

SoftMedx Healthcare Limited

京玖醫療健康有限公司

(Stock Code: 648)



24 Annual Report

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

LIN Pinzhuo

Independent Non-executive Directors

NGOK Ho Wai

TANG Cuihuen

YIU Chun Wing

AUDIT COMMITTEE

YIU Chun Wing (*Chairperson*)

NGOK Ho Wai

TANG Cuihuen

NOMINATION COMMITTEE

NGOK Ho Wai (*Chairperson*)

LIN Pinzhuo

YIU Chun Wing

REMUNERATION COMMITTEE

YIU Chun Wing (*Chairperson*)

LIN Pinzhuo

NGOK Ho Wai

RISK MANAGEMENT COMMITTEE

YIU Chun Wing (*Chairperson*)

LIN Pinzhuo

NGOK Ho Wai

COMPANY SECRETARY

LAM Sung Him, Gaston

STOCK CODE

648

REGISTERED OFFICE

8th Floor, China Hong Kong Tower

8-12 Hennessy Road

Wanchai, Hong Kong

SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

The Hong Kong and Shanghai Bank Corporation Limited

INDEPENDENT AUDITOR

CL Partners CPA Limited

Certified Public Accountants

Registered Public Interest Entity Auditor

COMPANY WEBSITE

www.648.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS

SoftMedx Healthcare Limited (the “Company”, together with its subsidiaries, the “Group”) is engaged in medical and well-being business for distribution of medical and healthcare equipment and products. For the year ended 31 December 2024, the Group had revenue of HK\$54.6 million (2023: HK\$51.3 million), gross profit of HK\$18.4 million (2023: HK\$21.1 million) at gross profit margin of 33.7% (2023: 41.1%) and consolidated profit attributable to the owners of the Company of HK\$326.3 million (2023: HK\$12.5 million), which was mainly attributable to the one off gain from implementation of the debt restructuring by way of scheme of arrangement during the year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2024, the Group’s total assets and net assets amounted to HK\$54.7 million (2023: HK\$56.1 million) and HK\$2.5 million (2023: net liabilities of HK\$323.9 million) respectively. Its cash and bank balances amounted to HK\$8.8 million (2023: HK\$8.1 million) and liquidity ratio (calculated based on the Group’s total assets to total liabilities) was 1.05 (2023: 0.15). The Group’s total borrowings amounted to HK\$33.1 million (2023: HK\$290.8 million).

During the year ended 31 December 2024, the Group’s net cash inflow from operating activities amounted to HK\$3.9 million (2023: outflow of HK\$4.5 million), net cash inflow from investing activities amounted to HK\$0.2 million (2023: outflow of HK\$0.8 million) and net cash outflow from financing activities amounted to HK\$3.4 million (2023: inflow of HK\$10.3 million). Accordingly, the Group had a net cash inflow of HK\$0.7 million (2023: HK\$5.0 million).

As at 31 December 2024, the total number of issued shares and the issued share capital of the Company were 326,036,828 (2023: 326,036,828) and HK\$3,030,660,000 (2023: HK\$3,030,660,000) respectively.

CORPORATE DEVELOPMENT AND FUTURE PROSPECTS

Since 27 November 2017, trading in the shares of the Company had been suspended under the direction of the Securities and Futures Commission. Resumption of trading in the shares of the Company is pending fulfilment of the resumption conditions imposed by the Stock Exchange. Despite the Company’s very limited resources resulted from the long suspension of trading as well as the challenges arising from the disruptive changes in business environment due to the COVID-19 pandemic and the worldwide higher-and-longer interest rates environment, the Group’s business achieved growth in 2024.

Looking ahead, these challenges, along with the added complexity of global trade tensions and the impact on the worldwide economic landscape and supply chains, will continue to affect the global and local economies and may affect the Group’s business operations. The Company will remain focused on the organic growth of its principal businesses through improvement on business model and process, increased market penetration, expansion in product sources and range and widening customer reach. On the other hand, the challenges and uncertainty in the current economic environment may result in more opportunities in the healthcare sector coming to market. The Company, while adopting the newly established policies in ensuring disciplined execution of prudent financial, liquidity and cash flow management, will continue to seek new business opportunities with a view to achieving earning growth and enhancing the long-term value of all of its stakeholders.

FUND RAISING ACTIVITIES

There was no equity fund-raising activity completed during the year ended 31 December 2024.

SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL

As at 31 December 2024, the Group’s financial assets at fair value through profit or loss, comprising 5,290,564 shares of Almanac Limited (stock code: 08186, representing 4.6% of the issued shares of the investee company) at an investment cost of HK\$1.2 million, amounted to HK\$3.9 million (2023: HK\$20.5 million) representing 7.2% (2023: 36.6%) of the Group’s total assets. The investee company is principally engaged in the household, plantation and accessory businesses. The investee has improved its financial position in recent years and the Company is optimistic about its growth and performance in the forthcoming years. The objective and investment strategy of the Company’s holding of such financial assets was for long-term investment, capital gain and risk diversification. It is noted that future performance of the financial asset is subject to a number of factors including the fundamentals of the investee company, the economic conditions and investors’ sentiment in Hong Kong. Save as disclosed above, there was no other significant investment held by the Group as at 31 December 2024 nor material acquisition and disposal by the Group during the year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group does not have any solid plans for material investment or acquisition of capital assets as at the date of this report. The Group will continue to seek appropriate investment opportunities which are in line with the Group’s business strategy.

CHARGE ON ASSETS OF THE GROUP

No material asset of the Group had been pledged as at 31 December 2024.

CAPITAL COMMITMENT AND CONTINGENT LIABILITY

The Group had no significant capital commitment outstanding as at 31 December 2024 and details of contingent liability are set out in the notes to the consolidated financial statements.

DIRECTORS PROFILES

Mr. Lin Pinzhao

(Executive Director)

Mr. Lin, aged 59, has 30 years of experience and sophisticated background in product commercialisation, production, business development and marketing. Prior to joining the Company, he has held management positions in medical and technology companies in China, specialising in equipment supply chain management, logistics management, information system management and planning and equipment integration and customisation. Mr. Lin graduated from Shenzhen University with specialisation in electronics and computer science. Mr. Lin was appointed as an independent non-executive Director in February 2023 and redesignated as an executive Director in August 2024.

Mr. Ngok Ho Wai

(Independent Non-executive Director)

Mr. Ngok, aged 56, is a seasoned banker with extensive experience in the banking industry, specialising in corporate and investment banking with a focus on the Greater Bay Area, and has held managerial roles in a number of renowned banks in Hong Kong, where he established credit procedures and loan administration policies for small and medium-sized enterprises. Mr. Ngok also has expertise in internal audit and is currently the vice president of the Association of Chinese Internal Auditors. In addition, Mr. Ngok is the vice president of the Hong Kong Greater China SME Alliance Association, the vice president of China Insurance Association (Hong Kong), an advisory board member of Hong Kong Young Financial Planners' Association, the Convener of the Finance Committee of Sowers Action, the Honorary Treasurer of New Town Healthcare & Education Foundation and a committee member of the Hong Kong New Territories District Adviser Alumni Association. Mr. Ngok is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. He holds a bachelor's degree in social science with honours from The Chinese University of Hong Kong, a master's degree in accounting from Curtin University (formerly known as Curtin University of Technology) and a master's degree in laws with specialisation in international and commercial law from The University of Greenwich. Mr. Ngok was appointed as an independent non-executive Director in August 2024.

Mr. Ngok is also currently an independent non-executive director of Tai Kam Holdings Limited (stock code: 8321) and Times Universal Group Holdings Ltd. (stock code: 2310) and was the independent non-executive director of Basetrophy Group Holdings Limited (stock code: 8460) until September 2024, the issued shares of which are listed on the Stock Exchange. Save as disclosed herein, Mr. Ngok did not hold directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Ms. Tang Cuihuen

(Independent Non-executive Director)

Ms. Tang, aged 44, has over 20 years of experience in treasury and financial management. She has substantial management experience in healthcare and technology companies. Ms. Tang holds a university diploma in computerised accounting from Guangdong Polytechnic of Science and Technology. Ms. Tang was appointed as an independent non-executive Director in August 2024.

Mr. Yiu Chun Wing

(Independent Non-executive Director)

Mr. Yiu, aged 43, has 20 years of experience in audit, financial management and reporting and corporate governance. He had years of audit experience at accounting firms and is currently the company secretary of China Infrastructure & Logistics Group Ltd. (stock code: 1719) and was the company secretary of Sterling Group Holdings Limited (stock code: 1825) and WellCell Holdings Co., Limited (stock code: 2477) during the past three years. Mr. Yiu holds a bachelor's degree of business administration in accounting from The Hong Kong University of Science and Technology and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yiu has been appointed as an independent non-executive Director since December 2022.

REPORT OF THE DIRECTORS

The Directors submit this report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

GENERAL INFORMATION

The Company is incorporated in Hong Kong and has its registered office situated at 8th Floor, China Hong Kong Tower, 8-12 Hennessy Road, Wanchai, Hong Kong.

PRINCIPAL ACTIVITIES AND SEGMENTAL INFORMATION

The Company is an investment holding company and the activities of its principal subsidiary are set out in the notes to the consolidated financial statements.

An analysis of the Group's revenue and results by reportable segments and geographical locations during the financial year are set out in the notes to the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2024 and the state of the Group's (including the Company's) affairs as at that date are set out in the consolidated financial statements in this report.

RESERVES

As at 31 December 2024, the Company did not have any reserves available for distribution (2023: Nil). Details of movements in the reserves of the Group and the Company are set out in this report and in the notes to the consolidated financial statements.

FIVE YEARS SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five years is set out in this report.

BUSINESS REVIEW AND PERFORMANCE

Review of the businesses of the Group and discussion and analysis of the Group's business performance, financial position and outlook are provided in the section headed "Management and Discussion Analysis" of this report.

MAJOR CUSTOMERS AND SUPPLIERS

The largest and five largest customers by legal entity are attributable to 8.7% and 29.5% of the Group's revenue respectively, and the largest supplier and five largest suppliers by legal entity are attributable to 42.6% and 95.3% of its purchases respectively. At no time during the year had the Directors, their close associates or any shareholder of the Company (whom to the knowledge of the Directors owning more than 5% of the shares (excluding treasury shares) of the Company) held any beneficial interest in these major customers and suppliers.

DIVIDEND POLICY AND DIVIDEND

The Company has adopted a dividend policy which allows it to distribute dividends to shareholders by way of cash or shares. Any distribution of dividends shall be in accordance with the articles of association of the Company and shall be targeted to achieve continuity, stability and sustainability. Recommendation of payment of dividend is subject to discretion of the Board and declaration of final dividend is subject to approval of the shareholders of the Company. In proposing a dividend payout, the Board shall also take into account (i) the Group's financial performance and cash flow position; (ii) the Group's gearing ratio; (iii) the business plan of the Group; (iv) the market sentiment and economic condition; and (v) the reasonable return to the shareholders in order to incentivize them to support the long term development of the Group. The Company reviews the dividend policy from time to time. The Directors do not recommend payment of dividend for the year ended 31 December 2024 (2023: Nil).

DONATION

The Group did not make any charitable contribution during the year ended 31 December 2024 (2023: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year ended 31 December 2024 are set out in the notes to the consolidated financial statements.

BORROWINGS

Particulars of the Group's borrowings as at 31 December 2024 are set out in the notes to the consolidated financial statements.

EVENTS AFTER THE REPORTING DATE

Save as disclosed, the Group does not have any material events after the reporting date.

DIRECTORS

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Lin Pinzhuo	(re-designated as an executive director on 1 August 2024)
Mr. Cheung Wai Kwan	(resigned on 1 August 2024)
Mr. Wang Jianguo	(resigned on 1 August 2024)

Independent Non-executive Directors:

Mr. Yiu Chun Wing	
Mr. Ngok Ho Wai	(appointed on 1 August 2024)
Ms. Tang Cuihuen	(appointed on 1 August 2024)
Ms. Hu Xuezhen	(resigned on 1 August 2024)

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each independent non-executive Director has confirmed his/her independence pursuant to The Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). The Board considers all the independent non-executive Directors being independent.

DIRECTORS PROFILE

The profile of the directors are set out in the section headed "Directors Profiles" of this report.

DIRECTORS' EMOLUMENT

The remuneration of the executive Directors and non-executive Directors is directors' fee and is discussed by the remuneration committee of the Board with reference to the performance, duties and responsibilities of such Directors as well as the prevailing market conditions. Details of the Directors' emoluments for the year ended 31 December 2024 are set out in the notes to the consolidated financial statements.

PERMITTED INDEMNITY

Pursuant to the articles of association of the Company, Directors shall be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto.

DIRECTORS' SERVICE CONTRACTS

There is no service contract with any Director which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTEREST IN CONTRACT

No transaction, arrangement or contract of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party to and in which any of the Directors or entities connected with them had a material interest, either directly or indirectly, subsisted as at 31 December 2024 or during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, none of the Directors or chief executive of the Company has any interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) that were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or recorded pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement enabling the Directors or the chief executive of the Company or any of their respective associates, including spouses or children under eighteen years of age, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

COMPETING INTEREST

None of the Directors or their respective associates (as defined in the Listing Rules) had engaged in any business that would compete with the businesses of the Group or had any other conflict of interests with the Group for the year ended 31 December 2024.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2024 are set out in the notes to the consolidated financial statements and none of them constituted any connected or continuing connected transaction of the Company pursuant to the Listing Rules.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2024 between the Company and a person other than a director or an employee of the Group.

SUBSTANTIAL SHAREHOLDERS

Save for the investor's interest in 1,800 million shares of the Company pursuant to the agreement dated 3 November 2023, as at 31 December 2024, so far as being known to the Directors, there was no person who had interests or short position in the shares or underlying shares of the Company which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept under Section 336 of the SFO, or who is interested in 5% or more of any class of share capital carrying rights to vote at general meetings of the Company.

SHARE OPTION SCHEME

The Company currently does not have any share options scheme following the expiration of its previous share option scheme in June 2024 (which has a term of 10 years and was adopted pursuant to a resolution passed on 12 June 2014). No share option was granted, exercised, lapsed or cancelled in 2024 (2023: Nil) and the Company had no share option outstanding as at 31 December 2024 (2023: Nil).

SHARE AWARD SCHEME

The Company adopted the share award scheme on 19 June 2015. The scheme has a term of 10 years and is for recognising the contribution of the qualifying grantees and to provide them with incentives in order to attract and retain them for the continual operation and development of the Group. The Company did not have any scheme mandate (hence service provider sublimit) under its share award scheme and there was no share held under the scheme as at 31 December 2024 (2023: Nil). The Company did not grant any share award to any person in 2024 (2023: Nil) and no share award was lapsed or cancelled during the year (2023: Nil). A qualifying grantee under the share award scheme includes (i) employee and director of the Group; (ii) service provider of the Group; and (iii) business ally or joint venture partner of the Group. The Board may at its absolute discretion select and grant share award to a qualifying grantee and determine the terms, composition and conditions of the award. The scheme has neither specified the maximum number of securities of the Company that it may hold, the minimum vesting period nor maximum entitlement of each qualifying grantee. The share award may be satisfied by (a) issuance of new shares, in which case the issue price of the award shares is determined by the Board at its absolute discretion at the time of grant and shall at least be the higher of (i) the closing price of the shares on the grant date; or (ii) the average closing price of the shares for the five trading days immediately preceding the grant date; and (b) acquiring existing shares from the market, in which case the purchase price will be based on the market value of the shares on the date of acquisition. No amount is payable by the qualifying grantee upon acceptance of the award.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares) during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of associations or the laws in Hong Kong which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

FUNDING AND TREASURY POLICY AND EXPOSURE TO FOREIGN CURRENCY RISK

The Group's assets, liabilities and cash flow from operations is mainly denominated in Hong Kong dollars. The Group currently does not have a foreign currency hedging policy as its assets and liabilities are mostly denominated in Hong Kong dollars. However, the Group adopts a prudent funding and treasury policy and will monitor the foreign exchange exposure closely and consider hedging if there is any significant foreign currency exposure.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 19 employees (2023: 22). The Group remunerates its employees based on their performance, working experience and the prevailing market conditions. Details of the Group's retirement benefits scheme for the year ended 31 December 2024 are set out in the notes to the consolidated financial statements.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining a high standard of corporate governance. The Company has complied with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules during the year ended 31 December 2024 except that the office of its chief executive officer is vacated. The Board will continue to review the current structure of the Board from time to time and will continue to identify an appropriate candidate. Details of the Group's corporate governance practices are set out in the section headed "Corporate Governance Report" of this report.

AUDIT COMMITTEE

The audit committee of the Board has been established with written terms of reference in compliance with the Listing Rules. Its primary duties include reviewing the annual and interim financial reports of the Company and providing advice and recommendations relating to the engagement and renewal of external auditors, financial reporting procedures, internal control and risk management to the Board. The audit committee currently comprises all three independent non-executive Directors. The audit committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2024 and discussed auditing and financial reporting matters with the Group's auditors. There was no disagreement between the auditors and the audit committee in respect of the accounting policies adopted by the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

Details of the Group's environmental, social and governance ("ESG") practices are set out in the section headed "Environmental, Social and Governance Report" of this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company is not aware of any non-compliance in any material respect with relevant laws and regulations that have a significant impact on the Group's businesses and operation for the year ended 31 December 2024.

AUDITORS

The consolidated financial statements for the year ended 31 December 2024 have been audited by CL Partners CPA Limited, who will retire and, being eligible, offer itself for re-appointment. A resolution for re-appointment of CL Partners CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

SUFFICIENCY OF PUBLIC FLOAT

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

By order of the Board

Lin Pinzhao
Executive Director

Hong Kong, 25 March 2025

CORPORATE GOVERNANCE REPORT

COPORATE GOVERNANCE

The Company is committed to achieving and maintaining a high standard of corporate governance. The Board believes that high corporate governance standards is the fundamental framework for the Company to safeguard the interest of shareholders, enhance corporate value and increase transparency and accountability. The Company's corporate governance practices are based on the principles and the code provisions set out in the Corporate Governance Code in Appendix C1 of the Listing Rules. During the year ended 31 December 2024, save as disclosed, the Board is satisfied that the Company has complied with the applicable code provisions.

BOARD OF DIRECTORS

Responsibilities, Accountabilities and Contribution

The Board assumes the responsibility for leadership, control and oversight of the Company and is collectively responsible for guiding its affairs to foster business development to promote success of the Company and enhance shareholders value. The Board leads and supervises the corporate governance and management of the Company and is responsible for making decisions on major matters relating to policies, strategies, risk management, material transactions, financial information, appointment of directors and other significant operational matters of the Company. In fulfilling their duties, the Directors must act in good faith, comply with applicable laws and regulations, make objective decisions, and prioritise the Company and its shareholders' interests. The Board is responsible for developing and reviewing corporate governance policies, monitoring compliance with legal and regulatory requirements, and overseeing the training and professional development of directors and senior management. It also regularly reviews the code of conduct and compliance manual for employees and directors, ensures adherence to the Corporate Governance Code and facilitates accurate disclosure in the Corporate Governance Report. Responsibilities relating to implementation of decisions of the Board, execution of daily operations and management of the Company are delegated to the management of the Company. The Board currently comprises four Directors (of whom one is executive Director and three are independent non-executive Directors) with diversified skills and experience in business, legal, finance, accounting and management. The Board has a balanced composition and has met the requirements under the Listing Rules for the Board to have (i) at least three independent non-executive directors; (ii) one-third of its member comprising independent non-executive directors; and (iii) one of the independent non-executive directors has the appropriate qualification or accounting or related financial management expertise. All members of the Board have no financial, business, family or other material/relevant relationship with each other. During the year, the Directors have brought a variety and valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

Roles of Chairperson and Chief Executive

To ensure a balance of power and authority, a clear division of responsibilities of the chairperson of the Board and the chief executive has been set out such that the chairperson provides leadership to the Board and is responsible for the effective functioning of the Board, whilst the chief executive is responsible for the management in the day-to-day operation of the Group's businesses and implementation of the strategies and policies approved by the Board. During the year, the office of the chairperson and the chief executive were vacated and their duties were assumed by the executive Director. The Board will keep identifying suitable candidates.

Board Diversity

The Company has adopted a board diversity policy in compliance with the provisions of the Corporate Governance Code, under which the nomination committee is delegated with the responsibility to review, assess and recommend the appointment, re-election and succession plan of Director to the Board after considering factors including but not limited to gender, cultural and educational background, professional experience, skills and knowledge and length of service to accommodate the Company's business development and specific needs.

Appointment and Re-election

Pursuant to the articles of association of the Company, each Director is subject to retirement by rotation once for every three years at the annual general meetings of the Company and shall then be eligible for re-election. A retiring Director shall retain office until the conclusion at the annual general meeting at which he/she is due to retire. All Directors appointed to fill casual vacancies shall hold office only until the next annual general meeting and shall then be eligible for re-election at the meeting. The independent non-executive Directors do not have a specific term but are subject to the above retirement rotation.

Continuing Professional Development

The Company would arrange formal and comprehensive induction for newly appointed Directors prior to their appointment on director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. The Board also recognises the importance of continuing professional development and knowledge enhancement of the Directors to ensure that their contribution to the Board remains informed and relevant. The two Directors newly appointed in 2024 had obtained legal advice from solicitors as to Hong Kong law regarding the requirements under the Listing Rules prior to their appointment in August 2024 and they had confirmed understanding of their obligations as directors of the Company. In addition, the Directors had read materials and attended seminars on market updates and latest development of the Listing Rules and other applicable regulatory requirements.

Board Meetings

All Directors have access to relevant materials and are provided with adequate information enabling them to make informed decisions on matters to be discussed and considered at Board meetings. The attendance of the Directors to the Board meetings and general meetings held in 2024 is as follows:

		General meetings	Board meetings
Mr. Lin Pin Zhuo		2/2	5/5
Mr. Yiu Chun Wing		2/2	5/5
Mr. Ngok Ho Wai	(appointed on 1 August 2024)	2/2	2/2
Ms. Tang Cuihuen	(appointed on 1 August 2024)	2/2	2/2
Mr. Cheung Wai Kwan	(resigned on 1 August 2024)	2/2	2/2
Mr. Wang Jianguo	(resigned on 1 August 2024)	2/2	2/2
Ms. Hu Xuezen	(resigned on 1 August 2024)	2/2	2/2

BOARD COMMITTEES

The Board has established four committees with individual terms of reference.

Audit Committee

The audit committee of the Board currently comprises all three independent non-executive Directors as members with Mr. Yiu Chun Wing being the chairperson. The audit committee's primary duties include making recommendations to the Board on the appointment, re-appointment and removal of external auditors, determining the independence of the external auditors and considering their terms of engagements, and reviewing the Group's annual and interim financial statements, financial information, reporting procedures, audit plans, accounting policies and practices, internal control and risk management systems. The audit committee has been provided with resources enabling it to discharge its duties. For the year ended 31 December 2024, the audit committee had reviewed the interim and annual results of the Group; discussed with the Company's auditors relating to their work performed and findings; reviewed significant financial reporting judgments and accounting policies; reviewed the changes in accounting standards and assessed the potential impacts on the Group's financial statements; approved the terms of the audit engagement (including the fee); and, together with the Risk Management Committee, assessed the effectiveness of the Group's internal control and risk management systems. During the year, two meetings had been convened and all members had attended.

Remuneration Committee

The remuneration committee of the Board currently comprises an executive director and two independent non-executive Directors as members with Mr. Yiu Chun Wing being the chairperson. The primary responsibilities of the remuneration committee include making recommendations to the Board on the remuneration policies and structures for the Directors and the senior management (including recommendations on the remuneration packages of executive Director, senior management and independent non-executive Directors), considering the performance of the Directors, reviewing and making recommendations on matters relating to the Company's share schemes, bonus structure, provident fund and other compensation-related issues with reference to factors such as size of the Group's operation, duties and responsibilities of the Directors and prevailing market conditions. The remuneration committee has been provided with resources enabling it to discharge its duties. For the year ended 31 December 2024, the remuneration committee had reviewed the emoluments of Directors and senior management and considered that they are fair and reasonable. During the year, three meetings had been convened and all members had attended.

Nomination Committee

The nomination committee of the Board currently comprises an executive director and two independent non-executive Directors as members with Mr. Ngok Ho Wai being the chairperson. The nomination committee is responsible for establishing nomination policies, reviewing and recommending to the Board on the mix of skills and experience that the Board requires, assessing the effectiveness of the Board and its committees, making recommendation to the Board on nomination and appointment of Director, reviewing Board's succession plan and board diversity policies. In assessing the suitability of a candidate for Director, the nomination committee would consider a number of factors including the candidate's skills, knowledge, expertise, experience and integrity, the impact of the proposed appointment on the composition, diversity and structure of the Board, and other perspectives appropriate to the Group's businesses and the Board. The nomination committee has been provided with sufficient resources enabling it to discharge its duties. For the year ended 31 December 2024, the nomination committee had reviewed and was satisfied with the policies for the nomination and appointment of Directors, the Board's diversity policies and the independence of the independent non-executive Directors. During the year, three meetings had been convened and all members had attended.

Risk Management Committee

The Company appreciates that an effective corporate governance framework is fundamental to safeguarding the interests of the Company and its shareholders and other stakeholders and therefore strives to attain high standards of corporate governance. The Board acknowledges that it is responsible for the risk management and internal control system and reviewing their effectiveness on an ongoing basis. The Company has adopted and applied corporate governance principles and practices that emphasize a quality Board, effective risk management and internal control systems, stringent disclosure practices, transparency and accountability as well as effective communication and engagement with shareholders and other stakeholders. The risk management and internal control systems have put in place a comprehensive range of policies and systems, which provide a framework for systematic approach in identifying, assessing and managing risks within the Group, be they of strategic, financial, operational or compliance nature, to ensure

that regulatory compliance, good corporate governance practices and culture are upheld by the Company. However, such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against material misstatement or loss.

To ensure that risk management forms an integral part of the day-to-day operations and management of the Group and constitutes a continuous process carried out at all levels of the Group, the Board established the risk management committee in 2023. The risk management committee's primary duties include on-going reviewing and monitoring the effectiveness of the risk management and internal control systems (including matters relating to environmental, social and governance aspects), continuously evaluating and determining the nature and extent of the risks which the Group can take in achieving its strategic objectives, developing and reviewing the Group's policies and practices on corporate governance for compliance with legal and regulatory requirements, establishing and maintaining appropriate and effective risk management and internal control systems and setting up risk monitoring and review process for significant risks. The execution of the internal audit and risk management functions is performed by the finance and compliance departments. The committee comprises one executive Director and two independent non-executive Directors, namely Mr. Yiu Chun Wing as the chairperson and Mr. Ngok Ho Wai and Mr. Lin Pinzhao as the members. During the year, one meeting had been convened and all members had attended.

The audit committee and the risk management committee are satisfied that the Group has effective and adequate risk management and internal control systems in place. The Board is committed to continuously enhancing its corporate governance standards and practices and inculcating a robust culture of compliance and ethical governance underlying the business operations and practices across the Group to meet the mounting regulatory and investor expectations.

Company Secretary

The company secretary of the Company is appointed by the Board and is responsible for advising the Board on governance matters. All Directors have access to the advice and services of the company secretary to ensure that board procedures, applicable laws, rules and regulations are followed. Mr. Lam Sung Him, Gaston is the company secretary and has taken no less than 15 hours of relevant training during the year.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the required standards on dealings under the Listing Rules to govern the securities transactions by the Directors. All the Directors have confirmed that they had observed and complied with the required standards during the year ended 31 December 2024.

INSIDE INFORMATION

The Group has established procedures for the handling and dissemination of inside information for compliance with the requirements of the applicable laws, regulations and guidelines, including the obligations to disclose inside information under the SFO, the Listing Rules and the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission. The Board considers that the Company's handling and dissemination procedures and measures in relation to inside information are effective.

FINANCIAL REPORTING

The Directors are responsible for preparing the consolidated financial statements of the Group that give a true and fair view in accordance with Hong Kong Financial Reporting Standards and disclosure requirements of the Listing Rules. In preparing the consolidated financial statements for the year ended 31 December 2024, the Board has adopted suitable accounting policies and applied them consistently and the judgements and estimates made were also prudent, fair and reasonable. A statement by the auditors of the Company about their responsibility for the consolidated financial statements is set out in the Independent Auditor's Report contained in this annual report.

AUDITORS' REMUNERATION

The Company's current external auditors are CL Partners CPA Limited. For the year ended 31 December 2024, the fee payable for audit service was HK\$1,000,000 (2023: HK\$1,000,000). No non-audit service was provided by the auditors in 2023 and 2024.

CONSTITUTIONAL DOCUMENTS

The articles of association of the Company were amended pursuant to the special resolution approved by the shareholders in the annual general meeting on 9 January 2024.

INVESTOR RELATIONS

The Company has established channels to communicate with the shareholders and stakeholders of the Company and strives to ensure that all shareholders have ready, equal and timely access to all publicly available information of the Group. During the year, the Company has put in place shareholders communication procedures to promote effective two-way communication with shareholders to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner. In addition, shareholders, subject to the articles of association of the Company and the relevant rules and regulations, may request the Board to convene general meetings or add resolutions to the meetings.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

The Board believes that environmental protection, low carbon footprint, resources conservation and sustainable development are the key trends in society and recognises the importance of sustainability through effectively integrating the ESG aspects into its businesses. This report summarises the Group's ESG initiatives, plans and performance as well as demonstrating its commitment towards sustainable development.

ESG GOVERNANCE

The Board sets the tone for the ESG strategies and is responsible for ensuring effective risk management and internal controls. The Group established an ESG committee in 2023 which comprises management from operational, human resources and administration, finance and compliance departments to promote group-wide awareness of the ESG issues. The committee is responsible for executing the Group's ESG measures, reviewing ESG-related matters, preparing the ESG report, reporting and making recommendations to the Board on ESG issues. With the assistance of the ESG committee, the Board regularly reviews the materiality of the Group's ESG's issues, monitors the Group's ESG performance, identifies the risks on ESG aspects for evaluating, prioritising and managing material ESG-related issues, and assesses progress made against the ESG-related goals and targets.

REPORTING FRAMEWORK AND PRINCIPLES

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Listing Rules and the information presented in this report is based on the principles set out in the guide:

- Materiality:** The Group conducts materiality assessments to identify the material ESG issues to the Group's businesses. By gathering the feedback of stakeholders, the Group can have a better understanding of their concerns and expectation of the Group's sustainable development.
- Quantitative:** In measuring and presenting the environment and social aspects of the ESG matters, the Group has made reference to the guidelines from the Stock Exchange and other organisations.
- Balance:** This report provides an unbiased view of the Group's ESG performance.
- Consistency:** Consistent methodology for data collation were adopted in the preparation of this report to produce a clear report that allows a meaningful comparison.

STAKEHOLDER COMMUNICATION

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. In order to understand their concerns, the Group has maintained close communication with the key stakeholders, including but not limited to shareholders and investors, customers, business partners, employees, suppliers and regulatory authorities through the following communication channels:

Possible issue of concerns	Stakeholders	Way of Communication
<ul style="list-style-type: none">Corporate governanceRegulatory complianceFinancial performanceStrategic development	The Board	<ul style="list-style-type: none">Board meetingsCommittee meetings
<ul style="list-style-type: none">Legal and regulations complianceCorporate governanceBusiness strategiesFinancial performanceInvestment returns	Shareholders and investors	<ul style="list-style-type: none">Annual general meeting and other shareholder meetingsFinancial reportsAnnouncement and circularsCorporate website
<ul style="list-style-type: none">Remuneration and compensationCareer developmentTrainingHealth and safety	Employees	<ul style="list-style-type: none">Training activitiesStaff appraisalsOn-the-job training
<ul style="list-style-type: none">Customer servicesQuality controlTechnological innovationCustomers' rightsBusiness integrity and ethics	Customers	<ul style="list-style-type: none">Customers feedbacksRoutine communications

Possible issue of concerns	Stakeholders	Way of Communication
<ul style="list-style-type: none"> • Payment schedule • Fair and open competition 	Suppliers	<ul style="list-style-type: none"> • Business meeting • Procurement process
<ul style="list-style-type: none"> • Regulatory compliance • Anti-corruption 	Regulatory and government authorities	<ul style="list-style-type: none"> • Ad-hoc enquiries • Rules and guidelines published by regulatory authorities (e.g. the Stock Exchange and the Securities and Futures Commissions)
<ul style="list-style-type: none"> • Community investment 	Community	<ul style="list-style-type: none"> • ESG reports • Charity

MATERIALITY ASSESSMENT

The management and the ESG committee have participated in preparing this report and assisted the Group in reviewing its operations, identifying key ESG issues and assessing the importance of those matters relevant to its businesses and stakeholders. The following table summarises the major ESG issues of the Group and their respective materiality.

ESG Issues	Significance of ESG Impact		
	High Priority	Medium Priority	Low Priority
Waste management		√	
Resources management		√	
Green working environment		√	
Regulatory compliance	√		
Responding actions to climate risks			√
Responsible employment and labour practice		√	
Healthy and safety working environment		√	
Training and career development	√		
Integrity and anti-corruption practice	√		
Quality of goods/service provided	√		
Corporate community responsibility			√

ENVIRONMENTAL MATTERS

Although its business operation does not materially generate air pollutants, gas emissions and regulated discharges, the Group recognises the direct and indirect potential environmental impacts associated with its business operations. The Group is committed to promoting sustainability in resources, operational and social aspects and aims to minimise the potential impacts of its businesses on the environment and society to fulfil its corporate social responsibility. During the year, the Group has complied with Air Pollution Ordinance, Waste Disposal Ordinance and Water Pollution Ordinance and was not aware of any non-compliance with the relevant laws and regulations relating to air and greenhouses gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

Greenhouse Gas Emissions Management

The Group did not produce significant amount of air pollutants and greenhouses gases emissions (Scope 1) for both 2023 and 2024. The Group's major source of greenhouse gas emissions was indirect emissions generated from purchased electricity (Scope 2) which amounted to 28.9 tonnes (carbon dioxide equivalent) (2023: 29.8 tonnes) in accordance to "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange. The Group aims to minimise its carbon emission and will continue to look for different environmental friendly initiative opportunities to enhance its greenhouse gas emissions management strategies.

Waste Management

Despite the insubstantial amount of non-hazardous wastes which mainly comprise domestic waste (such as polluted water from employee's general hygiene usage, paper, toner cartridges, packaging materials for goods) generated by the Group, it has adopted measures in waste reduction including:

- arranging for collection of medical and healthcare equipment packaging materials by recycling companies;
- promoting the adoption of detachable medical and healthcare equipment appliances to customers such that component units may be recycled; and
- encouraging employees to process documents on computer and transmit information electronically and reduce the printing, transmission, sorting and archiving of paper files where possible.

Although the Group does not generate hazardous waste in its business operations, it is aware that in case there is any hazardous waste produced, it will engage a qualified contractor to handle such wastes for compliance with relevant environmental regulations and rules. In addition, the Group is in support of Stock Exchange's "Proposal to Expand the Paperless Listing Regime" which became effective on 31 December 2023 and has been encouraging its shareholders to receive corporate communication electronically to reduce paper consumption.

Resources Management

The Group strives to optimise resources usage in its business operations and takes initiatives to introduce measures on promoting resource efficiency. The major energy consumption of the Group's daily operation is electricity. For 2024, the electricity consumption of the Group was 33,900 kWh (2023: 34,300 kWh). For purpose of electricity saving and efficient consumption, the Group has adopted the following measures and policies:

- selecting energy-efficient equipment and electrical appliances for operation, office and electricity use; and
- strengthening the maintenance of electronic equipment at optimal state to ensure efficient use of electricity.

The Group does not consume significant water in its business operations and its water consumption is mainly for basic business operation, cleaning and sanitation. The Group will continue to encourage staff to develop the habit of water conservation. During the year, the Group consumed 23 tonnes of water (2023: 22 tonnes) and did not encounter any significant issue in sourcing water.

Environmental and Natural Resources Management

Although the Group's business operations have a limited impact on environmental and natural resources, the Group realises its responsibilities in minimizing any negative impact caused by its business operations. The Group has formulated policies to monitor potential impact of its business operations on the environment and taken precautionary measures. In addition, when making future strategic expansion and investment plans, the Group will also take into account the impact of business activities on the environment and natural resources as decision-making factors, assess the potential environmental risks and formulate countermeasures to reduce the impact.

Climate Change Management

Given the sub-tropical climate in Hong Kong, the significant climate-related issues the Group has identified are typhoons and heavy rainstorms. The Group is aware that climate change can further escalate the extreme conditions such as flooding, seasonal storms and severe rainfall which may affect its stakeholders, business operations and communities in different aspects. In order to minimise disruption to its business operations due to extreme weather, the Group has measures in place such as work-from-home arrangement to enhance its operational resilience. On the other hand, the Group is also aware that extreme weather conditions may endanger the health and safety of employees and has formulated comprehensive typhoon and rainstorm arrangements for staff relating to reporting for duty, early release from work and resumption of work. The human resources department would monitor weather patterns and keep up to date with climate projections and notify employees accordingly.

SOCIAL MATTERS

The Group strives to build mutually beneficial relationship with its stakeholders, including its employees, customers, suppliers, communities, as well as the public and government authorities. The Group has taken into account its business development goals, considerations and its responsibilities to stakeholders.

Employment

General

Human resources are fundamental in the development of the Group and the Group perceives employees as the most valuable assets. The Group adheres to a people-oriented principle and respects and protects the rights and interests of its employees. Employment policies are included in the staff handbook, covering compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination and other benefits and welfare. The Group reviews these employment policies and practices periodically to ensure continuous improvement of its employment standards. During the year, the Group had complied with the labour laws and regulations in Hong Kong, including Employment Ordinance, Mandatory Provident Fund Schemes Ordinance, Minimum Wage Ordinance, Occupational Safety and Health Ordinance, Family Status Discrimination Ordinance, Race Discrimination Ordinance, Sex Discrimination Ordinance and Disability Discrimination Ordinance and had no material non-compliance of laws and regulations relating to employment and labour practices.

Recruitment, Remuneration and Promotion

The Group adopts a transparent and fair recruitment process based on merit selection against job criteria applied. Recruitment of individuals is based on their suitability for the position and potential to fulfil the Group's current and future needs. Employees and applicants are treated and evaluated in a fair way. The basis for employee compensation and promotion are job-related skills, qualifications and performances. Employee promotion is subject to annual appraisal. The Group regularly reviews its remuneration and benefits policies with reference to market standards. Remuneration and benefits are adjusted on an annual basis in accordance with the employees' individual performance, contribution and market condition. The Group's remuneration packages include holidays, annual leave, discretionary bonuses and allowances, etc. In addition, the Group has a share option scheme and a share award scheme to reward and motivate its employees.

Diversity, Equal Opportunities and Anti-discrimination

The Group is committed to creating and maintaining an inclusive and collaborative workplace culture and is dedicated to providing equal opportunities in all aspects of employment and maintaining workplace that are free from discrimination, physical or verbal harassment against any individual in respect of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status and sexual orientation. The Group also strives to ensure that complaints, grievances and concerns are dealt with promptly and confidentially and has zero tolerance on any form of sexual harassment or abuse in the workplace. As at 31 December 2023, the staff gender and age distribution is as follows:

Gender

	2024	2023
Male	63%	64%
Female	37%	36%

Age Group

	2024	2023
20-35	21%	23%
36-50	42%	36%
51 or above	37%	41%

Health and Safety

The Group's business operations do not involve significant safety risks. However, the Group does not overlook the responsibility to safeguard employees' health and safety. During the year, the Group had not recorded any work related injuries nor losses in working days due to work-related injuries and was not aware of any material non-compliance with health and safety-related laws and regulations, including Occupational Safety and Health Ordinance. As a stakeholder of the society, the Group follows the government measures, both mandatory and voluntary, for fighting against the COVID-19 epidemic. The Group provides a hygienic working environment and take the best possible measures to protect its employees from health issues brought by the epidemic (such as regular disinfection of the workspaces). The Group also provided adequate anti-epidemic supplies to employees.

Development and training

Improvement of employee's competency is key to the Group's development. The Group believes that cultivating its workforce and supporting employees' long-term career goals are integral to sustaining and strengthening its economic performance. The Group had provided comprehensive on-the-job coaching programs and encouraged its employees to attend outside seminars and training sessions to enrich their knowledge in discharging their duties.

Labour Standards

Child and forced labour are strictly prohibited in the Group's recruitment process which is conducted in accordance with the Employment Ordinance. Besides, the Group also avoids engaging vendors and contractors which are already known to employ child labour or forced labour in their operations. During the year, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, including Employment Ordinance.

Supply Chain Management

As a socially responsible enterprise, the Group attaches importance to the management of potential environmental and social risks in the supply chain and expects its suppliers to maintain high standards of business ethics. The Group evaluates suppliers on the basis of price, reputation, track record, willingness to deal with problems, and quality of products and services. In the process of selecting and evaluating suppliers, the Group incorporates environmental and social performance as evaluation criteria to identify and minimise the environmental and social risks in the supply chain. The Group maintains close contact with its business partners to share updated market information and to ensure compliance with local laws and regulations. The Group also periodically communicates with suppliers and encourages them to use more environmental friendly products and services. In addition, the Group's business cooperation process is conducted in an open, fair and impartial manner. It does not discriminate against any business partner nor does it allow any corruption or bribery. The Group focuses on the integrity of its partners and will only select business partners with good track record and no serious non-compliance or violation of business ethics in the past.

Product/Service Responsibility

The Group regards services and product quality as the key competitive advantage of its business. All service personnel of the Group are provided with comprehensive training to ensure clear understanding of the products and to make sure satisfaction of customers. The Group, from time to time, evaluates and adopts customer opinion to measure and maintain the quality of its services. During the year, the Group was not aware of any material non-compliance with laws and regulations, concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Data Protection

During the course of its business operations, the Group would receive confidential information including privacy data of its clients and commercial information of its suppliers. The Group understands its obligation to keep such information confidential and has policies in place for compliance with Personal Data (Privacy) Ordinance and other statutory requirements. The Group's customers are assured of high level of data privacy. The Group's employees are strictly required to handle and use customer information privately and confidentially and are prohibited from accessing unnecessary information without management approval and from leaking private and confidential information to third parties.

Anti-corruption

The Company is committed to adhering the highest possible ethical standards and maintaining a corporate culture of integrity and fairness by preventing, detecting and reporting all types of corrupted and fraudulent practices (such as bribes, kickbacks, favouritisms, money-laundering, etc.) and is committed to complying with the laws and regulations in relation to the prevent of bribery including Prevention of Bribery Ordinance and Anti-Money Laundering and Counter Terrorist Financing. The Group encourages its employees to discharge their duties and conduct themselves in compliance with laws and regulations and to do so with integrity and honesty. During the year, the Group did not identify any non-compliance or legal cases in relation to corruption, fraud, money laundering and bribery. The Group has a Whistleblowing Policy to encourage and assist whistleblowers to disclose information relevant to misconduct, malpractices or irregularities through a confidential reporting channel without the fear of recrimination. Suspected misconduct cases will be referred to the Risk Management Committee, which will review the cases and determine appropriate mode of investigation and any subsequent corrective actions. All reported cases will be handled by the Company with care and the concerns will be investigated in a fair and proper manner.

Community Investment

The Group strives to be a socially responsible corporate citizen making contributions to the general communities. The Group supports its employees to provide voluntary services and to participate in charity works as means to contribute to the community in which it operates. In view of its overall financial condition, the Group did not make charitable donation during the year (2023: Nil).

LOOKING AHEAD

The Group is devoted to achieve sustainable development for generating long-term values to the community and stakeholders. By integrating environmental consideration into its decision-making processes, the Group embraces the responsibility to create an environmentally sustainable business and is committed to raising its employees' environmental protection awareness and complying with relevant environmental laws and regulations. To take steps forward in 2025, the Group looks forward to continuing to work with all sectors of the community and all team members and partners to embrace sustainability and drive long-term value creation in Hong Kong.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of SoftMedx Healthcare Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of SoftMedx Healthcare Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 18 to 42, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 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 ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Revenue recognition

As disclosed in note 7 to the consolidated financial statements, the Group had revenue amounted to approximately HK\$54,639,000 for the year ended 31 December 2024. We identified revenue as a key audit matter due to the significance of the amount to the consolidated financial statements as a whole and it is one of the key performance indicators of the Group.

How our audit addressed the key audit matter

Our audit procedures in relation to revenue included, but were not limited to:

- Understanding the key controls over the recognition of revenue;
- Evaluating the design and implementation of the key controls;
- Performing substantive testing on revenue, including checking agreements, invoices, delivery notes and settlements; and
- Performing analytical procedures to test the amount of revenue recognised during the year.

We consider that the Group's recognition of revenue is supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included 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 will not express any form of assurance conclusion thereon.

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, 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.

CL Partners CPA Limited
Certified Public Accountants

LEUNG Man Kit
Practising Certificate Number: P08413
Hong Kong
25 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	54,639	51,340
Cost of goods sold		(36,241)	(30,215)
Gross profit		18,398	21,125
Gain on debt restructuring	8	328,026	-
Other income, gains and losses	9	9,301	6,921
Administrative expenses		(9,837)	(15,087)
(Loss)/gain arising from financial assets at fair value through profit or loss ("FVTPL")		(16,613)	19,075
Loss on disposal of subsidiaries	30	-	(4,725)
Finance costs	10	(1,321)	(12,940)
Profit before income tax	11	327,954	14,369
Income tax	12	(1,637)	(1,858)
Profit and total comprehensive income attributable to the owners of the Company		326,317	12,511
Earnings per share attributable to owners of the Company			
Basic and diluted	14	HK\$1.0	HK3.8 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	17	67	238
Right-of-use assets	18	873	210
Financial assets at FVTPL	19	3,915	20,527
		<u>4,855</u>	<u>20,975</u>
Current assets			
Inventories	20	4,781	2,830
Trade receivables	21	16,739	7,108
Prepayments and other receivables	22	19,519	17,092
Bank balances and cash		8,773	8,068
		<u>49,812</u>	<u>35,098</u>
Current liabilities			
Trade and other payables	23	13,507	85,955
Tax payable		4,677	2,965
Borrowings	24	33,113	226,739
Bonds payable	25	-	60,818
Lease liabilities	18	363	211
		<u>51,660</u>	<u>376,688</u>
Net current liabilities		<u>(1,848)</u>	<u>(341,590)</u>
Total assets less current liabilities		<u>3,007</u>	<u>(320,615)</u>
Non-current liabilities			
Borrowings	24	-	3,246
Lease liabilities	18	551	-
		<u>551</u>	<u>3,246</u>
NET ASSETS/(LIABILITIES)		<u>2,456</u>	<u>(323,861)</u>
Capital and reserves			
Share capital	26	3,030,660	3,030,660
Reserves		(3,028,204)	(3,354,521)
Total equity/(deficit)		<u>2,456</u>	<u>(323,861)</u>

The consolidated financial statements were approved and authorised for issue by the board of directors on 25 March 2025 and are signed on its behalf by:

Lin Pinzhuo
Director

Yiu Chun Wing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company		
	Share capital	Accumulated losses*	Total
	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2024	3,030,660	(3,354,521)	(323,861)
Profit and total comprehensive income for the year	–	326,317	326,317
Balance as at 31 December 2024	3,030,660	(3,028,204)	2,456

	Attributable to owners of the Company			Non-controlling Interests	Total
	Share capital	Accumulated losses*	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 January 2023	3,030,660	(3,367,032)	(336,372)	(7,583)	(343,955)
Profit and total comprehensive income for the year	–	12,511	12,511	–	12,511
Disposal of subsidiaries (note 30)	–	–	–	7,583	7,583
Balance as at 31 December 2023	3,030,660	(3,354,521)	(323,861)	–	(323,861)

* The balance is represented as "Reserves" in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities			
Profit before income tax		327,954	14,369
Adjustments for:			
Depreciation of property, plant and equipment	11	171	225
Depreciation of right-of-use assets	11	421	964
Gain from debt restructuring	8	(328,026)	-
Loss on disposal of subsidiaries	30	-	4,725
Exchange gains	9	(8,044)	(4,200)
Interest income	9	(188)	(363)
Loss/(gain) arising from financial assets at FVTPL		16,612	(19,075)
Finance costs	10	1,321	12,940
Operating cash inflow before working capital changes		10,221	9,585
Change in inventories		(1,951)	(860)
Change in trade receivables		(9,631)	(10,032)
Change in prepayments and other receivables		(2,427)	(4,612)
Change in trade and other payables		7,594	2,762
		3,806	3,157
Hong Kong Profits Tax refunded /(paid)		75	(1,333)
Net cash generated from/(used in) operating activities		3,881	(4,490)
Cash flows from investing activities			
Interest received		188	363
Net cash outflow arising on disposal of subsidiaries	30	-	(52)
Investment in financial assets at FVTPL		-	(1,156)
Net cash generated from/(used in) investing activities		188	(845)
Cash flows from financing activities			
Inception of loans		25,026	13,526
Repayment of loans		(26,336)	(2,188)
Repayment of bonds		(1,637)	-
Repayment of lease liabilities		(381)	(994)
Interest expense on lease liabilities		(36)	(37)
Net cash (used in)/generated from financing activities		(3,364)	10,307
Net increase in cash and cash equivalents		705	4,972
Cash and cash equivalents at the beginning of the year		8,068	3,096
Cash and cash equivalents at the end of the year		8,773	8,068

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the trading in shares of the Company has been suspended since 2017. The address of the registered office of the Company are set out in the section headed “Corporate Information” of the annual report. The Company acts as an investment holding company. The activities of the Company’s principal subsidiary are set out in Note 29. The Group, comprising the Company and its subsidiaries, is principally engaged in the distribution of medical and healthcare equipment and products.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

2.1 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 (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period 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 the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments 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 HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

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

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

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

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

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

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair values 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. The consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

3.3 Functional and presentation currency

The consolidated financial statements are presented in HK\$, which is the same as the functional currency of the Company.

4. MATERIAL ACCOUNTING POLICIES INFORMATION

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Intercompany transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and comprehensive income from dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the relevant assets or liabilities were disposed of.

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

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

4.2 Subsidiaries

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

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

4.3 Property, plant and equipment

Property, plant and equipment including plants, machinery and equipment and leasehold improvements, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Property, plant and equipment are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight-line method. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	20%–33.3% or over the shorter of the term of the lease
Furniture, fixtures and equipment	10%–33.3%
Motor vehicles	10%–33.3%
Computer equipment	10%–33.3%

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal. An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount. The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4.4 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 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 and are recognised as other income, rather than reducing the related expense.

4.5 Leases

The Group as a lessee All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchases option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost:

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

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

Subsequent to the commencement date, the Group measures the lease liability by:

- (i) increasing the carrying amount to reflect interest on the lease liability;
- (ii) reducing the carrying amount to reflect the lease payments made; and
- (iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

4.6 Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL (as defined below), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

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

Fair value through profit or loss ("FVTPL"): Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income ("FVTOCI"), as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVTOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate. The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. Trade receivables with significant balances and/or credit-impaired are assessed for ECLs individually. The Group calculates the lifetime ECLs on these receivables based on lifetime probability of default, loss given default and adjusted for forward-looking factors specific to the debtors and the economic environment. Lifetime ECLs for trade receivables which are not assessed individually are estimated by establishing a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-month ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be credit-impaired when: (1) significant financial difficulty of the debtor; (2) a breach of contract, such as a default or being more than 90 days past due; (3) the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; (4) it is probable that the debtor will enter bankruptcy or other financial reorganisation; or (5) the disappearance of an active market for security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account except for debt instruments measured at FVTOCI, whose loss allowance shall be recognised in other comprehensive income. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, bonds payable and borrowings, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

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

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9. Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4.7 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.8 Revenue recognition

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

Performance obligations for contracts with customers

For distribution of medical and healthcare equipment and products to customers, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to and accepted by the customer. Delivery occurs when the goods have been shipped to a customer's specific location.

Transaction price allocated to the remaining performance obligation for contracts with customers

The distribution of medical and healthcare equipment and products are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Contract liabilities

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

4.9 Income taxes

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

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

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

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.

4.10 Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

4.11 Employee benefits

(i) Short term employee benefit

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

(ii) Defined contribution retirement plans

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme. Under the above scheme, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4.12 Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.13 Provisions and contingent liabilities

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

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

4.14 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits and highly liquid investments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

4.15 Related parties

- (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 key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following condition 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 the employees of 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 key management personnel of the entity (or of a parent of the entity).
 - (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 Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include (i) that person's children and spouse or domestic partner; (ii) children of that person's spouse or domestic partner; and (iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Critical accounting judgements and key sources of estimation uncertainty are as follows:

(i) Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provision are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

(ii) Useful lives and residual values of property, plant and equipment

The management of the Group determines the residual values, estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual value and useful lives of the property, plant and equipment of similar nature and functions. Management will change the depreciation charge where residual values and useful lives are different from the previous estimates. It will also write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(iii) Impairment of property, plant and equipment

In assessing impairment of property, plant and equipment, the Group's management uses all readily available information in determining an amount that is reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable information from similar comparable products in the market. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(iv) Provision for ECL on trade receivables

The Group uses a probability of default to assess ECLs for trade receivables with significant balances and/or credit-impaired individually. 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.

For trade receivables which are not assessed individually, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns (e.g. by geography, product type, and customer type and rating, etc.). The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic products) are expected to deteriorate over the next year which can lead to an increase number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast in economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's default in the future. The information about ECLs on the Group's trade receivables and related credit risk is disclosed in notes 21 and 36, respectively.

6. SEGMENT REPORTING

The Group's reportable and operating segments under HKFRS 8 are based on the information reported to the executive Directors, the chief operating decision maker of the Group, for the purposes of resource allocation and assessment of segment performance, which focuses on the types of goods or services delivered or provided. The management of the Group monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is measure of adjusted profit or loss before income tax. In accordance with the way in which information is reported internally to the chief operating decision maker for the purpose of resource allocation and performance assessment, the Group has one reportable operating segment i.e. the medical and well-being business for distribution of medical and healthcare equipment and products. The adjusted profit or loss before income tax is measured consistently with the Group's profit or loss before income tax except that unallocated other income, gains and losses, finance costs and corporate expenses are excluded from such measurement. Segment assets exclude unallocated head office and corporate assets that are managed on a group basis. Segment liabilities exclude borrowings, bonds payable and unallocated head office and corporate liabilities that are managed on a group basis.

- (i) The following summary describes the Group's reportable segments:

For the year ended 31 December 2024

	Medical and well-being business HK\$'000	Total HK\$'000
External sales and reportable segment revenue	54,639	54,639
Reportable segment results	12,265	12,265
Unallocated corporate income and expenses		316,150
Unallocated finance costs		(461)
Profit before income tax		327,954
Reportable segment assets	50,372	50,372
Unallocated assets		4,295
Total assets		54,667
Reportable segment liabilities	31,703	31,703
Unallocated liabilities		20,508
Total liabilities		52,211
Other information:		
Addition to right-of-use assets	1,084	1,084
Depreciation of right-of-use-assets	421	421
Depreciation of property, plant and equipment	171	171

For the year ended 31 December 2023

	Medical and well-being business HK\$'000	Total HK\$'000
External sales and reportable segment revenue	51,340	51,340
Reportable segment results	11,308	11,308
Unallocated corporate income and expenses		15,000
Unallocated finance costs		(11,939)
Profit before income tax		14,369
Reportable segment assets	34,530	34,530
Unallocated assets		21,543
Total assets		56,073
Reportable segment liabilities	23,768	23,768
Unallocated liabilities		356,166
Total liabilities		379,934
Other information:		
Addition to right-of-use assets	316	316
Depreciation of right-of-use-assets	964	964
Depreciation of property, plant and equipment	225	225

- (ii) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2024 HK\$'000	2023 HK\$'000
Income from distribution of medical and healthcare equipment and products	54,639	51,340

- (iii) Geographical information

The Group's operation is located in Hong Kong. The Group's revenue from external customers is all from Hong Kong and non-current assets of the Group are located in Hong Kong.

(iv) Information about major customers

In 2024, no (2023: no) customer of the Group's medical and well-being business individually represents 10% or more of the Group's revenue.

7. REVENUE

An analysis of revenue as follows:

(i) Disaggregation of revenue from contracts with customers

	2024 HK\$'000	2023 HK\$'000
Types of goods or service		
Medical and well-being business		
- Distribution of medical and healthcare equipment and products	<u>54,639</u>	<u>51,340</u>
Geographical market		
Hong Kong	<u>54,639</u>	<u>51,340</u>
Time of revenue recognition		
A point in time basis	<u>54,639</u>	<u>51,340</u>

(ii) Performance obligations for contracts with customers

For distribution of medical and healthcare equipment and products to customers, revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to and accepted by the customer. Delivery occurs when the goods have been shipped to a customer's specific location.

8. GAIN ON DEBT RESTRUCTURING

During the year ended 31 December 2023, the Company has conducted a debt restructuring by way of scheme of arrangement between the Company and its creditors pursuant to Sections 670 and 673 of the Companies Ordinance (Cap 622 of the laws of Hong Kong) (the "Scheme") in order to restore the Company's financial and business positions to normality. The Scheme is not subject to resumption of trading in the shares of the Company. The directors of the Company are of the opinion that the implementation of the Scheme, comprising cash settlement made to the creditors based on their claims admitted by the Scheme administrator for full and final settlement of their claims against the Company, and allotment of shares as additional recovery to the creditors when trading resumption takes place (pursuant to the settlement options elected by the creditors), is the most efficient and effective way to optimise the recovery of the creditors in return for discharging and releasing their respective claims against the Company. The Scheme was sanctioned by the High Court of the Hong Kong Special Administrative Region and registered on the Companies Registry on 18 December 2023. Gain on debt restructuring from derecognition of liabilities of approximately HK\$328,026,000 was recorded upon the settlement made to the creditors admitted by the Scheme administrator during the year ended 31 December 2024.

	2024 HK\$'000
Gain from derecognition of:	
Other payables	80,042
Other borrowings	188,803
Bonds payable	<u>59,181</u>
	<u>328,026</u>

9. OTHER INCOME, GAINS AND LOSSES

	2024 HK\$'000	2023 HK\$'000
Interest income on bank balances	188	363
Exchange gains	8,044	4,200
Others	<u>1,069</u>	<u>2,358</u>
	<u>9,301</u>	<u>6,921</u>

10. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest expenses on:		
Bank and other borrowings	1,285	9,976
Bonds payable	-	2,927
Lease liabilities	<u>36</u>	<u>37</u>
	<u>1,321</u>	<u>12,940</u>

11. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2024 HK\$'000	2023 HK\$'000
Depreciation of property, plant and equipment (note 17)	171	225
Depreciation of right-of-use assets (note 18(a))	421	964
	592	1,189
Auditors' remuneration	1,000	1,000
Cost of inventories recognised as expenses	36,241	30,215
Staff costs and other benefits (including Directors' emolument (note 15))		
- Staff salaries	3,590	4,520
- Provident fund contributions	176	165

12. INCOME TAX

The amount of income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2024 HK\$'000	2023 HK\$'000
Current tax – Hong Kong profits Tax	1,637	1,858

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 is taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rates regime 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.

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

	2024 HK\$'000	2023 HK\$'000
Profit before income tax	327,954	14,369
Tax calculated at the applicable tax rate of 16.5% (2023: 16.5%)	54,112	2,371
Income tax at concessionary rate	(165)	(165)
Tax effect of income not taxable for tax purpose	(57,652)	(4,175)
Tax effect of expenses not deductible for tax purposes	5,010	2,905
Effect of tax losses not recognised	335	922
Government tax waiver	(3)	-
Income Tax	1,637	1,858

13. DIVIDENDS

The Directors do not recommend any dividend for the year ended 31 December 2024 (2023: Nil).

14. EARNINGS PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
Profit for the year attributable to owners of the Company	326,317	12,511

No diluted earnings per share for both 2024 and 2023 were presented as there was no potential ordinary share in issue for both 2024 and 2023.

	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	326,037	326,037

15. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the Directors were as follows:

	Fees HK\$'000	Salaries, allowance and other benefits HK\$'000	Defined contribution scheme HK\$'000	Total HK\$'000
For the year ended 31 December 2024				
<u>Executive directors</u>				
Mr. Lin Pinzhuo (redesignated on 1 August 2024)	106	-	-	106
Mr. Cheung Wai Kwan (resigned on 1 August 2024)	-	-	-	-
Mr. Wang Jianguo (resigned on 1 August 2024)	-	-	-	-
<u>Independent non-executive directors</u>				
Mr. Ngok Ho Wai (appointed on 1 August 2024)	50	-	-	50
Ms. Tang Cuihuen (appointed on 1 August 2024)	40	-	-	40
Mr. Yiu Chun Wing	120	-	-	120
Ms. Hu Xuezhen (resigned on 1 August 2024)	-	-	-	-
	316	-	-	316

	Fees HK\$'000	Salaries, allowance and other benefits HK\$'000	Defined contribution scheme HK\$'000	Total HK\$'000
For the year ended 31 December 2023				
<u>Executive directors</u>				
Mr. Chan Ka Chung (resigned on 23 June 2023)	-	-	-	-
Mr. Cheung Wai Kwan	-	-	-	-
Mr. Wang Jianguo	-	-	-	-
<u>Independent non-executive directors</u>				
Ms. Hu Xuezhen	-	-	-	-
Mr. Lin Pinzhuo (appointed on 2 February 2023)	96	-	-	96
Mr. Yiu Chun Wing	119	-	-	119
	215	-	-	215

The executive directors' emoluments shown above were for their services as directors with executive roles of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company. Mr. Cheung Wai Kwan, Mr. Wang Jianguo and Ms. Hu Xuezhen have waived their directors' fees, amounting to HK\$84,000 (2023: HK\$144,000), HK\$210,000 (2023: HK\$360,000) and HK\$70,000 (2023: HK\$120,000) for the year ended 31 December 2024 respectively, while Mr. Chan Ka Chung waived his director's fee amounted to HK\$5,766,000 for the year ended 31 December 2023 (2024: Nil).

16. THE FIVE HIGHEST PAID INDIVIDUALS

For the year ended 31 December 2024, no director was included the five highest paid individuals (2023: Nil). The emoluments of the five highest paid individuals were as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other emoluments	2,086	2,264
Defined contribution scheme	48	229
	2,134	2,493

The number of the highest paid non-Directors fell within the following emolument band:

	2024 Number of individuals	2023 Number of individuals
Nil to HK\$1,000,000	5	4
HK\$1,000,001 to HK\$1,500,000	-	1

For the year ended 31 December 2024, no emolument has been paid to the Directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Total HK\$'000
Cost					
As at 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	125	920	1,411	2,197	4,653
Accumulated depreciation and impairment					
As at 1 January 2023	120	834	1,039	2,197	4,190
Depreciation provided for the year	5	61	159	-	225
As at 31 December 2023 and 1 January 2024	125	895	1,198	2,197	4,415
Depreciation provided for the year	-	12	159	-	171
As at 31 December 2024	125	907	1,357	2,197	4,586
Carrying amount					
As at 31 December 2024	-	13	54	-	67
As at 31 December 2023	-	25	213	-	238

18. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

The Group as a lessee

The Group has lease contracts for its office premises (2023: for (i) office premises and (ii) warehouse respectively) used in its operations. The Group has leases with non-cancellable lease period of three years (2023: (i) non-cancellable lease period of two years and (ii) non-cancellable lease period of one year).

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	HK\$'000
As at 1 January 2023	858
Addition	316
Depreciation	(964)
As at 31 December 2023 and 1 January 2024	210
Addition	1,084
Depreciation	(421)
As at 31 December 2024	873

(b) Lease liabilities

The maturity of the Group's lease liabilities is as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	363	211
More than one year but not more than two years	384	-
More than two years but not more than five years	167	-
	914	211
Less: Due for settlement within 12 months shown under current liabilities	(363)	(211)
Due for settlement after 12 months shown under non-current liabilities	551	-

The weighted average incremental borrowing rates applied to lease liabilities was 5.63% (2023: 5.63%) per annum.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	36	37
Expense relating to short-term leases	1,677	972
Depreciation of right-of-use assets	421	964

(d) The cash outflows in relation to leases are as follows:

	2024 HK\$'000	2023 HK\$'000
Total cash outflow for leases	2,094	2,003
Additions to right-of-use assets	1,084	316

19. FINANCIAL ASSETS AT FVTPL

	2024 HK\$'000	2023 HK\$'000
Non-current: Listed equity investment	3,915	20,527

The fair value of listed equity investments is determined with reference to quoted market bid price from the Stock Exchange.

20. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Finished goods	4,781	2,830

During the year ended 31 December 2024, no write-down of inventories (2023: Nil) was recognised in cost of sales.

21. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	16,739	7,108
Less: Impairment allowance	-	-
	16,739	7,108

The Group's trading terms with its customers are mainly on credit. The credit period is generally 90 days (2023: 90 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

The following is an aged analysis of the trade receivable based on the invoice date, at the end of the reporting period, which approximated the respective revenue recognition dates:

	2024 HK\$'000	2023 HK\$'000
0 – 30 days	3,362	506
31 – 90 days	8,149	5,090
91 – 180 days	4,789	1,185
Over 181 days	439	327
	16,739	7,108

22. PREPAYMENT AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Prepayments	21	27
Deposits and other receivables	740	519
Prepayment to suppliers	18,758	16,546
	19,519	17,092
Less: impairment allowance	-	-
	19,519	17,092

Movement in allowances are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	-	494
Written off	-	(494)
At 31 December	-	-

23. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	10,081	-
Trade deposit	270	781
Accrued wage and staff benefit	204	63,096
Other payables and accruals	2,952	22,078
Total trade and other payables	13,507	85,955

The ageing analysis of the trade payables, based on invoice date, is as follows:

	2024 HK\$'000	2023 HK\$'000
31 – 90 days	4,627	-
91 – 180 days	5,454	-
	10,081	-

The average credit period on purchases of goods is 90 days.

24. BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Bank loans (note (a))	14,436	16,380
Loans from financial institutions (note (b))	-	131,947
Loans from independent third parties (note (c))	18,677	81,658
	33,113	229,985
Analysed into		
Repayable within one year or on demand	33,113	226,739
Repayable within a period of more than one year	-	3,246
	33,113	229,985
Unsecured	33,113	229,985

Notes:

- (a) The amount represented bank loans with aggregate principal of HK\$14,436,000 (2023: HK\$16,380,000) as at 31 December 2024 with interest rates ranging from 2.6% per annum over one-month-HIBOR to 2.5% per annum below the prime lending rate. No carrying amount of bank loans was settled by way of the Scheme in 2024.
- (b) The loans with aggregate principal amount of HK\$95,800,000 as at 31 December 2023 bearing interest rates ranging from 8% to 8.5%. The carrying amount of HK\$131,947,000 as at 31 December 2023 were settled by way of the Scheme in 2024.
- (c) The loans with aggregate principal of HK\$18,025,000 (2023: HK\$73,684,000) as at 31 December 2024 bearing interest rates at 5% (2023: ranging from 2.5% to 5%). The carrying amount of HK\$69,971,000 as at 31 December 2023 was settled by way of the Scheme in 2024.

25. BONDS PAYABLE

	2024 HK\$'000	2023 HK\$'000
Bonds payable	-	60,818

The bonds issued by the Company with aggregate principal amount of HK\$49,000,000 as at 31 December 2023 which born interest rates of 5% to 6.5% and effective interest rates of 7% to 9% (up to 18 December 2023), were settled by way of the Scheme in 2024.

26. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Issued and fully paid:		
As at 31 December 2023, 1 January 2024 and 31 December 2024	326,037	3,030,660

27. SHARE SCHEMES

Share option scheme

The Company's share option scheme, which was adopted pursuant to a resolution passed on 12 June 2014. The share option scheme has a term of 10 years and is for the purpose of providing incentives to eligible participants for their contribution to the growth of the Group. The Board may grant options to eligible persons to subscribe for shares in the Company. The exercise price is determined by the Board, and will not be less than higher of (i) the closing price of the shares on the grant date; or (ii) the average closing price of the shares for the five business days immediately preceding the grant date. No share option was granted during the financial years 2024 and 2023 and the Company had no outstanding share option outstanding as at 31 December 2024 and 2023. The share option scheme was expired in June 2024.

Share award scheme

The Company has adopted the share award scheme on 19 June 2015. The scheme has a term of 10 years and is for the purpose of recognising the contributions of the eligible participant and attracting and retaining them for the continual development of the Group. The share award may be satisfied by (a) issuance of new shares, in which case the issue price of the award shares is determined by the board of directors of the Company at its absolute discretion at the time of grant and shall at least be the higher of (i) the closing price of the shares on the grant date; or (ii) the average closing price of the shares for the five trading days immediately preceding the grant date; and (b) acquiring existing shares from the market, in which case the purchase price will be based on the market value of the shares on the date of acquisition. The Board may, from time to time, at its absolute discretion select and grant share award to any eligible participant and determine the terms, composition and conditions of the award. The scheme has neither specified minimum vesting period nor maximum entitlement of each eligible participant. No amount is payable by the eligible participant upon acceptance of the award. The Company had not granted any share award to any person and there was no share award outstanding during each of the years ended 31 December 2024 and 2023.

28. THE COMPANY'S STATEMENT OF FINANCIAL POSITION

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Financial assets at FVTPL	3,915	20,527
Investment in subsidiaries*	-	-
	<u>3,915</u>	<u>20,527</u>
Current assets		
Other receivables, prepayment and deposits	124	155
Bank balances and cash	254	341
	<u>378</u>	<u>496</u>
Current liabilities		
Other payables	1,831	84,740
Borrowings	18,677	210,359
Bonds payable	-	60,818
	<u>20,508</u>	<u>355,917</u>
Net current liabilities	<u>(20,130)</u>	<u>(355,421)</u>
Total assets less current liabilities	<u>(16,215)</u>	<u>(334,894)</u>
Net liabilities	<u>(16,215)</u>	<u>(334,894)</u>
Capital and reserves		
Share capital	3,030,660	3,030,660
Reserve#	(3,046,875)	(3,365,554)
Total deficit	<u>(16,215)</u>	<u>(334,894)</u>

On behalf of the Directors

Lin Pinzhao
Director

Yiu Chun Wing
Director

* Less than HK\$1,000

The Company's reserve represented its accumulated losses and the movement is summarised as follows:

	Accumulated losses HK\$'000
As at 1 January 2023	(3,376,116)
Profit for the year	10,562
As at 31 December 2023 and 1 January 2024	(3,365,554)
Profit for the year	318,679
As at 31 December 2024	(3,046,875)

29. PRINCIPAL SUBSIDIARY

Details of the principal subsidiary held directly by the Company as at 31 December 2024 are as follows:

Name of subsidiary	Place of incorporation and operations	Paid-up capital	Percentage of equity attributable to the Company		Principal activities
			2024	2023	
Wah Yan Bright Healthcare Limited	Hong Kong	HK\$1	100%	100%	Distribution of medical and healthcare equipment and products

The above table lists the subsidiary of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group.

30. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2023, the Group disposed of a group of subsidiaries with net liabilities and was detailed as below:

	HK\$'000
Analysis of assets and liabilities over which control was lost:	
Bank balances and cash	52
Other payables	(2,910)
Net liabilities disposed of	(2,858)
Loss on disposal of subsidiaries:	
Net liabilities disposed of	2,858
Non-controlling interests	(7,583)
Loss on disposal	(4,725)
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	(52)

31. RELATED PARTY TRANSACTIONS

The key management personnel are the Directors and the five highest paid individuals of the Company. The details of the emoluments paid to them are set out in notes 15 and 16 respectively. Except as disclosed above, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

a. Major non-cash transactions

- (i) During the year ended 31 December 2024, there were non-cash additions to right-of-use assets and lease liabilities of HK\$1,084,000 (2023: HK\$316,000) and HK\$1,084,000 (2023: HK\$316,000), respectively, in respect of new lease arrangements for office premises (2023: office premises and warehouses); and
- (ii) During the year ended 31 December 2024, there were non-cash transactions on gain on debt restructuring by deduction of other payables, borrowings and bonds payable of HK\$80,042,000, HK\$188,803,000 and HK\$59,181,000 respectively.

b. Changes in liabilities arising from financing activities

The table below details changes in Group's liabilities arising from financing activities.

	Borrowings HK\$'000	Bonds payable HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 January 2024	229,985	60,818	211	291,014
Change from financing cash flow:				
- Inception of loans	25,026	-	-	25,026
- Repayment of loans	(26,336)	-	-	(26,336)
- Repayment of bonds	-	(1,637)	-	(1,637)
- Capital element of lease rental paid	-	-	(381)	(381)
- Interest element of lease rental paid	-	-	(36)	(36)
	(1,310)	(1,637)	(417)	(3,364)
Non-cash flows:				
- Interest expenses	1,285	-	36	1,321
- Derecognition under debt restructuring	(188,803)	(59,181)	-	(247,984)
- Exchange gains	(8,044)	-	-	(8,044)
- Inception of new lease	-	-	1,084	1,084
	(195,562)	(59,181)	1,120	(253,623)
As at 31 December 2024	33,113	-	914	34,027

	Borrowings HK\$'000	Bonds payable HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 January 2023	217,743	57,891	889	276,523
Change from financing cash flow:				
- Inception of loans	13,526	-	-	13,526
- Repayment of loans	(2,188)	-	-	(2,188)
- Capital element of lease rental paid	-	-	(994)	(994)
- Interest element of lease rental paid	-	-	(37)	(37)
	<u>11,338</u>	<u>-</u>	<u>(1,031)</u>	<u>10,307</u>
Non-cash flows:				
- Interest expenses	9,976	2,927	37	12,940
- Exchange gains	(4,200)	-	-	(4,200)
- Inception of new lease	-	-	316	316
- Disposal	(4,872)	-	-	(4,872)
	<u>904</u>	<u>2,927</u>	<u>353</u>	<u>4,184</u>
As at 31 December 2023	<u>229,985</u>	<u>60,818</u>	<u>211</u>	<u>291,014</u>

33. LITIGATION

During the year ended 31 December 2020, the Group was involved in a litigation regarding the demand for immediate repayment of its borrowing and accrued interest of HK\$16,200,000. The lender claimed that the borrowing had become overdue in March 2020. On 18 April 2023, this lender filed a winding up petition against the Company for the alleged failure of the Company to settle the aforesaid borrowings. An order was made by the High Court of Hong Kong on 22 January 2024 that the winding up petition be dismissed. The borrowing and accrued interest due to such lender was subsequently settled by way of the Scheme during the year.

34. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt, net of cash and cash equivalents and equity/deficit attributable to owners of the Company, comprising issued share capital and accumulated losses, respectively. The Directors review the capital structure on a continuous basis taking into account the loss of capital and the risk associated with the capital. The Group will balance its overall capital structure through issue of new shares and share buy-back as well as the issue of new debts or debts restructuring, if necessary.

	2024 HK\$'000	2023 HK\$'000
Trade and other payables	13,507	85,955
Tax payables	4,677	2,965
Borrowings	33,113	229,985
Bonds payable	-	60,818
Lease liabilities	914	211
Less: Cash and cash equivalent	(8,773)	(8,068)
Net debt	<u>43,438</u>	<u>371,866</u>
Equity/(Deficit) attributable to owners of the Company	<u>2,456</u>	<u>(323,861)</u>
Gearing ratio	<u>1,769%</u>	<u>(115%)</u>

35. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of financial assets:

	2024 Carrying Amount HK\$'000	2023 Carrying Amount HK\$'000
FVTPL		
Financial assets at FVTPL	3,915	20,527
Amortised cost		
Trade receivables	16,739	7,108
Deposits and other receivables	740	519
Bank balances and cash	8,773	8,068
	<u>30,167</u>	<u>36,222</u>

The following table shows the carrying amount of financial liabilities:

	2024 Carrying Amount HK\$'000	2023 Carrying Amount HK\$'000
Amortised cost		
Trade and other payables	13,237	85,174
Borrowings	33,113	229,985
Bonds payable	-	60,818
Lease liabilities	914	211
	47,264	376,188

a. Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade receivables, deposits and other receivables, bank balances and cash, trade and other payables, borrowings, bonds payable and lease liabilities. Due to their short term nature, their carrying value approximates their fair value. The carrying values of borrowings and bonds payable as at 31 December 2024 and 2023 approximated their fair values as the effective interest rates of these financial instruments were close to market rates.

b. Financial instruments measured at fair value

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy. There was no transfers between levels during the current and prior years.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 December 2024				
Financial assets at FVTPL				
Listed equity investments	3,915	-	-	3,915
As at 31 December 2023				
Financial assets at FVTPL				
Listed equity investments	20,527	-	-	20,527

36. FINANCIAL RISK MANAGEMENT

Details of the Group's major financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and other price risk), foreign currency risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these risk exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR arising from the Group's Hong Kong dollar denominated borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point (2023: 50 basis points) increase or decrease in variable-rate bank borrowings represents management's assessment of the reasonably possible change in interest rates. Bank balances are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is immaterial. If interest rates had been 50 basis points (2023: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit (2023: post-tax profit) for the year ended 31 December 2024 would decrease/increase by HK\$60,000 (2023: decrease/increase by HK\$68,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate borrowings.

(b) Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. The Group is also exposed to the concentration risk for the investment in one equity security. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. If the prices of the respective equity instruments had been 10% (2023: 10%) higher/lower, the post-tax profit (2023: post-tax profit) for the year ended 31 December 2024 would increase/decrease by HK\$327,000 (2023: increase/decrease by HK\$1,714,000) as a result of the changes in fair value of investments at FVTPL.

(c) Foreign currency risk

As at 31 December 2023, the Group mainly operates in Hong Kong with most of the sales transactions and purchase transactions are settled in HK\$ except certain borrowings denominated in Japanese Yen ("Yen") amounting to Yen 1,182,845,000 (equivalent to HK\$65,488,000) which expose the Group to foreign currency risk. The following table details the Group's sensitivity to a 5% (2024: Nil) increase and decrease in Hong Kong dollars against Yen. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2023: 5%) change in foreign currency rates. The sensitivity analysis also includes where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and other equity where Hong Kong dollars strengthen 5% against Yen. For a 5% weakening of Hong Kong dollars against Yen, there would be an equal and opposite impact on the profit and the amounts below would be negative.

	2024 HK\$'000	2023 HK\$'000
Profit for the year	-	2,734

(d) Credit risk

The credit risk of the Group mainly arises from trade receivables, deposits and other receivables and bank balances.

Bank balances

To manage the risk arising from bank balances, the Group only transacts with reputable banks which are all high credit-quality financial institutions. There has no recent history of default in relation to these financial institutions. The expected credit loss is insignificant.

Deposits and other receivables

For deposits and other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of deposits and other receivables based on historical settlement records and past experience, as well as quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that the expected credit loss is insignificant.

Trade receivables

For trade receivables, management makes periodic collective assessments as well as individual assessment on the recoverability with no significant credit risk identified. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group generally requires customers to settle in accordance with contracted terms and other debts in accordance with agreements. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. To measure expected credit losses, the Group categorises its trade receivables based on the nature of customer accounts and shared credit risk characteristics. The expected loss rates are based on the payment profiles of customers and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has taken into account the possible impacts associated with the overall changes in the economic environment, and concluded that there is no significant increase in credit risk. Based on the above basis, no loss allowance was made on the Group's trade receivables for the year ended 31 December 2024 (2023: Nil).

(e) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of each reporting period.

	Within one year or on demand HK\$'000	More than 1 year HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 December 2024				
Trade and other payables	13,237	-	13,237	13,237
Borrowings	33,113	-	33,113	33,113
Lease liabilities	406	575	981	914
	<u>46,756</u>	<u>575</u>	<u>47,331</u>	<u>47,264</u>
As at 31 December 2023				
Trade and other payables	85,174	-	85,174	85,174
Borrowings	226,739	3,449	230,188	229,985
Bonds payable	60,818	-	60,818	60,818
Lease liabilities	213	-	213	211
	<u>372,944</u>	<u>3,449</u>	<u>376,393</u>	<u>376,188</u>

37. CONTINGENT LIABILITIES

Refer to note 8 to the consolidated financial statements, in connection with the Scheme, there are provisions for potential allotment and issuance of new shares of the Company, as well as additional cash settlement made to the creditors ("Additional Recoveries") under the Scheme based on their claims admitted by the Scheme administrator. The completion of Scheme is not subject to resumption of trading of the Company's shares on Stock Exchange ("Trading Resumption") and the Additional Recoveries are separately accounted for. Since the Company's obligations for Additional Recoveries are contingent on the success of Trading Resumption, the directors of the Company are in the opinion that the Company does not have a present obligation for provision of Additional Recoveries as the success of Trading Resumption is uncertain as at the end of the reporting period.

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of Directors on 25 March 2025.

FIVE YEARS SUMMARY

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS					
REVENUE	54,639	51,340	33,765	1,699	9,617
Cost of goods sold	(36,241)	(30,215)	(20,028)	(909)	(4,392)
Gross profit	18,398	21,125	13,737	790	5,225
Gain on debt restructuring	328,026	-	-	-	-
Other income, gains and losses	9,301	6,921	9,765	8,725	2,210
Selling and distribution expenses	-	-	-	-	(967)
Administrative expenses	(9,837)	(15,087)	(23,021)	(21,837)	(36,41)
Gain on liquidation of subsidiaries	-	-	-	7,949	-
(Loss)/gain arising from financial assets at FVTPL	(16,613)	19,075	(725)	(2,740)	-
Written off of property, plant and equipment	-	-	(345)	-	-
Impairment loss on other receivables	-	-	(494)	(1,335)	-
Impairment loss on goodwill	-	-	-	-	(5,043)
(Loss)/gain on disposal of subsidiaries	-	(4,725)	-	-	647
Finance costs	(1,321)	(12,940)	(15,549)	(16,269)	(18,101)
PROFIT/(LOSS) BEFORE INCOME TAX	327,954	14,369	(16,632)	(24,717)	(52,470)
Income tax expenses	(1,637)	(1,858)	(2,593)	-	-
PROFIT/(LOSS) FOR THE YEAR	326,317	12,511	(19,225)	(24,717)	(52,470)
Profit/(loss) for the year attributable to:					
Owners of the Company	326,317	12,511	(19,225)	(26,275)	(50,846)
Non-controlling interests	-	-	-	1,558	(1,624)
	326,317	12,511	(19,225)	(24,717)	(52,470)
As at 31 December					
	2024	2023	2022	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TOTAL ASSETS	54,667	56,073	24,640	19,115	27,297
TOTAL LIABILITIES	(52,211)	(379,934)	(368,595)	(344,048)	(343,600)
NON-CONTROLLING INTERESTS	-	-	7,583	7,583	25,228
TOTAL EQUITY/(DEFICIT) ATTRIBUTABLE TO OWNERS OF THE COMPANY	2,456	(323,861)	(336,372)	(317,350)	(291,075)