, in addition to gift-money for special occasions such as Lunar New Year, Mid-Autumn Festival and employee birthdays.

Health and Safety

Occupational health and safety (OHS) and the wellbeing of our employees are one of the Group's key priorities. The Group adopts proper procedures at the workplace to ensure employees have sufficient training and support.

The Robotics Business has implemented an OHSAS18001:2007-compliant occupational safety system, with policies and processes in place which clearly define requirements on the continuous improvement of safety risk management. Employees are required to participate in regular safety training, consisting of seminars and workshops to enhance safety awareness and be equipped with necessary safety knowledge.

During the reporting period, the Group was in compliance with relevant laws and regulations relating to the provision of safe working environments and protection of employees from occupational hazards.

Safe Handling of Hazardous Substances

The Group keeps record of all hazardous substances handled within the Group's facilities, documenting information such as the department(s) using the substance, storage location and physical & chemical properties. Specific firefighting measures have been developed based on the hazardous properties of the individual substances. Compatibility between hazardous substances is taken into careful consideration to reduce the risks with leaks, contamination and undesired chemical reactions. Storage depots are provided for storing hazardous chemicals in larger quantities or for over a long period of time. To avoid mishandling of chemicals, containers are provided with colour-coded labels to indicate potential flammable/toxic hazards.

Fire Safety

Firefighting provisions are inspected on a daily basis and maintenance is provided where required to ensure proper functioning of emergency response equipment. Evacuation routes on-site are regularly surveyed to ensure no obstacles are present. The Group maintains consistent contact with local environmental ministries and fire departments to maintain up-to-date information with respect to safety and environmental protection. In addition, fire drills and safety seminars are conducted every year to prepare our employees for potential fire emergencies.



ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Occupational Health

Personnel working at the Group's robotics business are equipped with suitable personal protection equipment (PPEs) such as gloves, masks and earmuffs to limit exposure to hazardous chemicals and loud noise. Training is provided to workers to ensure proper use of PPEs. In addition, staff is provided with annual health check-ups and are treated accordingly in case any occupational sickness is diagnosed. The Occupational Health and Safety Management System at our robotics business is in compliance with ISO 45001:2018.

During the reporting period, no work-related injury cases were recorded during the Group's operations. In addition, no work-related fatalities were recorded by the Group within the last three years.

Development and Training

The Group believes that continuous development and training of its staff is the key to sustaining its high service quality and competitiveness in the market. Employees are engaged from time to time for members of the management to understand their developmental needs and encourage them to learn new skills and knowledge for professional and personal development.

The Group's robotics business requires a high level of skills and expertise. To keep our engineers up-to-date with the latest robotics technology development, we typically arrange training courses on the robotics product line, software programming, robotics design, technology and manufacturing process & safety. Depending on specific training needs, we also invite external consultants to deliver training courses. During the reporting period, we have provided a number of training sessions including the compliance with the new climate disclosure requirements and building corporate anti-corruption culture, software quality and log management for our employees.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

During the reporting period, the Group's employees received a total of 4 man-hours of training. The average training received per employee was 0.34 hours during the reporting period. A breakdown of training statistics is presented below:

Training Statistics	
Total Training Hours	
Male Employees	4
Female Employees	0
Senior Management Staff	0
Middle Management Staff	4
Other Employees	0
Average Training Hours	
Male Employees	0.38
Female Employees	0
Senior Management Staff	0
Middle Management Staff	0.86
Other Employees	0
% Employees Trained	
Male Employees	38%
Female Employees	0%
Senior Management Staff	0%
Middle Management Staff	86%
Other Employees	0%

Labour Standards

The Group strictly complies with the labour standards in the local jurisdictions where its businesses are located, including "Labour Law of the People's Republic of China" 《中華人民共和國勞動法》, "Labour Contract Law of the People's Republic of China" 《中華人民共和國勞動合同法》, "Provisions and Prohibition of Using Child Labour" 《禁止使用童工規定》, "Law of the People's Republic of China on the Protection of Minors" 《中華人民共和國未成年人保護法》 as well as the Employment Ordinance (Cap. 57) of Hong Kong. Use of child or forced labour in our operations is strictly prohibited, and is enforced through verification of identity information of job candidates. In the event of the discovery of child or forced labour within our operations, the concerned staff members will be prevented from performing further work at our facilities. We expect our suppliers to adhere to the same standard of labour practices.

Operating Practices

Supply Chain Management

The Group interacts with a number of suppliers and avoids use of a single supplier for products and services to minimise supply chain risks. We are committed to upholding high ethical and professional standards when dealing with suppliers. We have established and implemented a procedure for supplier monitoring and screening. Compliance with national and local laws and regulations is an essential criterion in our supplier-selection process. The Group's procurement process ensures the performance of suppliers are benchmarked against its peers. Supplier performance, including quality and safety, is assessed regularly; in the event of unsatisfactory performance, the supplier will be required to take timely follow-up actions.



ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

The Group is established and implemented policies on managing environmental and social risks along the supply chain. This includes the requirement for suppliers to agree to environmental and occupational health requirements set by the Group, in addition to contractual agreements covering procurement and quality of supplied goods and/or services. The Group is committed to minimize the monopoly and excessive competition in its supply chain to ensure the sourcing of quality raw materials. Flexibility and interchangeability are strategically considered during project development stage to avoid overdependence over specific materials or suppliers.

Suppliers failing to comply with our standards can be suspended from initiating business operations with us.

Our Quality Assurance team conducts factory inspections to assess the quality and suitability of the products, as well as to identify any failures during production. Our Procurement team will be informed should suppliers fail the inspection and such suppliers shall subsequently be removed from the approved list.

As of December 2024, the Group has 16 suppliers in total, 11 of them located in Hong Kong SAR and the rest in Mainland China.

Product Responsibility

The quality of our products and impeccable customer service is the foundation to the long-term sustainability of our business. The Group aspires to deliver high-standard engineering products and related professional services to our customers.

We are committed to delivering products of high quality. Our Robotics Business has implemented a quality management system in line with the ISO9001:2015 standard. Independent and accredited laboratories are engaged to assure the quality, performance and durability of our products such as bomb-disposal robots, to ensure compliance with customer specifications and relevant regulatory requirements. With an aim to facilitate quality management efficiency at our Robotics Business, we plan to set up in-house testing laboratories for our robotic and line machinery products at our future manufacturing facilities. Products that do not meet customer requirements or have potential safety concerns will be subject to investigation and recall; follow-up actions will be timely taken as appropriate to identify and rectify the root cause.

Upon receipt of complaints about the Group's services or products, a thorough internal investigation will be performed to identify any potential issues with the Group's quality control procedure. Corrective actions, where necessarily, will be implemented to ensure that the Group's operational excellence will not be jeopardized.

During the reporting period, the Group was in compliance with relevant laws and regulations relating to health & safety, advertising, labelling, with respect to the products and services provided by the Group. Also, there were no recalls of the Group's products due to safety and health reasons, and there no significant complaints were identified with regards to the Group's products and services.

Customer Feedback

We welcome constructive feedback from our customers and provide them with various communication channels. Customer complaints are documented for follow-up by relevant parties.

During the reporting period, no complaints were received by the Group on the products and services provided by the Group.

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

Privacy and Intellectual Property Rights

The Group is committed to protecting customer privacy and has established and implemented respective policies and procedures. All employees are required to sign a Confidentiality and Non-Disclosure Agreement and abide by its requirements.

The Group respects intellectual property rights and is committed to avoiding any infringement of intellectual property rights of other parties. Employees are required to obtain licences or other permissions and follow relevant requirements. Most of our robotics products are developed in-house and out of our patent applications. As of 2024, the Group owns a total of 57 patents in Mainland China covering various core technologies related to our robotics manufacturing. Our employees are required to strictly follow relevant laws and regulations, as well as internal policies and procedures in protecting our own intellectual property rights from infringement.

Anti-corruption

The Group attaches great importance to business integrity and upholds high standards in business ethics. We have zero tolerance for any form of corruption, bribery, fraud, and money laundering and have specified relevant requirements to all employees in the employee handbook. Employees are provided with whistleblowing channels to raise concerns and report any suspected misconduct in a confidential manner. Reported cases are investigated and evidences are collected for evaluation. Where required, necessary actions will be taken based on the conclusions of the investigation.

The operation of the Group complies with the standards of conduct specified in the relevant regulations and laws relating to bribery, extortion, fraud and money laundering. This includes “Criminal Law of the PRC” 《中華人民共和國刑法》, “Interim Provisions on Banning Commercial Bribery” 《關於禁止商業賄賂行為的暫行規定》 in mainland China, and “Prevention of Bribery Ordinance” of Hong Kong. There were no cases of corruption during the reporting period.

Regulatory Compliance

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to areas such as environmental protection, employment, labour practices and operating practices.

Community Investment

The Group strives to contribute to the community by leveraging its resources and expertise. We recognize that our success is intertwined with the well-being of the communities in which we operate. Therefore, we have been supporting non-profit organizations in their community projects by offering charitable donations and volunteer initiatives.

During the reporting period, there were no financial or other volunteer contributions from the Group during the reporting period. We understand the importance of being an active participant in social responsibility and are dedicated to making a positive impact moving forward. In the coming years, we will continue to seek opportunities to cooperate with other external organisations to increase our community outreach and contribution.



INDEPENDENT AUDITOR'S REPORT



To the shareholders of SuperRobotics Holdings Limited
(Incorporated in Cayman Islands and continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of SuperRobotics Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 53 to 124, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards 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 (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTIES RELATED TO GOING CONCERN

We draw attention to note 3 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$21,912,000 during the year ended 31 December 2024. As at 31 December 2024, the Group had a capital deficiencies of approximately HK\$161,949,000 and net current liabilities of approximately HK\$18,576,000 including cash and cash equivalents of approximately HK\$14,038,000 and other borrowings of approximately HK\$146,999,000. These conditions, together with other matters described in note 3 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. In addition to the matter described in the *Material Uncertainties Related to Going Concern* section, we have identified the matter described below to be the key audit matter to be communicated in our report.

Key audit matter

How our audit addressed the key audit matter

Impairment assessment on trade receivables

Refer to note 21 to the consolidated financial statements.

As at 31 December 2024, the Group's trade receivables, net of allowance of credit losses, was approximately HK\$6,032,000. Management judgment was required in assessing and determining the recoverability of trade receivables, and determining the adequacy of allowance made.

In determining whether there was objective evidence of impairment loss, the Group took into consideration the credit history of the debtors and the current market condition which may require management judgment.

We identified impairment assessment on trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial statements and the involvement of management judgment and estimates in evaluating the expected credit losses of the Group's trade receivables at the end of the reporting period.

Our procedures in relation to impairment assessment on trade receivables included:

- Obtained an understanding of and validated the Group's assessment procedures of impairment on trade receivables;
- Assessed the appropriateness of the expected credit loss provisioning methodology, examining the key data input on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses;
- Re-performed the calculations in expected credit loss model;
- Inspected settlements subsequent to the end of the reporting period; and
- Evaluated the disclosure regarding the impairment assessment of trade receivables.

OTHER MATTERS

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on these statements on 28 March 2024.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 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.



INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION *(continued)*

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

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

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, 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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Ho Kwan with Practising Certificate number P07543.

Jon Gepsom CPA Limited
Certified Public Accountants

Room 1003-05, 10/F, Siu On Centre
188 Lockhart Road, Wan Chai
Hong Kong

31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	7	29,904	15,081
Cost of sales		(26,678)	(7,800)
Gross profit		3,226	7,281
Other income	8	225	347
Other gains and losses, net	9	4,691	(3,582)
Selling and distribution expenses		(364)	(2,375)
Impairment losses recognised under expected credit loss model, net of reversal		(1,156)	(737)
Reversal of slow-moving inventories		855	4,245
Administrative expenses		(6,696)	(13,059)
Operating profit/(loss)	10	781	(7,880)
Finance costs	11	(22,693)	(37,196)
Loss before income tax		(21,912)	(45,076)
Income tax expense	14	–	–
Loss for the year		(21,912)	(45,076)
Other comprehensive income			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		4,681	5,240
Other comprehensive income for the year		4,681	5,240
Total comprehensive loss for the year		(17,231)	(39,836)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Loss for the year attributable to:			
Owners of the Company		(10,179)	(27,756)
Non-controlling interests		(11,733)	(17,320)
		(21,912)	(45,076)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(8,930)	(25,265)
Non-controlling interests		(8,301)	(14,571)
		(17,231)	(39,836)
Loss per share	16		
Basic and diluted (HK cents)		(1.68)	(4.87)

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment	17	–	112
Deposits paid for acquisition of property, plant and equipment	22	650	–
Other receivables	22	–	1,818
Financial assets at fair value through profit or loss	23	1,200	–
		1,850	1,930
Current assets			
Inventories	19	320	90
Contract assets	20	–	13
Trade receivables	21	6,032	8,525
Deposits, prepayment and other receivables	22	2,542	4,993
Financial assets at fair value through profit or loss	23	1,424	–
Restricted bank balances	24	126	–
Cash and cash equivalents	24	14,038	12,003
		24,482	25,624
Total assets		26,332	27,554
Equity and liabilities			
Capital and reserves			
Share capital	25	60,746	60,746
Reserves		(138,080)	(129,150)
Capital deficiencies attributable to owners of the Company		(77,334)	(68,404)
Non-controlling interests		(84,615)	(76,314)
Total capital deficiencies		(161,949)	(144,718)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Liabilities			
Non-current liabilities			
Interest payables	27	5,431	—
Amount due to a related company	27	—	8,926
Other borrowings	28	139,792	138,444
		145,223	147,370
Current liabilities			
Trade payables	26	5,524	1,230
Accruals and other payables	27	19,541	23,547
Amount due to a related company	27	9,226	—
Amount due to a related party	27	1,352	—
Other borrowings	28	7,207	—
Contract liabilities	29	208	125
		43,058	24,902
Total liabilities		188,281	172,272
Total equity and liabilities		26,332	27,554
Net current (liabilities)/assets		(18,576)	722
Total assets less current liabilities		(16,726)	2,652
Net liabilities		(161,949)	(144,718)

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2025 and are signed on its behalf by:

Su Zhenhui
Director

Feng Zheng
Director

The accompanying notes from an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company							Total capital deficiencies HK\$'000
	Share capital — ordinary share HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000 (Note a)	Translation reserve HK\$'000 (Note b)	Accumulated losses HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	
As at 1 January 2023	50,622	488,163	38,991	(14,458)	(635,604)	(72,286)	(128,059)	(200,345)
Loss for the year	—	—	—	—	(27,756)	(27,756)	(17,320)	(45,076)
Other comprehensive income for the year	—	—	—	2,491	—	2,491	2,749	5,240
Total comprehensive income/(loss) for the year	—	—	—	2,491	(27,756)	(25,265)	(14,571)	(39,836)
Contribution from non-controlling interests	—	—	—	—	—	—	66,316	66,316
Issue of new shares by way of debt capitalisation	10,124	20,248	—	—	—	30,372	—	30,372
Share issuing expenses	—	(1,225)	—	—	—	(1,225)	—	(1,225)
As at 31 December 2023 and as at 1 January 2024	60,746	507,186	38,991	(11,967)	(663,360)	(68,404)	(76,314)	(144,718)
Loss for the year	—	—	—	—	(10,179)	(10,179)	(11,733)	(21,912)
Other comprehensive income for the year	—	—	—	1,249	—	1,249	3,432	4,681
Total comprehensive income/(loss) for the year	—	—	—	1,249	(10,179)	(8,930)	(8,301)	(17,231)
As at 31 December 2024	60,746	507,186	38,991	(10,718)	(673,539)	(77,334)	(84,615)	(161,949)

Notes:

- (a) With effect from 22 April 2014, the Company had been deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda (the "Change in Domicile"). Contributed surplus represents the amount transferred from share premium for the purpose of setting off against the accumulated losses pursuant to the Companies Act 1981 of Bermuda and the special resolution passed at the extraordinary general meeting held on 28 February 2013 as a result of the Change in Domicile and related capital reorganisation. During the year ended 31 December 2021, Mr. Su Zhituan ("Mr. Su"), the former director and substantial shareholder of the Company, agreed to waive the amounts due to him as a financial support to the Company.
- (b) Translation reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollar) which are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operations.

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities		
Loss before income tax	(21,912)	(45,076)
Adjustments for:		
Bad debts recover	(91)	(16)
Depreciation of property, plant and equipment	111	481
Loss on modification of financial liabilities	–	7,087
Loss on early repayment of other borrowings	559	–
Impairment losses recognised under expected credit loss model, net of reversal	1,156	737
Over-provision of other payables	–	(22)
Reversal of slow-moving inventories	(855)	(4,245)
Finance costs	22,693	37,196
Interest income	(113)	(120)
Waiver of loan interest payables	–	(1,753)
Written-off of prepayment	305	–
Unrealised loss on fair value change of financial assets at fair value through profit or loss	531	–
Realised (gain)/loss on fair value change of financial assets at fair value through profit or loss	(6,485)	292
Loss/(gain) on disposal and written off of property, plant and equipment	322	(2,020)
Operating cash flows before movements in working capital	(3,779)	(7,459)
Changes in inventories	625	5,348
Changes in contract assets	13	3
Changes in trade receivables	1,591	(8,632)
Changes in deposits, prepayment and other receivables	3,873	1,827
Changes in financial assets at fair value through profit or loss	3,330	487
Changes in restricted bank balances	(126)	–
Changes in trade payables	4,263	(651)
Changes in accruals and other payables	(4,980)	1,819
Changes in contract liabilities	77	(2,735)
Net cash generated from/(used in) operating activities	4,887	(9,993)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
Cash flows from investing activities		
Interest received	114	102
Deposits paid for acquisition of property, plant and equipment	(650)	–
Loan repayment from a third party	–	1,000
Payment for subscription of bond receivables	–	(1,900)
Purchase of property, plant and equipment	(1,150)	–
Proceeds from disposal of property, plant and equipment	828	21
Net cash used in investing activities	(858)	(777)
Cash flows from financing activities		
Proceeds from other borrowings	5,737	18,181
Advance from a related company	300	4,070
Advance from a related party	1,352	–
Repayment of other borrowings	(9,777)	(12,543)
Interest paid	(476)	–
Share issuing expense	–	(1,225)
Net cash (used in)/generated from financing activities	(2,864)	8,483
Net increase/(decrease) in cash and cash equivalents	1,165	(2,287)
Cash and cash equivalents at the beginning of the reporting period	12,003	13,599
Effect of foreign exchange rate changes	870	691
Cash and cash equivalents at the end of the reporting period	14,038	12,003

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

SuperRobotics Holdings Limited (the “Company”) was incorporated in the Cayman Islands and with effect from 22 April 2014, the Company deregistered in the Cayman Islands and continued in Bermuda with limited liability. The Company’s shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company are disclosed in the “Company Information” section to the annual report.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are provision of engineering products and related services (the “Robotics Business”).

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”), unless otherwise stated.

2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

New and amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HK-Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

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

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

HKFRS 18 *Presentation and Disclosure in Financial Statements*

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

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

The directors anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The material accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation of the consolidated financial statements

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

Going concern basis

During the year ended 31 December 2024, the Group incurred a net loss of approximately HK\$21,912,000 (2023: HK\$45,076,000). As at 31 December 2024, the Group had a capital deficiencies of approximately HK\$161,949,000 (2023: HK\$144,718,000) and net current liabilities of approximately HK\$18,576,000 (2023: nil) including cash and cash equivalents of approximately HK\$14,038,000 (2023: HK\$12,003,000) and other borrowings of approximately HK\$146,999,000 (2023: HK\$138,444,000).

These conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

In view of these circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- (i) On 16 January 2023, the Group entered into a new facilities agreement with 惠州市金達勝投資有限公司 (Huizhou Jindasheng Investment Limited*) ("HJIL"), who is a non-controlling shareholder of the Group's certain subsidiaries. Under the new facilities agreement, the new facilities granted to the Group with the amount of approximately RMB18,266,000 (equivalent to HK\$19,428,000) will be available for drawdown as and when needed as at 31 December 2024. The directors considered that such facilities will continue to be available given that such facilities are secured by the entire equity interest in a non-wholly owned subsidiary of the Group, 深圳市安澤智能機器人有限公司 ("Anzer"). It is expected that borrowings will continue to be available for drawdown under these facilities as and when needed in the next twelve months and within 3 years from the date of the new facilities.
- (ii) On 20 March 2025, the Company entered into settlement deeds with the lenders to allot and issue a total of 45,537,129 new shares at HK\$0.174 per settlement share to fully settle the outstanding unsecured borrowings and the outstanding interest payables due by the Group with a total amounts of approximately HK\$7,923,000.
- (iii) The management of the Company has actively taken measures to improve operating results and net cash inflows of the Group's Robotics Business in Hong Kong and People's Republic of China ("PRC") including but not limited to increase sales order for Robotics Business. Subsequent to the end of the reporting period, the Group entered into sales agreement with a customer for providing of engineering related services of approximately HK\$10,100,000.
- (iv) The Group will continue to source additional funding from external resources and/or fund raising opportunities.

* for identification purposes only



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Basis of preparation of the consolidated financial statements *(continued)*

Going concern basis (continued)

The directors have reviewed the Group's cash flow projection covering a period of not less than twelve months from 31 December 2024 prepared by the management and have considered the possible downward changes in its operating performance. They are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainty exists as to whether management of the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

- (i) Successful drawdown of the funds from abovementioned facilities as and when needed.
- (ii) Successful implementation of measures to improve the operating results of the Group's Robotic Business in Hong Kong and PRC and to generate sufficient cash inflow.
- (iii) Successfully sourcing additional funding from external resources and/or fund raising opportunities.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Basis of consolidation

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

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

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

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

Revenue from contracts with customers

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

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Revenue from contracts with customers *(continued)*

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

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

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

Sale with a right of return/exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

- (a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);
- (b) a refund liability/contract liability; and
- (c) an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers and are presented as right to returned goods asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Revenue from contracts with customers *(continued)*

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Sales of engineering products

Sales of engineering products are recognised when control of products has transferred, being when the products are delivered to the customers. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of the discounts. No significant element of financing is deemed present as the sales are made with a credit term stated in the contract up to 12 months. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

The Group requires customers to provide certain percentage of upfront deposits of total contract sum upon signing the contract. Deposits received are recognised as contract liabilities.

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

The Group typically agrees to a retention period of 12 months from the date of the delivery of engineering products to certain customer for the specified percentage of the contract value stated in the contracts. Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which is normally 12 months from the date of delivery. The relevant amounts of contract assets are reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the products supplied comply with agreed-upon specification and such assurance cannot be purchased separately.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Revenue from contracts with customers (continued)

Provision of engineering related services

The Group provides a service of equipment installation automation systems. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised based on the stage of completion of the contract using output method.

The Group's engineering services contracts include payment schedules which require stage payments over the period once certain specified milestones are reached. The Group requires certain customers to provide certain upfront deposits range of total contract sum, when the Group receives a deposit before the project commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which typically is 24 months from the date of the practical completion of the services. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

Leases

Short-term leases and leases of low-value assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

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

Government grants

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Employee benefits

Retirement benefit costs

The Group contributes to a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Scheme Ordinance for all employees in Hong Kong. Contributions are made based on a percentage of the employees’ relevant income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed in the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at 5% of the employees’ relevant income subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.

The employees of the Company’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a 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 Group’s employer contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions).

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities’ carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS Accounting Standards requires or permits their inclusion in the cost of an asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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

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

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

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

Current and deferred tax are recognised in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that asset.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Leasehold improvement	20%-33%
Furniture, fixtures and equipment	14%-33%
Motor vehicles	20%-25%

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

Impairment on property, plant and equipment

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

The recoverable amount of property, plant and equipment are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Impairment on property, plant and equipment *(continued)*

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount.

Inventories

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

Financial instruments

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at fair value through profit or loss (“**FVTPL**”).

A financial asset is held for trading if:

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

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income (“**FVTOCI**”) as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

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

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses, net” line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets and other item subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade receivables, bond receivables, deposits, other receivables, restricted bank balances and bank balances) and contract assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables and contract assets without significant financing component.

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

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 24.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Financial instruments *(continued)*

Financial assets *(continued)*

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

(i) Significant increase in credit risk

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Financial instruments *(continued)*

Financial assets *(continued)*

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 1 year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Financial instruments *(continued)*

Financial assets *(continued)*

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables and contract assets using a provision matrix taking into consideration historical credit loss experience and forward-looking information that is available without undue cost or effort.

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Financial instruments *(continued)*

Financial assets *(continued)*

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses, net' line item as part of the "exchange (loss)/gain, net".

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities including (trade payables, accruals and other payables (excluding employee benefits and other tax payables), amount due to a related company, amount due to a related party, interest payables and other borrowings) are subsequently measured at amortised cost, using the effective interest method.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Financial instruments (continued)

Financial liabilities and equity (continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses, net' line item in profit or loss as part of "exchange (loss)/gain, net" for financial liabilities that are not part of a designated hedging relationship.

Derecognition and modification of financial liabilities

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

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Financial instruments *(continued)*

Offsetting a financial asset and a financial liability

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

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 24.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Warranties

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales from Robotics Business are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Related party

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

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's material accounting policies, which are described in note 3 to the consolidated financial statements, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Provision of ECL for trade receivables, contract assets and other financial assets

Trade receivables and contract assets with significant balances or credit-impaired and all other financial assets measured at amortised cost are assessed for ECL individually.

In addition, the Group use practical expedient in estimating ECL on trade receivables and contract assets which are not assessed individually using a provision matrix. The provision rates are based on past due aging of debtors as groupings of various debtors taking into consideration of the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and other financial assets are disclosed in note 5(b) to the consolidated financial statements.

Write-down of inventories

The net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at the end of each reporting period. Details of the carrying amount of the inventories are disclosed in note 19 to the consolidated financial statements.

Fair value measurement of financial instruments under level 3 fair value hierarchy

Certain of the Group's financial assets at fair value through profit or loss under level 3 fair value hierarchy amounting to approximately HK\$1,200,000 (2023: nil) as at 31 December 2024 are measured at fair values with fair values being determined based on significant unobserved inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments. See note 5 to the consolidated financial statements for further disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments:

	2024 HK\$'000	2023 HK\$'000
Financial assets		
At fair value through profit or loss	2,624	—
Amortised cost	22,484	27,030
Financial liabilities		
Amortised cost	172,827	154,044

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits, bond receivables, other receivables, restricted bank balances, cash and cash equivalents, trade payables, accruals and other payables (excluding employee benefits and other tax payables), interest payables and other borrowings. Details of the financial instruments for the Group are disclosed in respective notes to the consolidated financial statements.

The risks associated with these financial instruments include market risk (foreign exchange risk, equity price risk and cash flow and fair value interest rate risk), credit risk and impairment assessment and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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

Market risk

Foreign exchange risk

The Group mainly operates in Hong Kong and the PRC with majority transactions settled in HK\$, Renminbi ("RMB") and United States dollar ("USD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities denominated in currencies other than the functional currency of the individual group companies and net investment in foreign operations.

As at 31 December 2024 and 2023, most of the financial assets and liabilities of the Group's subsidiaries are denominated in their respective functional currencies. Hence, the directors consider the Group does not have any material foreign exchange risk exposure. No sensitivity analysis is presented.

The Group currently does not have a foreign exchange hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk (continued)

Equity price risk

As at 31 December 2024, the Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. For equity securities measured at FVTPL quoted in the Stock Exchange, the directors manage this exposure by maintaining a portfolio of investments with different risks. The management has monitored the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the end of the reporting period. For sensitivity analysis of equity securities with fair value measurement categorised within Level 1 fair value hierarchy (valuation based on quoted price (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date), the sensitivity rate is 5% as a result of the volatile financial market.

If the prices of the respective equity instruments had been 5% higher/lower, the pre-tax loss for the year ended 31 December 2024 would increase/decrease by approximately HK\$71,000 as a result of the changes in fair value of listed equity securities classified as FVTPL.

Cash flow and fair value interest rate risk

The Group is exposed to fair value interest rate risk through the impact of rate changes on interest bearing assets and liabilities. Bond receivables and borrowings obtained at fixed rates expose the Group to fair value interest rate risk. In the opinion of the directors, the expected change in fair values as a result of change in market interest rates will not be significant, thus no sensitivity analysis is presented.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's assets and liabilities, which bear variable interest rates mainly, include cash at bank. The directors do not anticipate significant change in cash flow as a result of change in market interest rates, thus no sensitivity analysis is presented.

Management manages the interest rate risk exposure through regular review to determine the funding strategy as appropriate to its current business profile.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment

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

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

Internal credit rating	Description	Trade receivables and contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery or in the case of trade receivables and contract assets, when the amounts are over 1 year past due, whichever occurs sooner	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment (continued)

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

	Internal credit rating	12m or lifetime ECL	2024 Gross Carrying amount <i>HK\$'000</i>	2023 Gross Carrying amount <i>HK\$'000</i>
Financial assets at amortised cost				
Trade receivables	<i>(Note)</i>	Lifetime ECL (not credit-impaired)	6,953	8,644
		Lifetime ECL (credit-impaired)	221	782
Contract assets	<i>(Note)</i>	12m ECL	–	13
Bond receivables	Low risk	12m ECL	1,900	1,900
Other receivables	Low risk	12m ECL	460	4,659
Restricted bank balances	N/A	12m ECL	126	–
Cash and cash equivalents	N/A	12m ECL	14,038	12,003

Note:

For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix, grouped by past due status.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its operations. Trade receivables and contract assets with gross carrying amounts of approximately HK\$2,882,000 (2023: HK\$612,000) and nil (2023: HK\$13,000) respectively are assessed based on provision matrix. Trade receivables with the gross carrying amounts of approximately HK\$4,292,000 (2023: HK\$8,814,000) are assessed individually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment (continued)

Trade receivables and contract assets arising from contracts with customers

The Group has concentration of credit risk as 38% (2023: 58%) and 98% (2023: 99%) of the total trade receivables and contract assets was due from the Group's largest customer and the five largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In order to minimise credit risk, the Group has delegated its finance team to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The finance team uses publicly available financial information and the Group's own historical repayment records to rate its major customers and debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment (continued)

Trade receivables and contract assets arising from contracts with customers (continued)

The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). Customers with significant outstanding balances or credit-impaired of trade receivables with gross amounts of HK\$4,071,000 and HK\$221,000 respectively as at 31 December 2024 (2023: HK\$8,032,000 and HK\$782,000) were assessed individually.

As at 31 December 2024

	Expected loss rate %	Gross amounts HK\$'000	Loss allowance HK\$'000
Current (not past due)	32	2,795	895
1-3 months past due	—	—	—
3-6 months past due	—	3	—
Over 6 months past due	31	84	26
		2,882	921

As at 31 December 2023

	Expected loss rate %	Gross amounts HK\$'000	Loss allowance HK\$'000
Current (not past due)	—	349	1
1-3 months past due	—	—	—
3-6 months past due	—	—	—
Over 6 months past due	43	276	118
		625	119

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The ECL for collectively assessed trade receivables are HK\$921,000 (2023: HK\$119,000) as at 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment (continued)

Trade receivables and contract assets arising from contracts with customers (continued)

Trade receivables which classified as significant balances and credit-impaired of approximately HK\$4,071,000 (2023: HK\$8,032,000) and HK\$221,000 (2023: HK\$782,000) as at 31 December 2024 are assessed individually for impairment allowance and determined whether specific provisions are required. The ECL in respect of individually assessed trade receivables which classified as significant balances and credit-impaired as at 31 December 2024 are assessed to be nil (2023: nil) and HK\$221,000 (2023: HK\$782,000) respectively. The trade receivables with credit-impaired mainly due to trade receivables part due more than 1 year.

Bond receivables, loan receivables, other receivables and deposits

For bond receivables, loan receivables, other receivables and deposits, the management makes periodic individual assessment on the recoverability of these receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk for these amounts since initial recognition and the Group provided impairment based on 12m ECL, except for gross carrying amounts of approximately HK\$104,000 (2023: nil), which were assessed based on lifetime ECL (credit-impaired) as at 31 December 2024. For the years ended 31 December 2024 and 2023, the Group assessed the ECL for deposits are insignificant and thus no loss allowance is recognised. The Group assessed 12m ECL for loan receivables and bond receivables and concluded that impairment losses with the amounts of nil was recognised (2023: impairment loss reversed of HK\$252,000) and HK\$2,000 (2023: impairment loss recognised of HK\$82,000) was reversed for the year ended 31 December 2024.

Restricted bank balances and bank balances

Credit risk on restricted bank balances and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on restricted bank balances and bank balances is considered to be insignificant and therefore no loss allowance was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment (continued)

The following table shows the movement in lifetime ECL (credit-impaired) that has been recognised for trade receivables under the simplified approach:

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2023	—	—	—
Impairment losses recognised	119	788	907
Written-off	—	(782)	(782)
Exchange alignment	—	(6)	(6)
As at 31 December 2023 and as at 1 January 2024	119	—	119
Impairment losses recognised	947	104	1,051
Transfer to lifetime ECL (credit-impaired)	(118)	118	—
Exchange alignment	(27)	(1)	(28)
As at 31 December 2024	921	221	1,142

The following table shows the movement in 12m ECL that has been recognised for bond receivables under the general approach:

	HK\$'000
As at 1 January 2023	—
Impairment loss recognised	82
As at 31 December 2023 and as at 1 January 2024	82
Impairment loss reversed	(2)
As at 31 December 2024	80

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment (continued)

The following table shows the movement in lifetime ECL (credit-impaired) that has been recognised for other receivables under the general approach:

	<i>HK\$'000</i>
As at 1 January 2023, as at 31 December 2023 and as at 1 January 2024	–
Impairment loss recognised	107
Exchange alignment	(3)
As at 31 December 2024	104

The following table shows the movement in 12m ECL that has been recognised for loan receivables under the general approach:

	<i>HK\$'000</i>
As at 1 January 2023	252
Impairment loss recognised	(252)
As at 31 December 2023, as at 1 January 2024 and as at 31 December 2024	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk

Ultimate responsibility for liquidity risk rests with the board of directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate level of cash and cash equivalents and by continuously monitoring forecast and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	On demand or within 1 year HK\$'000	Within 2-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
As at 31 December 2024				
Non-derivative financial liabilities				
Trade payables	5,524	—	5,524	5,524
Accruals and other payables	4,295	5,431	9,726	9,726
Amount due to a related party	1,352	—	1,352	1,352
Amount due to a related company	9,226	—	9,226	9,226
Other borrowings	7,289	164,731	172,020	146,999
	27,686	170,162	197,848	172,827

	On demand or within 1 year HK\$'000	Within 2-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
As at 31 December 2023				
Non-derivative financial liabilities				
Trade payables	1,230	—	1,230	1,230
Accruals and other payables	5,444	—	5,444	5,444
Amount due to a related company	—	8,926	8,926	8,926
Other borrowings	360	187,243	187,603	138,444
	7,034	196,169	203,203	154,044

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value of financial instruments

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximates to their fair values.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under level 3, the Group engages a firm of independent qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the findings to the directors to explain the cause of fluctuations in the fair value.

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Fair value hierarchy as at 31 December 2024				
Financial assets at FVTPL				
– Equity securities listed in Hong Kong	1,424	–	–	1,424
– Unlisted equity investments	–	–	292	292
– Put options related to acquisition of unlisted equity investments	–	–	908	908

The Group's policy is to recognise transfers into and out of fair value hierarchy levels at the end of the date of the events or change in circumstances that caused the transfer.

During the year ended 31 December 2024 and 2023, there were no transfers between level 1 and level 2, or transfers into or out of level 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value of financial instruments *(continued)*

Information about level 3 fair value measurements

	Valuation techniques	Significant unobservable input	Relation of significant unobservable inputs to fair value
As at 31 December 2024			
Unlisted equity investments	Market approach	Enterprise value-to-sale ratio of 0.99	The enterprise value to sales ratio is positively correlated to the fair value measurement of the unlisted equity investments
		Discount of lack of marketability of 15.60%	The discount of lack of marketability is negatively correlated to the fair value measurement of the unlisted equity investments
Put options related to acquisition of unlisted equity investments	Option pricing model under income approach	Market value of unlisted equity security of approximately HK\$292,000	The market value of unlisted equity security is negatively correlated to the fair value measurement of put options related to acquisition of unlisted equity investments
		Expected volatility of 13.07%	The expected volatility is positively correlated to the fair value measurement of put options related to acquisition of unlisted equity investments
		Discount rate of 5.25%	The discount rate is negatively correlated to the fair value measurement of put options related to acquisition of unlisted equity investments

Information about the valuation techniques used in determining the fair value of the unlisted equity securities are disclosed above.

The Group's policy is to recognise transfer into and out of fair value hierarchy levels as of the date of the events or change in circumstances that caused the transfer.

The following table presents the changes in fair value of financial assets which are classified as level 3 fair value hierarchy:

	<i>HK\$'000</i>
As at 1 January 2023, 31 December 2023 and as at 1 January 2024	—
Acquisition of unlisted equity securities	1,200
As at 31 December 2024	1,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCIAL INSTRUMENTS *(continued)*

(d) Capital management

The primary objective of the Group's capital management is to safeguard that the entities in the Group will be able to continue as a going concern and maintain healthy ratios in order to support its business and enhance shareholder's value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue of new shares and repurchase of shares as well as issue of new debts or redemption of existing debts. The Group's capital management objective, policies or processes were unchanged from prior years.

The Group is not subject to any external imposed capital requirements except for the requirement to maintain its listing on GEM of the Stock Exchange, which mandates a public float of at least 25% of the shares.

The Group monitors capital using gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current other borrowings, amount due to a related company, amount due to a related party and interest payables), less cash and cash equivalents. Total capital deficiencies is calculated as "total deficits", as shown in the consolidated statement of financial position plus net debt. The net debt amounts and gearing ratios at the end of the reporting period were as follows:

	2024 HK\$'000	2023 HK\$'000
Total borrowings	163,637	147,639
Less: cash and cash equivalents	(14,038)	(12,003)
Net debts	149,599	135,636
Total capital deficiencies	(161,949)	(144,718)
Net debt to equity ratio	N/A	N/A

6. SEGMENT INFORMATION

The Group's operating segment have been determined based on the information reported to and reviewed by the executive directors, being the Group's chief operating decision-maker (the "CODM"), which are used for the purposes of assessing performance and making strategic decisions. The Group's operating segment is structured and managed separately according to the nature of their operations, and the products and services they provide. Each of the Group's operating segment represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT INFORMATION *(continued)*

The Group's revenue and contribution to profit were mainly derived from its provision of engineering products and related services, which is regarded as a single operating segment in a manner consistent with the way in which information is regularly reviewed and evaluated by the Group's CODM, for purposes of resource allocation and performance assessment. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

Geographical information

Information about the Group's revenue from external customers, presented based on geographical location of the customers, and information about the Group's non-current assets (excluded financial instruments), presented based on geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets (excluded financial instruments)	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	26,690	—	—	—
PRC	3,214	15,081	—	112
	29,904	15,081	—	112

Information about major customers

Details of the customers individually representing 10% or more of the Group's revenue are as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	18,120	—
Customer B	7,967	—
Customer C	—	5,160
Customer D	—	4,667
Customer E	—	2,605

Except for disclosed above, no other customers contributed 10% or more to the Group for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. REVENUE

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers		
Provision of engineering products and related services	29,301	15,081
Sales of wine	603	—
	29,904	15,081
	2024 HK\$'000	2023 HK\$'000
Timing of revenue recognition		
At a point in time	3,051	9,844
Over time	26,853	5,237
	29,904	15,081

Transaction allocated to the remaining performance obligation for contracts with customers

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contract for provision of engineering products and related services and sales of wine such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contract for provision of engineering products and related services and sales of wine that had an original expected duration of one year or less.

8. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Bank interest income	18	7
Loan interest income	—	20
Interest income from bond receivables	95	93
Government grants	—	111
Sundry income	21	100
Bad debts recover	91	16
	225	347

During the year ended 31 December 2023, the Group recognised government grants in respect of subsidies provided by the PRC local government in respect of research and development as a support. There were no unfulfilled conditions or contingencies relating to these government grants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. OTHER GAINS AND LOSSES, NET

	2024 HK\$'000	2023 HK\$'000
Loss on modification of financial liabilities (Note 25)	–	(7,087)
Written-off of prepayment	(305)	–
Loss on early repayment of other borrowings	(559)	–
(Loss)/gain on disposal and written off of property, plant and equipment	(322)	2,020
Over-provision of other payables	–	22
Realised gain/(loss) on fair value change of financial assets at fair value through profit or loss	6,485	(292)
Unrealised loss on fair value change of financial assets at fair value through profit or loss	(531)	–
Waiver of loan interest payables	–	1,753
Exchange (loss)/gain, net	(77)	2
	4,691	(3,582)

10. OPERATING PROFIT/(LOSS)

Operating profit/(loss) has been arrived at after charging/(crediting):

	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration:		
– audit services	812	762
– non-audit services	43	43
Cost of inventories sold (included in cost of sales)	1,477	5,616
Cost of services provided (included in cost of sales)	25,201	2,139
Depreciation of property, plant and equipment	111	481
Impairment losses recognised under expected credit loss model, net of reversal:		
– trade receivables	1,051	907
– bond receivables	(2)	82
– other receivables	107	–
– loan receivables	–	(252)
	1,156	737
Expenses relating to short-term leases	–	1,072
Expenses relating to lease of low-value assets	3	16
Staff costs (including directors' emoluments)	2,900	6,679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Imputed interest on other borrowings	16,277	13,660
Interest on other borrowings	6,416	23,536
Total interest expense on financial liabilities not at fair value through profit or loss	22,693	37,196

12. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2024 HK\$'000	2023 HK\$'000
Salaries and other allowances	2,708	6,262
Pension costs – defined contribution plans	192	417
	2,900	6,679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS) *(continued)*

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2023: one) director whose emoluments are reflected in the analysis shown in note 13 to the consolidated financial statements. The emoluments payable to the remaining four (2023: four) individuals for both years are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other allowances	1,229	1,357
Pension costs – defined contribution plans	49	123
	1,278	1,480

The emoluments of the aforementioned individuals fell within the following bands:

	Number of individuals	
	2024	2023
Nil – HK\$500,000	4	4

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for both years. None of the five highest paid individuals waived or agreed to waive any emoluments for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. DIRECTORS' EMOLUMENTS

Analysis of directors' remuneration on named basis is as follows:

For the year ended 31 December 2024

	Fees HK\$'000	Salaries and other allowance HK\$'000	Pension costs HK\$'000	Total HK\$'000
Executive directors				
Mr. Su Zhenhui (appointed on 19 April 2024)	84	356	20	460
Mr. Feng Zheng (appointed on 19 April 2024)	84	—	—	84
Mr. Fan Yu (resigned on 19 April 2024)	36	—	—	36
Ms. Qiu Xueyun (resigned on 19 April 2024)	—	47	11	58
Non-executive director				
Ms. Li Jiaqi (appointed on 31 October 2024)	11	—	—	11
Independent non-executive directors				
Mr. Tam B Ray, Billy	150	—	—	150
Mr. Xu Guojun	131	—	—	131
Ms. Han Xiao (resigned on 5 July 2024)	67	—	—	67
Mr. Xue Wei (appointed on 5 July 2024)	64	—	—	64
	627	403	31	1,061

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. DIRECTORS' EMOLUMENTS (continued)

For the year ended 31 December 2023

	Fees HK\$'000	Salaries and other allowance HK\$'000	Pension costs HK\$'000	Total HK\$'000
Executive directors				
Mr. Fan Yu	120	—	—	120
Ms. Qiu Xueyun	—	283	39	322
Independent non-executive directors				
Mr. Tam B Ray, Billy	150	—	—	150
Mr. Xu Guojun (appointed on 30 November 2023)	11	—	—	11
Ms. Han Xiao	132	—	—	132
Ms. Zhao Yang (resigned on 30 November 2023)	121	—	—	121
	534	283	39	856

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

The non-executive director and independent non-executive directors' emoluments shown above were for their services as directors.

There was no arrangements under which a director waived or agreed to waive any emoluments during the years ended 31 December 2024 and 2023.

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

Except for disclosed in note 34 to the consolidated financial statements, no other transactions, arrangements and contracts in relation to the Group's business to which the Company or any subsidiaries of the Company was a party and in which a director had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. INCOME TAX EXPENSE

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

No provision for the Hong Kong Profits Tax and PRC Enterprise Income Tax has been made as the Group have no estimated assessable profit for both years.

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

	2024 HK\$'000	2023 HK\$'000
Loss before tax	(21,912)	(45,076)
Tax at domestic income tax rate	(5,445)	(10,313)
Tax effect of:		
Income not taxable for tax purpose	(217)	(1,361)
Expenses not deductible for tax purpose	6,376	11,385
Estimated tax losses not recognised	328	289
Utilisation of tax losses previously not recognised	(1,042)	—
Income tax expense for the year	—	—

As at 31 December 2024, the Group has unused estimated tax losses of HK\$280,052,000 (2023: HK\$301,493,000) that are available indefinitely for offsetting against future taxable profits of the group entities in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Except for tax losses with the amounts of HK\$3,856,000 (2023: HK\$6,814,000) and HK\$266,710,000 (2023: HK\$279,088,000) which will be expired within five years and seven years respectively, the remaining amount of unrecognised tax losses could be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. DIVIDEND

No final dividend was paid or proposed during the year ended 31 December 2024, nor any dividend has been proposed by the board of directors subsequent to the end of the reporting period (2023: nil).

16. LOSS PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	(10,179)	(27,756)
	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	607,464	569,740

The Group had no potential dilutive ordinary shares in issue for both years. The basic and diluted for per share are same for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement <i>HK\$'000</i>	Furniture, fixture and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
As at 1 January 2023	3,129	9,625	662	13,416
Disposal and written off	(3,041)	(4,384)	–	(7,425)
Exchange realignment	(88)	(226)	(18)	(332)
As at 31 December 2023 and as at 1 January 2024	–	5,015	644	5,659
Additions	–	–	1,150	1,150
Disposal and written off	–	–	(1,150)	(1,150)
Exchange realignment	–	(131)	(19)	(150)
As at 31 December 2024	–	4,884	625	5,509
Accumulated depreciation and impairment				
As at 1 January 2023	3,129	9,004	546	12,679
Depreciation charge during the year	–	432	49	481
Disposal and written off	(3,041)	(4,256)	–	(7,297)
Exchange realignment	(88)	(213)	(15)	(316)
As at 31 December 2023 and as at 1 January 2024	–	4,967	580	5,547
Depreciation charge during the year	–	47	64	111
Exchange realignment	–	(130)	(19)	(149)
As at 31 December 2024	–	4,884	625	5,509
Carrying amounts				
As at 31 December 2024	–	–	–	–
As at 31 December 2023	–	48	64	112

Property, plant and equipment with the cost of approximately HK\$5,509,000 (2023: HK\$5,547,000) were fully depreciated and impaired and still in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. LEASES

(a) Total cash outflow for leases

The total cash outflow for leases during the year ended 31 December 2024 was approximately HK\$3,000 (2023: HK\$1,088,000).

(b) The Group's leasing activities and how these are accounted for

The Group regularly entered into short-term leases for office, plant and office equipment. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed in note 10. There was no outstanding lease commitments relating to the short-term leases for both years.

19. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Raw materials	–	90
Finished goods	320	–
	320	90

During the year ended 31 December 2024, the reversal of write-down of slow moving inventories of approximately HK\$855,000 (2023: reversal of write-down of slow moving inventories of HK\$4,245,000) was recognised in the consolidated statement of profit or loss and other comprehensive income.

20. CONTRACT ASSETS

	2024 HK\$'000	2023 HK\$'000
Retention receivables arising from contracts with customers	–	13
Less: Allowance for credit losses	–	–
	–	13

As at 1 January 2023, contract assets arising from contracts with customers (before allowance for credit losses) amounted to approximately HK\$16,000.

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

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. CONTRACT ASSETS *(continued)*

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which typically is 24 months from the date of the practical completion of the services. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

As at 31 December 2023, contract assets with amounts of approximately HK\$6,000 (before allowance for credit losses) due from companies which Mr. Su has equity interests on these companies.

As at 31 December 2023, contract assets with the amounts of approximately HK\$13,000 are denominated in RMB.

21. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables from contracts with customers	7,174	8,644
Less: Allowance for credit losses	(1,142)	(119)
	6,032	8,525

As at 1 January 2023, trade receivables from contracts with customers (before allowance for credit losses) amounted to approximately HK\$543,000.

The Group allows credit periods to customers maximum up to 12 months.

The aging analysis of trade receivables (net of allowance for credit losses) presented based on earliest of invoice date or revenue recognition date is as follows:

	2024 HK\$'000	2023 HK\$'000
0-30 days	5,971	8,367
31-60 days	—	—
61-90 days	—	—
Over 90 days	61	158
	6,032	8,525

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. TRADE RECEIVABLES *(continued)*

As at 31 December 2024, trade receivables with amounts of approximately HK\$327,000 (2023: HK\$640,000) due from companies (before allowance for credit losses) which Mr. Su has equity interests on these companies.

As at 31 December 2024, included in the Group's trade receivables are debtors with aggregate carrying amounts of HK\$61,000 (2023: HK\$158,000) (net of allowance for credit losses) which are past due as at the end of the reporting period. Out of the past due balances, HK\$61,000 (2023: HK\$158,000) (net of allowance for credit losses) has been past due 90 days or more and is not considered as in default due to good track record of the debtors with the Group. The Group does not hold any collateral over these balances.

As at 31 December 2024, trade receivables (net of allowance for credit losses) with the amounts of approximately HK\$1,959,000 (2023: HK\$8,525,000) and HK\$4,073,000 (2023: nil) are denominated in RMB and USD respectively.

22. DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Deposits	7	25
Deposits paid for acquisition of property, plant and equipment	650	—
Prepayment	254	309
Other receivables	460	4,659
Bond receivables	1,821	1,818
	3,192	6,811
Less: non-current portion	(650)	(1,818)
	2,542	4,993

Bond receivables with the principal amounts of HK\$1,900,000 were unsecured, interest bearing at 5% and matured on 2 years from the drawdown date. On 8 January 2025, the Group agreed to further extend the maturity date to 9 June 2025. Except for the extension of maturity date, other terms remain unchanged.

As at 31 December 2024, deposits, prepayment and other receivables (net of allowance for credit losses) with amounts of approximately HK\$511,000 (2023: HK\$2,995,000) are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Listed securities classified as held for trading investments:		
– Equity securities listed in Hong Kong, at fair value	1,424	–
Unlisted equity investments	292	–
Put options related to acquisition of unlisted equity investments	908	–
	2,624	–

At the end of the reporting period, all financial assets at FVTPL are stated at fair values. Fair values of listed securities classified as held for trading investments are determined with reference to quoted market closing prices.

During the year ended 31 December 2024, the Group acquired 5.75% equity interest in unlisted equity investments with the consideration of HK\$1,200,000. The vendor provide the Group an option to dispose of its 5.75% equity interest in unlisted equity investments within 36 months with the consideration of HK\$1,200,000 from the date of the completion. Details of fair value measurement are disclosed in note 5 to the consolidated financial statements.

24. RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Restricted bank balances	126	–
Cash at bank and cash on hand	14,038	12,003
Maximum exposure to credit risk of restricted bank balances and cash at bank	14,159	11,998

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS *(continued)*

As at 31 December 2024, bank balances of approximately HK\$126,000 (2023: nil) are frozen as restricted bank balances in relation to the labours dispute and amounts of approximately HK\$101,000 (2023: nil) are denominated in RMB.

Restricted bank balances and bank balances earns interest at floating rates based on daily bank deposit rates. The restricted bank balances and bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2024, amounts of approximately HK\$126,000 (2023: nil) and nil (2023: HK\$182,000) of the Group's restricted bank balances and cash and cash equivalents placed with banks in the PRC were denominated in RMB respectively, which is subject to foreign exchange control regulations of the PRC.

As at 31 December 2024, cash and cash equivalents with amounts of approximately nil (2023: HK\$157,000) are denominated in RMB.

25. SHARE CAPITAL

	Number of shares '000	Amounts HK\$'000
Authorised:		
<i>Ordinary shares of HK\$0.1 each</i>		
As at 1 January 2023, as at 31 December 2023, as at 1 January 2024 and as at 31 December 2024	4,950,000	495,000
<i>Preference shares of HK\$0.1 each</i>		
As at 1 January 2023, as at 31 December 2023, as at 1 January 2024 and as at 31 December 2024	50,000	5,000
Issued and fully paid:		
<i>Ordinary shares</i>		
As at 1 January 2023	506,220	50,622
Issue of new shares by way of debt capitalisation (<i>Note</i>)	101,244	10,124
As at 31 December 2023, as at 1 January 2024 and as at 31 December 2024	607,464	60,746

Note:

On 23 May 2023, the Company completed to allot and issue total of 101,243,933 new shares of HK\$0.23 per settlement share to settle in full and/or in part of unsecured borrowings outstanding to the borrowers by the Group in accordance with the settlement deed with the total amounts of approximately HK\$23,285,000. Loss of approximately HK\$7,087,000 was recognised in profit or loss.

There are no issued and fully paid preference shares as at 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. TRADE PAYABLES

The following is an aging analysis of trade payables presented based on earliest of invoice date or date of delivery of goods:

	2024 HK\$'000	2023 HK\$'000
0-30 days	5,378	949
31-60 days	—	—
61-90 days	—	5
Over 90 days	146	276
	5,524	1,230

As at 31 December 2024, trade payables with the amounts of approximately HK\$1,110,000 (2023: HK\$1,230,000) and HK\$4,414,000 (2023: nil) are denominated in RMB and USD respectively.

The credit period normally granted from suppliers up to 120 days.

27. ACCRUALS AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Accruals	18,135	20,062
Other payables	721	2,172
Other tax payables	56	1,044
Interest payables	6,060	269
	24,972	23,547
Less: Interest payables classified as non-current portion	(5,431)	—
	19,541	23,547

Accruals mainly comprised of accrued staff costs of approximately HK\$15,190,000 (2023: HK\$17,059,000) and accrued auditor's remuneration of approximately HK\$785,000 (2023: HK\$735,000).

Amount due to a related company of approximately HK\$9,226,000 (2023: HK\$8,926,000), which is controlled by Mr. Su, was unsecured and interest-free. On 15 December 2023, the related company agreed not to demand repayment from the Group in next 18 months.

Amount due to a related party of approximately HK\$1,352,000 (2023: nil) was due to Mr. Su. The amount due was unsecured, interest-free and repayable on demand and denominated in RMB.

As at 31 December 2024, accruals and other payables with amounts of approximately HK\$22,727,000 (2023: HK\$19,023,000) are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. OTHER BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Secured borrowings (<i>Note</i>)	139,792	131,237
Unsecured borrowings	7,207	7,207
	146,999	138,444

The unsecured borrowings with the amounts of approximately HK\$7,207,000 (2023: HK\$7,207,000) were unsecured, interest bearing at fixed interest rate at 5% (2023: 5%) per annum and repayable within 2025 (2023: 2025).

In March 2023, the Group entered into a repayment with certain lenders to settle outstanding principal amounts of approximately HK\$9,726,000 for unsecured borrowings that matured and remained outstanding as of 31 December 2022. Upon repayment of other borrowings, those lenders agreed to waive all outstanding interest expenses owed by the Group with the amounts of approximately HK\$1,753,000. The repayment was completed in March 2023.

On 23 May 2023, the Company completed the allotment and issuance of a total of 101,243,933 new shares of HK\$0.23 per settlement share. These shares were issued to fully or partially settle unsecured borrowings outstanding to the Group's borrowers, in accordance with the settlement deed, amounting to approximately HK\$23,285,000.

On 16 January 2023, the Group entered into new facilities agreement with HJIL to borrow approximately RMB108,634,000 (equivalent to HK\$119,085,000) (the "New Facilities"), repayable 3 years after the agreement date. The proceeds from borrowing were used to repay the outstanding principal of several borrowings indebted to HJIL as at 31 December 2022. The outstanding interest payables due to HJIL as at 31 December 2022, amounting to approximately RMB38,755,000 (equivalent to HK\$42,483,000) will be extended for repayment 3 years after the agreement date and will be non-interest bearing (the "Interest-free Loan"). The interest rate of this borrowing will be at 18% per annum. A gain on early repayment of approximately HK\$40,749,000 was recognised as a contribution from non-controlling interests. The effective interest rate was 11.40%.

On 29 December 2023, HJIL entered into an agreement with the Company to waive all interest expense incurred during the year ended 31 December 2023 with the amounts of approximately RMB20,383,000 (equivalent to HK\$22,344,000). The agreement also adjusted the interest rate to 5% starting from 1 January 2024. A gain on modification of approximately HK\$3,223,000 and the waiver of interest expense were recognised as a contribution from non-controlling interests. The effective interest rate was 12.81%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. OTHER BORROWINGS *(continued)*

Note:

Secured borrowings are analysed as below:

	2024 HK\$'000	2023 HK\$'000	Maturity date	Fixed interest rate
New Facilities:				
– Interest-free loan	34,362	33,889	January 2026	–
– Interest bearing borrowings	105,430	97,348	January 2026 to December 2027 (2023: January 2026 to November 2026)	5%(2023:18%)
	139,792	131,237		

The outstanding principal of interest-free loan and interest bearing borrowings was approximately HK\$38,448,000 (2023: HK\$42,483,000) and HK\$119,746,000 (2023: HK\$124,612,000) respectively.

The entire secured borrowings represent loans from HJIL, non-controlling interests of the Group. The borrowings were secured by equity shares of Anzer which is indirectly held by the Company.

As at the end of the reporting period, the borrowings are repayable as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	7,207	–
Between 1 and 2 years	135,589	7,207
Between 2 and 5 years	4,203	131,237
	146,999	138,444
Less: amounts due within one year shown under current liabilities	(7,207)	–
Amounts shown under non-current liabilities	139,792	138,444

The amounts due are based on scheduled repayment dates set out in the loan agreement. Interest is payable upon repayment of principal.

As at 31 December 2024, other borrowings with amounts of approximately HK\$139,792,000 (2023: HK\$131,237,000) are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Contract liabilities from provision of engineering products	208	125

As at 1 January 2023, contract liabilities from provision of engineering products amounted to approximately HK\$2,856,000.

The Group's engineering services contracts include payment schedules which require stage payments over the period once certain specified milestones are reached. The Group requires certain customers to provide certain upfront deposits range of total contract sum, when the Group receives a deposit before the project commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

No contract liabilities as at 31 December 2023 and 2022 were recognised as revenue during the year ended 31 December 2024 and 2023. Amounts of approximately HK\$102,000 (2023: HK\$105,000) were advanced payment from a company which Mr. Su has equity interests. Contract liabilities with the amounts of approximately HK\$208,000 (2023: HK\$125,000) were denominated in RMB for both years.

The Group classifies these contract liabilities as current because the Group expects these balances to be settled in its normal operating cycle which is within 12 months after the end of the reporting period.

30. EQUITY-SETTLED SHARE-BASED PAYMENTS

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 7 November 2014 for the primary purpose of providing incentives to directors and eligible employees, and will expire on the 10th anniversary thereof (i.e. 6 November 2024). Under the Scheme, the directors may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside third parties for settlement in respect of goods or services provided to the Company or any person who, in the sole discretion of the board, has contributed or may contribute to the Group eligible for options under the Scheme.

As at 31 December 2024 and 2023, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was zero, representing 0% of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital must be approved in advance by the Company's shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. EQUITY-SETTLED SHARE-BASED PAYMENTS *(continued)*

Options granted must be taken up within 1 month of the date of grant, upon payment of non-refundable nominal consideration of HK\$1 per option. The exercise period of the share options granted is determinable by the directors in accordance with the terms of the Scheme, and commences from the date of acceptance of the offer of the share options and ends on a date which is not later than 10 years from the date of grant of the share options. The exercise price is determined by the directors, and will not be less than the higher of (i) the closing price of the Company's shares on the Stock Exchange on the date of grant, (ii) the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share.

There were no outstanding share options as at 31 December 2023. Upon expiry of the Scheme on 6 November 2024, the Group did not have any share option scheme adopted.

31. RETIREMENT BENEFIT SCHEME

The Group contributes to a defined contribution the MPF Scheme under the Mandatory Provident Fund Scheme Ordinance for all employees in Hong Kong. Contributions are made based on a percentage of the employees' relevant income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed in the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at 5% of the employees' relevant income subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.

The employees of the Company's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a 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 Group's employer contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions).

The total expenses recognised in profit or loss for contributions payable to these plans by the Group at rates specified in the rules of the plans are set out in notes 12 and 13 to the consolidated financial statements respectively.

During the year ended 31 December 2024, there is no forfeited contributions included in retirement benefits schemes contributions (2023: nil).

32. COMMITMENTS

As at 31 December 2024, the Group has no significant capital commitment (2023: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. STATEMENT OF FINANCIAL POSITION AND MOVEMENT OF RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	2024 HK\$'000	2023 HK\$'000
Non-current asset		
Interests in subsidiaries	—	—
Current asset		
Cash and cash equivalents	1,888	11
Total assets	1,888	11
Capital and reserves		
Share capital	60,746	60,746
Reserves	(98,303)	(96,060)
Total capital deficiencies	(37,557)	(35,314)
Non-current liabilities		
Other borrowings	—	7,207
Amount due to a related company	—	5,470
	—	12,677
Current liabilities		
Accruals and other payables	5,567	4,400
Amounts due to subsidiaries	20,901	18,248
Amount due to a related company	5,770	—
Other borrowings	7,207	—
	39,445	22,648
Total liabilities	39,445	35,325
Total equity and liabilities	1,888	11
Net current liabilities	(37,557)	(22,637)
Total assets less current liabilities	(37,557)	(22,637)

Signed on behalf of the board by:

Su Zhenhui
Director

Feng Zheng
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(b) Movement of reserves of the Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 January 2023	488,163	38,991	(612,380)	(85,226)
Loss and total comprehensive loss for the year	–	–	(29,857)	(29,857)
Issue of new share by way of debt capitalisation	20,248	–	–	20,248
Share issuing expenses	(1,225)	–	–	(1,225)
As at 31 December 2023 and as at 1 January 2024	507,186	38,991	(642,237)	(96,060)
Loss and total comprehensive loss for the year	–	–	(2,243)	(2,243)
As at 31 December 2024	507,186	38,991	(644,480)	(98,303)

34. RELATED PARTY TRANSACTIONS

The followings are summary of related party transactions entered into in the ordinary course of business between the Group and its related parties and the balances arising from related party transactions in addition to the related party information shown elsewhere in these consolidated financial statements.

Key management compensation

Key management personnel are the Company's executive directors. Details of compensation of key management personnel are disclosed in note 13 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. RELATED PARTY TRANSACTIONS (continued)

	2024 HK\$'000	2023 HK\$'000
Amounts due to directors		
Mr. Feng Zheng (Note)	84	—
Mr. Su Zhenhui (Note)	84	—
Ms. Li Jiaqi (Note)	11	—
Mr. Xue Wei (Note)	64	—
Mr. Fan Yu (Note)	—	170
Mr. Tam B Ray, Billy (Note)	238	150
Mr. Xu Guojun (Note)	11	11
Ms. Qiu Xueyun (Note)	—	174
Ms. Han Xiao (Note)	304	237
Total amounts due to directors	796	742
Amounts due to former directors		
Ms. Zhao Yang (Note)	226	226
Dr. Andrew Goldenberg (Note)	722	722
Mr. Cheng Yu (Note)	95	95
Total amounts due to former directors	1,043	1,043

Note:

The amounts due are unsecured, interest-free and repayable on demand. The balances were related to accrued staff costs and included in accruals and other payables (note 27).

Balances with other related parties

Balances with other related parties are set out in notes 20, 21, 27 and 29 to the consolidated financial statements respectively. Those related parties were companies in which Mr. Su held equity interest.

Transactions with related parties

	2024 HK\$'000	2023 HK\$'000
Provision for intelligence project services to related companies	571	1,242

During the years ended 31 December 2024 and 2023, certain related companies provided office and warehouse to the Group's operation for which no charge was made by those related companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Company are listed as follows:

Name of subsidiary	Place/country of incorporation	Class of shares held	Proportion of ownership interest and voting power held by the Company		Issued and fully paid share capital/ registered capital	Principal activities
			2024 %	2023 %		
Ace Jounery Company Limited	British Virgin Island ("BVI")	Ordinary	100	100	USD1	Investment holding
Anzer*	PRC	Incorporated	50.5	50.5	RMB50,000,000	Provision of engineering products and related services
China Honest Enterprise Limited	Hong Kong	Incorporated	45.9	45.9	HK\$100	Investment holding
China SuperRobotics Limited	Hong Kong	Ordinary	100	100	HK\$1	Investment holding
EDS Distribution Limited	Hong Kong	Ordinary	90	90	HK\$1	Investment holding
EDS International Holdings Limited	BVI	Ordinary	100	100	USD1	Investment holding
Smart City Technology (HK) Company Limited	Hong Kong	Ordinary	100	100	HK\$10,000	Provision of engineering products and related services
安兆科技(深圳)有限公司 [@]	PRC	Incorporated	100	100	HK\$25,000,000	Investment holding
深圳市帝光實業有限公司 (Shenzhen Diguang Industrial Co., Ltd*) [#] ("Diguang")	PRC	Incorporated	50.5	50.5	RMB980,000	Investment holding
深圳市安卓智能工程有限公司 ("安卓") [#]	PRC	Incorporated	50.5	50.5	RMB30,000	Provision of engineering products and related services

@ Wholly-owned foreign enterprise in the PRC
Limited liability companies in the PRC

None of the subsidiaries had debt securities outstanding at the end of the year or at any time during the year.

All of the above subsidiaries operate principally in their respective place of incorporation/establishment.

* for identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. PARTICULARS OF SUBSIDIARIES *(continued)*

Material non-controlling interests

The material non-controlling interests represent the following:

	2024 HK\$'000	2023 HK\$'000
Diguang and its subsidiaries ("Diguang Group") <i>(Note)</i>	(80,841)	(73,625)

Note: Diguang Group comprised of Diguang, Anzer and 安卓.

Except for Diguang Group, the directors consider that the Group's non-controlling interests were insignificant to the Group and thus are not separately presented in these financial statements for both years. In addition, no separate financial information of these non-wholly owned subsidiaries is required to be presented.

Set out below is summarised financial information for non-controlling interests that are material to the Group. The amounts disclosed below are before intragroup eliminations.

	Diguang Group 2024 HK\$'000	2023 HK\$'000
Current assets	2,296	13,646
Non-current assets	–	112
Current liabilities	(85,717)	(96,585)
Non-current liabilities	(145,223)	(131,237)
Equity attributable to owners of the Company	(147,803)	(140,439)
Non-controlling interests	(80,841)	(73,625)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. PARTICULARS OF SUBSIDIARIES *(continued)*

Material non-controlling interests *(continued)*

	Diguang Group	
	2024	2023
	HK\$'000	HK\$'000
Revenue	3,214	15,081
Loss for the year	(21,515)	(33,816)
Loss for the year attributable to:		
– owners of the Company	(10,868)	(17,081)
– non-controlling interests	(10,647)	(16,735)
	(21,515)	(33,816)
Total comprehensive loss for the year attributable to:		
– owners of the Company	(7,364)	(14,278)
– non-controlling interests	(7,216)	(13,990)
	(14,580)	(28,268)
Dividend paid to non-controlling interests	–	–
Net cash inflow/(outflow) from operating activities	6,343	(7,335)
Net cash inflow from investing activities	–	21
Net cash (outflow)/inflow from financing activities	(11,401)	1,855
Net cash outflow	(5,058)	(5,459)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. MAJOR NON-CASH TRANSACTIONS

The Group entered into the following major non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

During the year ended 31 December 2023, the Group disposed of certain property, plant, and equipment with the amounts of approximately HK\$2,116,000 which were not yet settled at the end of the reporting period and included in other receivables.

During the year ended 31 December 2023, the Group disposed of certain property, plant and equipment with the amounts of approximately HK\$4,000 and HK\$7,000 and set off with trade payables and accruals and other payables respectively.

On 16 January 2023, the Group entered into new facilities agreement with HJIL to borrow a total of approximately HK\$119,085,000 to settle the outstanding principal of facility 1 and 2 and the respective interest payables.

On 23 May 2023, the Company completed to allot and issue total of 101,243,933 new shares of HK\$0.23 per settlement share to settle in full and/or in part of unsecured loans outstanding to the borrowers with the total amounts of approximately HK\$23,285,000.

On 29 December 2023, HJIL entered into agreement with to the Company to waive all interest expense incurred during the year ended 31 December 2023 with the amounts of approximately HK\$22,344,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Other borrowings HK\$'000	Interest payables HK\$'000	Amount due to a related company HK\$'000	Amount due to a related party HK\$'000	Total HK\$'000
As at 1 January 2023	139,459	52,587	4,856	—	196,902
Modification of financial liabilities	(43,972)	—	—	—	(43,972)
Transfer to other borrowings	42,483	(42,483)	—	—	—
Issue of new shares by way of debt capitalisation	(14,592)	(8,693)	—	—	(23,285)
Waiver of loan interests payables	—	(24,097)	—	—	(24,097)
Financing cash flows	5,638	—	4,070	—	9,708
Finance costs recognised	13,634	23,562	—	—	37,196
Exchange realignment	(4,206)	(607)	—	—	(4,813)
As at 31 December 2023 and as at 1 January 2024	138,444	269	8,926	—	147,639
Financing cash flows	(4,040)	(476)	300	1,352	(2,864)
Finance costs recognised	16,277	6,416	—	—	22,693
Loss on early repayment of other borrowings	559	—	—	—	559
Exchange realignment	(4,241)	(149)	—	—	(4,390)
As at 31 December 2024	146,999	6,060	9,226	1,352	163,637

38. EVENTS AFTER THE REPORTING PERIOD

On 20 March 2025, the Company entered into settlement deeds with the lenders to allot and issue a total of 45,537,129 new shares at HK\$0.174 per settlement share to fully settle the outstanding unsecured borrowings and the outstanding interest payables due by the Group, in accordance with the settlement deed, for a total amounts of approximately HK\$7,923,000.

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2025.

FINANCIAL SUMMARY

Results

	2024 HK\$'000	For the year ended 31 December			2020 HK\$'000
		2023 HK\$'000	2022 HK\$'000	2021 HK\$'000 (Restated)	
Revenue	29,904	15,081	3,961	18,455	22,754
Loss for the year attributable to:					
– owners of the Company	(10,179)	(27,756)	(13,697)	(36,944)	(109,602)
– non-controlling interests	(11,733)	(17,320)	(24,842)	(13,572)	(22,283)
	(21,912)	(45,076)	(38,539)	(50,516)	(131,885)
	2024 HK\$'000	As at 31 December			2020 HK\$'000
		2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	
Total assets	26,332	27,554	22,213	46,045	141,237
Total liabilities	(188,281)	(172,272)	(222,558)	(211,166)	(259,780)
Non-controlling interests	84,615	76,314	128,059	110,773	93,939
Capital deficiencies attributable to owners of the Company	(77,334)	(68,404)	(72,286)	(54,348)	(24,604)