



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8156)

2025 ANNUAL REPORT



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

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

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

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



CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Profiles of Directors	9
Corporate Governance Report	11
Directors' Report	24
Environmental, Social and Governance Report	41
Independent Auditor's Report	53
Consolidated Statement of Profit or Loss and Other Comprehensive Income	59
Consolidated Statement of Financial Position	61
Consolidated Statement of Changes in Equity	63
Consolidated Statement of Cash Flows	64
Notes to the Consolidated Financial Statements	66
Five-Year Financial Summary	169
Glossary	170



The English text of this annual report shall prevail over the Chinese text for the purpose of interpretation.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. CHIU Sin Nang Kenny (*appointed on 2 June 2025*)
Ms. KWOK Shuk Yi

Non-executive Director

Dr. CHENG Yanjie

Independent Non-executive Directors

Mr. LAU Fai Lawrence
Mr. HSU Dong An
Mr. HEUNG Pik Lun

AUDIT COMMITTEE

Mr. LAU Fai Lawrence (*Chairperson*)
Mr. HSU Dong An
Mr. HEUNG Pik Lun

REMUNERATION COMMITTEE

Mr. LAU Fai Lawrence (*Chairperson*)
Mr. CHIU Sin Nang Kenny (*appointed on 2 June 2025*)
Mr. HSU Dong An
Mr. HEUNG Pik Lun

NOMINATION COMMITTEE

Mr. HSU Dong An (*Chairperson*)
Mr. CHIU Sin Nang Kenny (*appointed on 2 June 2025*)
Mr. HEUNG Pik Lun

AUTHORISED REPRESENTATIVES

Mr. CHIU Sin Nang Kenny (*appointed on 13 June 2025*)
Ms. KWOK Shuk Yi

COMPANY SECRETARY

Ms. WONG Chi Ling (*appointed on 13 June 2025*)

AUDITORS

Suya WWC CPA Limited

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
DBS Bank (Hong Kong) Limited
Nanyang Commercial Bank Limited
Chong Hing Bank Limited

REGISTERED OFFICE IN CAYMAN ISLANDS

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

STOCK CODE

8156

COMPANY WEBSITE

www.sinopharmtech.com.hk



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 30 June 2025 (the “**Year**”), adhering to a clear strategic direction, the Group leveraged on its solid foundation built over years in the healthcare industry and the pharmaceutical supply chain sector. Through its subsidiaries in Mainland China, the Group continuously expanded its distribution network for healthcare products and pharmaceuticals, thereby establishing stable and potentially sustainable revenue streams. The Group’s revenue growth was primarily attributable to: 1) the rapid increase in market demand for healthcare products; 2) continuous improvement in supply chain operational efficiency; and 3) further optimization of service processes. These results fully demonstrate the effectiveness of the core business strategy and reflect the success of the Group’s initiatives in product portfolio optimization and operational enhancement.

With the rapid development of technology, the Group successfully introduced artificial intelligence analytics, integrating it into the core business and operational processes of the Group. This has enhanced the accuracy of customer insights, optimized procurement decisions and inventory management, strengthened the professional capabilities and collaborative efficiency of various departments, and effectively improved overall operational standards and sustainable competitive advantages.

Regarding resource allocation, the Group prudently adjusted its layout in response to market changes. It has currently suspended resource allocation to the “Internet+” solution services and personal protective equipment businesses, focusing instead on core growth areas such as the healthcare industry and supply chain services. Through continuous optimization of the business layout, resources are being concentrated on highly promising areas like “AI+ business applications” and medical pharmaceutical sales to strengthen long-term competitive advantages.

Concurrently, the Group continued to advance organizational structure optimization and human resources integration. Through the efforts of a seasoned and professional team and deep integration with AI automation systems, cross-departmental collaborative efficiency and work quality were significantly enhanced, effectively controlling administrative expenses and operational costs. This provides solid support for strengthening operational effectiveness and long-term strategic deployment.

The business development and internal organizational overview of the Group during the year under review are as follows:

Healthcare Industry and Supply Chain Services Business

The healthcare industry and supply chain services business continued to be the Group’s primary revenue source. The Group actively focused resources and introduced AI technology to deeply empower operations, significantly enhancing supply chain efficiency and market responsiveness. By utilizing data analytics tools to analyze customer demand, sales data, and inventory status across provinces, the Group can more accurately identify market trends, optimize procurement process, and dynamically adjust inventory, further strengthening its supply chain service capabilities in healthcare product categories and significantly improving the Group’s working capital turnover efficiency. Leveraging on years of experience in goods procurement and supply chain management, along with data-driven insights, the Group provides customers with efficient and precise one-stop solutions.

During the Year, the Group continued to advance the distribution layout for therapeutic drugs and healthcare products through its subsidiaries in Mainland China. Relying on a mature supply chain system and resource integration capabilities, combined with regional market forecast analysis, the Group successfully accelerated product delivery efficiency and coverage across multiple provinces and cities nationwide, and strengthened cooperative relationships with brand owners. Through data-driven market insights and demand analysis, the Group effectively assists customers in capturing business opportunities and drives its own business growth.



MANAGEMENT DISCUSSION AND ANALYSIS

Driven by strategic resource allocation and efficient operations, this business segment achieved steady revenue growth, demonstrating good resilience and growth potential, and has become a sustainable and scalable core revenue source for the Group. The Group will continue to promote digital transformation and AI-powered operations within this business to achieve long-term value growth.

“Internet+” Solution Services Business and Personal Protective Equipment Business

Market acceptance and demand for the services and products of these business segments remain uncertain, and their sustainable development models require further validation. In response to market changes and the Group’s strategic refocusing, the management continued to suspend resource allocation to these businesses during the Year, putting operations on hold, and is prudently assessing their long-term potential. Simultaneously, the Group actively pursued resource reorganization, increasing focus on high-potential core areas such as “AI+ business applications” and medical pharmaceutical sales, while continuously deepening the strategic layout of the aforementioned healthcare industry and supply chain services business. This aims to optimize the business structure and enhance core competitiveness.

Operational Efficiency and Organizational Structure Optimization

During the Year, the Group continuously optimized its internal organizational structure, advancing workforce streamlining and integration. Through the collaboration of a seasoned team and professional talent, the Group not only enhanced cross-departmental synergy and work quality but also strengthened employees’ professional capabilities and market sensitivity. Furthermore, process automation and AI system analytics significantly reduced repetitive tasks, allowing resources to be focused more on high-value functions and business activities. This led to a notable decrease in administrative expenses and operational costs while improving operational efficiency, providing strong support for sustainable profitability and strategic execution.

Future Outlook

Moving forward, the Group will resolutely implement its established strategic direction, adopting a more forward-looking development perspective with focus on the high-growth potential healthcare industry and supply chain services business. Building upon its robust foundation and continuously strengthening momentum, the Group plans to further increase strategic resource allocation, deepen synergistic relationships with various partners, actively expand the business coverage of healthcare products and supply chain services, and prioritize the development of healthcare-related AI+ business applications, life and healthcare technology, and the data science industry, striving wholeheartedly to create more substantial returns for the Group.

It is worth emphasizing that the Hong Kong Special Administrative Region Government’s 2025 Policy Address also actively introduced multiple innovation and industry policies, explicitly supporting the development of various areas such as the AI industry, life and healthcare technology, and data science. The Group’s current strategic layout is highly aligned with the policy direction of the HKSAR Government. This synergy not only provides a favorable policy environment and resource support for the relevant businesses of the Group but also helps accelerate technology implementation and expand diverse application scenarios, thereby further consolidating and enhancing the Group’s core competitiveness and market influential power in these key future industries.

Simultaneously, the Group will continue to deepen the integration of AI with its core businesses, focusing on promoting its application in key areas such as market trend forecasting, intelligent supply chain management, customer demand insight, and operational process optimization. Relevant technologies will be fully integrated into the daily operations of all departments, utilizing digital tools to assist decision-making, achieve process automation, and enable data-driven service optimization, comprehensively enhancing work quality and operational efficiency to provide customers with more precise, efficient, and high-quality service experiences.



On this basis, the Group will actively explore new growth pathways for intelligent applications, specifically focusing on AI+ solutions for the healthcare and medical pharmaceutical supply chains, life and healthcare technology, and data science. We will delve into various innovative directions such as healthcare technology product R&D, digital healthcare platform services, and smart logistics solutions, committed to building a diversified and sustainable business portfolio. We firmly believe that through continuous feasibility assessments and strategic cooperation, this will not only strengthen the core competitiveness of existing businesses but also enable the Group to seize opportunities in a rapidly changing market, accumulating strong momentum for long-term development and ultimately injecting new impetus for overall value enhancement.

Regarding talent and organizational development, the Group will continue to strengthen the strategic execution capabilities of its core team, improve the talent cultivation system and collaboration mechanisms. Through organizational structure optimization and incentive system innovation, the Group aims to stimulate employee creativity, building a highly collaborative, professional team that proactively responds to market changes, providing robust support for the solid advancement of the Group's strategy.

On the financial management, the Group will continue to optimize its capital structure, strictly control financial risks, and enhance capital efficiency, laying a solid financial foundation for the steady expansion of future businesses. We are confident about future development and believe that with clear strategic planning, efficient resource integration, and strong execution capabilities, the Group will achieve new breakthroughs and growth.

FINANCIAL REVIEW

During the Year, the Group recorded revenue of approximately HK\$61.3 million, representing an increase of approximately 48% over the revenue of approximately HK\$41.2 million for the same period in 2024. This growth was primarily driven by the increase in market demand for healthcare products and enhanced operational efficiency in our supply chain services, underscoring the effectiveness of our strategic focus on these core business sectors.

The gross profit for the Year of approximately HK\$14.2 million represented an increase of approximately 184% over the gross profit of approximately HK\$5.0 million in the corresponding period in 2024. Increase in gross profit was mainly due to business improvement of higher gross profit margin for rendering the supply chain services of healthcare products during the Year.

The Group recorded a loss attributable to owners of the Company of approximately HK\$0.9 million for the Year, representing a significant decrease of approximately 95% as compared with the loss attributable to owners of the Company of approximately HK\$19.7 million for the year ended 30 June 2024. The Board believes the Group's significant improvement in the financial results during the Year was mainly attributable to the net effect of, among other things, (i) the year-on-year increase in gross profit amounted to approximately HK\$9.2 million or 184% due to business improvement; (ii) strengthened cost control on administrative and operating expenses; (iii) gain on loan capitalisation in the amount of approximately HK\$3.9 million during the Year; and (iv) decrease in finance costs as a result of the loan capitalization during the Year.

SEGMENTAL INFORMATION

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



MANAGEMENT DISCUSSION AND ANALYSIS

Supply chain services business recorded an increase in overall revenue as the result of higher demand of the supply chain services of healthcare products during the Year. The revenue of supply chain services recorded approximately HK\$61.3 million, representing an increase of approximately 48% in total revenue over the revenue of approximately HK\$41.3 million for the same period of the last financial year. The gross profit recorded approximately HK\$14.2 million with the margin of approximately 23% for the Year comparing with approximately HK\$5.0 million with the margin of approximately 12% for the same period of the last financial year. Further details of the development of supply chain services business are set out in the “Business Review” of the “Management Discussion and Analysis”.

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

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

GOODWILL AND INTANGIBLE ASSETS

The Group’s goodwill and intangible assets, which primarily arose from historical business acquisitions, remain fully impaired as of 30 June 2025, consistent with the position reported in the prior year. The management has continued to monitor the performance and recoverability of the related cash-generating units (CGUs), and no impairment triggers were identified during the Year that would necessitate a revised impairment assessment.

The absence of further impairment for the third consecutive year reflects the ongoing stabilization of the Group’s core business segments following the strategic restructuring and operational refocusing implemented in recent periods.

Further details regarding the movements and composition of the Group’s goodwill and intangible assets are disclosed in Note 19 and Note 20 to the consolidated financial statements.

VALUE OF INPUTS, BASIS AND KEY ASSUMPTIONS FOR GOODWILL IMPAIRMENT LOSS ASSESSMENT

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

There have been no changes in the valuation methodology or in the key assumptions — including discount rates, long-term growth rates, and margin expectations — applied in the impairment assessment compared to prior years. The Group maintains consistency in the application of these critical estimates to ensure the reliability and comparability of its impairment evaluations. As the goodwill attributable to the relevant CGUs was fully impaired in earlier periods, no recoverable amount assessment was performed as of 30 June 2025 or 30 June 2024.



LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group's liquidity position and capital structure demonstrated notable improvement during the Year, reflecting the successful execution of our strategic financial initiatives and operational restructuring and proactive balance sheet management.

As at 30 June 2025, the Group maintained bank balances and cash of approximately HK\$6.9 million (2024: approximately HK\$2.6 million), predominantly denominated in Hong Kong dollars and Renminbi. Current assets amounted to approximately HK\$49.1 million (2024: approximately HK\$38.1 million), primarily consisting of inventories, trade and other receivables, prepayments, and cash balances. This strengthening in current assets underscores the Group's enhanced operational liquidity and working capital efficiency.

Current liabilities were significantly reduced to approximately HK\$68.4 million (2024: approximately HK\$249.4 million), mainly comprising trade payables, other borrowings, accruals, other payables, and amounts due to a shareholder. The substantial decrease in current liabilities demonstrates the Group's successful efforts in debt management and balance sheet optimization.

The gearing ratio, calculated as total interest-bearing borrowings divided by total assets, was approximately 9% as at 30 June 2025 (2024: approximately 162%). This improvement reflects the Group's continued efforts to optimize its capital structure and strengthen its financial foundation.

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

CAPITAL COMMITMENTS

The Group had no capital commitments from operations as at 30 June 2025 (30 June 2024: Nil).

FOREIGN EXCHANGE EXPOSURE

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

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

The Group has no contingent liabilities as at 30 June 2025 (30 June 2024: Nil). No asset of the Group was pledged as securities to any third parties as at 30 June 2025 (30 June 2024: Nil).

CAPITAL STRUCTURE

The Group's liquidity position improved over the Year, supported by both internal operational performance and strategic capital activities. The most notable development was the completion of capital reorganisation and loan capitalisation, which reduced the Group's debt burden by approximately HK\$193.0 million, improved gearing, and reinforced the equity base, creating a more sustainable capital framework for future growth. The successful participation of creditors in the loan capitalisation demonstrated their strong confidence in the Group's long-term prospects and in supporting the Company's future development. Details of the capital reorganisation are set out in Note 33(b) to the Consolidated Financial Statements of this annual report and details of the loan capitalisation are set out in Notes 29, 30 and 32 to the Consolidated Financial Statements.



MANAGEMENT DISCUSSION AND ANALYSIS

During the Year, the capital structure of the Group consisted of issued share capital and reserves. On 15 November 2024, upon completion of the loan capitalisation, the Company has allotted and issued a total number of 450,000,000 ordinary shares at HK\$0.1 per ordinary share and 1,480,151,050 non-voting convertible preference shares (“**CPS(s)**”) at HK\$0.1 per CPS. The details of the CPSs are set out in Notes 29 and 32 to the Consolidated Financial Statements. As at 30 June 2025, the total numbers of issued shares of the Company comprise 633,693,055 ordinary shares and 1,480,151,050 CPSs respectively, both with a par value of HK\$0.0125 each.

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

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

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

On 12 June 2025, the Group entered into the sale and purchase agreement with Grace Fortune Global Limited (“**Grace Fortune**”), pursuant to which the Group agreed to sell, and Grace Fortune agreed to purchase, the 19.05% equity investment in Ever Development Holdings Limited with a consideration of approximately HK\$3,643,000. Completion has taken place on 12 June 2025. The disposal constituted a discloseable transaction of the Company. The details are set out in Note 22 to the Consolidated Financial Statements of this annual report and the announcement of the Company dated 12 June 2025.

The disposals of the two non-core subsidiaries of the Group as disclosed in Note 36 to the Consolidated Financial Statements of this annual report did not constitute notifiable transactions under Chapter 19 of the GEM Listing Rules.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2025, the Group had 32 (2024: 33) employees in Hong Kong and the PRC, including the Directors. The total staff cost, excluding the Directors’ remuneration, for the Year amounted to approximately HK\$3.3 million (2024: HK\$3.5 million).

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



PROFILES OF DIRECTORS

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

DIRECTORS

Executive Directors

Mr. CHIU Sin Nang Kenny, aged 63, is an executive director and authorised representative of the Company, a member of the remuneration committee and nomination committee of the Company. He is also a director of subsidiaries of the Company. Mr. CHIU joined the Group in June 2025. He is a professional accountant (FCPA) in Hong Kong and Australia, with over 35 years of experience in financial accounting and corporate management. Mr. CHIU currently serves as a non-executive director of Hua Yin International Holdings Limited (Stock Code: 0989), the securities of which are listed on the Stock Exchange and a director of Hong Kong International Family Office Limited. He has previously held executive director position at Kin Shing Holdings Limited (Stock Code: 1630), the securities of which are listed on the Stock Exchange and independent non-executive director positions in various listed companies the securities of which are listed on the Stock Exchange, including Keyne Limited (“**Keyne**”) (formerly known as Nine Express Limited (Stock Code: 0009), Sincere Watch (Hong Kong) Limited (Stock Code: 0444), Baijin Life Science Holdings Limited (formerly known as Affluent Partners Holdings Limited) (Stock Code: 1466), Coolpad Group Limited (Stock Code: 2369), and Kingston Financial Group Limited (Stock Code: 1031) (the securities of which were listed on the Stock Exchange and delisted in February 2023).

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

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

Ms. KWOK Shuk Yi, aged 49, is an Executive Director and an authorised representative of the Company. She joined the Group in July 2008 and was appointed as an Executive Director of the Company in September 2022. Ms. KWOK holds a Bachelor’s Degree in Human Resource Management from the Royal Melbourne Institute of Technology, Australia, from which she graduated with distinction. In 2025, she was awarded the title of “AI Enterprise Management Expert” by the Shenzhen Artificial Intelligence Industry Expert Committee.

Ms. KWOK has substantial management experience with Hong Kong-listed companies and Mainland China enterprises. She is responsible for the Group’s overall comprehensive operational management and the planning and execution of its strategic development. In recent years, she has been dedicated to deeply integrating artificial intelligence technologies into both internal management processes and external business expansion of the Group. Through formulating forward-looking strategic blueprints, optimizing resource integration, and ensuring effective implementation, she drives the Group’s sustainable development and enhances its long-term core competitiveness.



PROFILES OF DIRECTORS

Non-executive Director

Dr. CHENG Yanjie, aged 61, is a non-executive director of the Company. He joined the Group in July 2019. Being a practicing Chinese medicine practitioner, he holds Bachelor degree of Traditional Chinese Medicine of Changchun University of Chinese Medicine (長春中醫學院中醫系學士學位), Master of Neurology of the Affiliated Hospital of Changchun University of Chinese Medicine (長春中醫學院附屬醫院神經內科碩士學位) and Doctor of Neurology of Beijing University of Chinese Medicine Dongzhimen Hospital (北京中醫藥大學東直門醫院神經內科博士學位). He previously served as Resident Neurologist of the Affiliated Hospital of Changchun University of Chinese Medicine (長春中醫學院附屬醫院神經內科住院醫師), Attending Physician of China Medical Center in Kuwait (科威特中國醫療中心主治醫師), Neurology attending physician of Beijing University of Chinese Medicine Dongzhimen Hospital (北京中醫藥大學東直門醫院神經內科主治醫師) and worked in the R&D department of China National Pharmaceutical Group Co., Ltd. (中國藥材集團公司). He serves as committee member of China Pharmaceutical Culture Society (中國藥文化協會理事), executive director of Beijing Chaoyang District Chinese Medicine Association (北京市朝陽區中醫協會常務理事) and expert speaker of knowledge base popularization and bilingual health lecture of Beijing Chaoyang District (北京市朝陽區中醫普及雙語養生講座專家). Dr. CHENG is currently the Chief Physician of Chinese medicine clinic of Beijing Luxiancaotang (北京鹿銜草堂中醫診所主任醫師).

Independent Non-executive Directors

Mr. LAU Fai Lawrence, aged 54, is an independent non-executive director of the Company and the chairperson of the audit committee and remuneration committee of the Company. He joined the Company in January 2020. Mr. LAU is currently a practising certified public accountant in Hong Kong. Mr. LAU graduated from The University of Hong Kong with a bachelor's degree in business administration in 1994 and obtained a master's degree in corporate finance from Hong Kong Polytechnic University in 2007. Mr. LAU is currently an executive director of Hengxin Technology Ltd. (stock code: 1085.HK) since July 2025, the company secretary of BBMG Corporation (stock code: 2009.HK), HM International Holdings Limited (stock code: 8416.HK) and North Asia Strategic Holdings Limited (stock code: 8080.HK) since August 2008, August 2020 and August 2025 respectively, an independent non-executive director of China Energine International (Holdings) Limited (stock code: 1185.HK) since March 2020 and China Ecotourism Group Limited (stock code: 1371.HK) since June 2025. Mr. LAU was an executive director of Future World Holdings Limited (stock code: 572.HK) between January 2014 and July 2022, a non-executive director of Alltronics Holdings Limited (stock code: 833.HK) between March 2017 and December 2018, an independent non-executive director of Winto Group (Holdings) Limited (stock code: 8238.HK) between April 2019 and November 2019, Tenwow International Holdings Limited (stock code: 1219.HK) between November 2018 and November 2020, and Titan Petrochemicals Group Limited (stock code: 1192.HK) between March 2014 and August 2023, Artini Holdings Limited (stock code: 789.HK) between April 2008 and November 2023 and Renco Holdings Group Limited (stock code: 2323.HK) between March 2016 and July 2025.

Mr. HSU Dong An, aged 36, is an independent non-executive director of the Company, the chairperson of the nomination committee of the Company and a member of the audit committee and remuneration committee of the Company. He joined the Company in August 2023. He has been a director of a subsidiary of a listed company in Hong Kong since July 2021. He has over 13 years of experience in the field of corporate finance, financial management and audit experience in Hong Kong and the People's Republic of China. From April 2013 to June 2021, he was a vice president of corporate finance of a previously listed company in Hong Kong. He is a CFA charterholder of the CFA Institute. He graduated from the University of Southern California with a bachelor's degree in Accounting in 2011.

Mr. HEUNG Pik Lun, aged 63, is an independent non-executive director of the Company, a member of the audit committee, remuneration committee and nomination committee of the Company. He joined the Company in September 2023. He is a senior executive with extensive experience in administrative management. With over 20 years of business experience in both China and Hong Kong, Mr. HEUNG has a wealth of experience in market development. He has also managed several listed companies in China and Hong Kong, demonstrating a deep understanding and proficient skills in corporate management and capital market. Mr. HEUNG has been appointed as an executive director of Master Glory Group Limited (stock code: 275.HK), the shares of which were listed on the Main Board of the Stock Exchange from 10 February 2011 to 8 February 2021, and delisted on 8 February 2021. He holds a Royal Chartered Surveyor qualification.



CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE PRACTICES

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

Code Provision C.2.1

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

Code Provision C.1.6

Code Provision C.1.6 stipulates that generally independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Although Dr. CHENG Yanjie and Mr. HEUNG Pik Lun were absent from the annual general meeting of the Company held for the year ended 30 June 2024, all other Directors (including the chairman of all board committees) were present at the meeting. Dr. CHENG Yanjie is not a member of any board committees whereas Mr. HEUNG Pik Lun is not the chairman of any board committees. Moreover, there was no question nor enquiries in relation to their work from the shareholders of the Company on that day. Therefore, such occasional situation did not cause any impact to the Company.

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

DIRECTORS’ SECURITIES TRANSACTIONS

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



CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

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

NON-EXECUTIVE DIRECTORS

The non-executive Directors have no specific term of appointment but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association.

BOARD OF DIRECTORS

Board Composition

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

Executive Directors

Mr. CHIU Sin Nang Kenny (*appointed on 2 June 2025*)

Ms. KWOK Shuk Yi

Mr. HO Kam Kin (*resigned on 13 June 2025*)

Non-executive Director

Dr. CHENG Yanjie

Independent Non-executive Directors

Mr. LAU Fai Lawrence

Mr. HSU Dong An

Mr. HEUNG Pik Lun

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

Mr. CHIU Sin Nang Kenny, who was appointed as an executive Director during the Year, attended a director’s training on 30 May 2025 regarding those topics as set out under Rule 5.02D of the GEM Listing Rules. He has confirmed that he understood his obligations as a director of the Company.

Responsibilities of the Board and Management

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

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

Independent Non-executive Directors

During the Year, the Company had three independent non-executive Directors of the Company (the **"INED(s)"**), representing at least one-third of the board, and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise under Rules 5.05 and 5.05A of the GEM Listing Rules.

Independent Views Available to the Board

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

Continuous Professional Development

The Company provides the Directors with regular updates on the business development of the Group. The Directors are regularly briefed on the latest development on the GEM Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices. The Company also recommends them to attend relevant seminars to develop and refresh their knowledge and skills. All Directors are requested to provide the Company with their respective training records pursuant to the CG Code. During the Year, all the Directors have participated in appropriate continuous professional development activities either by attending external seminars or by reading materials relevant to the Company's business and compliance matters or to the Directors' duties and responsibilities.



Board Meetings, Board Committees Meetings and General Meetings

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

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

	Meetings Attended/Held					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting	Extraordinary General Meeting
Number of Meetings	11	5	2	2	1	1
Executive Directors						
Mr. CHIU Sin Nang Kenny (appointed on 2 June 2025)	3/3	N/A	N/A	N/A	N/A	N/A
Ms. KWOK Shuk Yi	11/11	N/A	N/A	1/1	1/1	1/1
Mr. HO Kam Kin (resigned on 13 June 2025)	9/9	N/A	N/A	N/A	1/1	1/1
Non-executive Director						
Dr. CHENG Yanjie	11/11	N/A	N/A	N/A	1/1	1/1
Independent Non-executive Directors						
Mr. LAU Fai Lawrence	11/11	5/5	2/2	N/A	1/1	1/1
Mr. HSU Dong An	11/11	5/5	2/2	2/2	1/1	1/1
Mr. HEUNG Pik Lun	11/11	5/5	2/2	2/2	1/1	1/1

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



BOARD COMMITTEES

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

Audit Committee

For the Year and up to the date of this annual report, the audit committee of the Company (the “**Audit Committee**”) comprised three INEDs, namely, Mr. LAU Fai Lawrence, Mr. HSU Dong An and Mr. HEUNG Pik Lun. Mr. LAU has been appointed as the chairperson of the Audit Committee.

The major duties and functions of the Audit Committee are to (i) review the financial information of the Company; (ii) review the accounting policies, financial position and results, financial reporting system, risk management and internal control systems and the effectiveness of the internal audit function of the Group; (iii) oversee the relationship between the Company and the external auditors; and (iv) provide recommendations and advices to the Board on the appointment, re-appointment and removal of external auditors as well as their term of appointment. During the Year, the Audit Committee held five meetings to (i) discuss the financial reporting and the compliance procedures with the external auditors; (ii) consider the re-appointment of auditors of the Company; (iii) review the risk management and internal control systems and the effectiveness of the internal audit function of the Group; (iv) consider the appointment of auditors of the Company; and (v) review the audited annual results and unaudited interim results of the Group. Individual attendance of the Audit Committee members is set out on page 14 of this annual report. The Group’s audited consolidated results for the Year have been reviewed by the Audit Committee.

Remuneration Committee

For the Year and up to the date of this annual report, the remuneration committee of the Company (the “**Remuneration Committee**”) comprised four members, a majority of them being the INEDs, namely Mr. LAU Fai Lawrence, Mr. CHIU Sin Nang Kenny (appointed on 2 June 2025), Mr. HSU Dong An and Mr. HEUNG Pik Lun. Mr. LAU has been appointed as the chairperson of the Remuneration Committee.

The major duties of the Remuneration Committee include (i) assisting the Board to develop and administer fair and transparent procedures for setting policies on the remuneration of the Directors and senior management of the Company; (ii) making recommendations to the Board on the remuneration packages of the Directors and senior management of the Company; and (iii) reviewing and/or approving material matters relating to share schemes under Chapter 23 of the GEM Listing Rules. During the Year, two meetings were held by the Remuneration Committee. At the meetings, the Remuneration Committee has performed its duties to (i) make recommendations to the Board on the remuneration packages of the Directors; and (ii) review material matter relating to share schemes under Chapter 23 of the GEM Listing Rules. Individual attendance of the Remuneration Committee members is set out on page 14 of this annual report.



Annual Emoluments Payable to Members of the Senior Management by Band

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

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

Nomination Committee

For the Year and up to the date of this annual report, the nomination committee of the Company (the “**Nomination Committee**”) comprised three members, a majority of them being the INEDs, namely Mr. HSU Dong An, Mr. CHIU Sin Nang Kenny (appointed on 2 June 2025), Mr. HEUNG Pik Lun and Ms. KWOK Shuk Yi (resigned on 2 June 2025). Mr. HSU Dong An has been appointed as the chairperson of the Nomination Committee. The major roles and functions of the Nomination Committee include reviewing the structure, size, composition and diversity of the Board at least once a year; making recommendations to the Board on the appointment and re-appointment of the Directors and succession planning of the Directors; and assessing the independence of the INEDs. During the Year, two meetings were held by the Nomination Committee. In the meetings, the Nomination Committee has performed its duties to review the structure, size, composition and diversity of the Board, make recommendations to the Board on the appointment and re-appointment of the Directors and review the independence of the INEDs. Individual attendance of the Nomination Committee members is set out on page 14 of this annual report.

Nomination Policy

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

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



Corporate Governance Function

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

COMPANY SECRETARY

Mr. HO Kam Kin (“**Mr. HO**”) was appointed as the Company Secretary from 1 September 2016 to 12 June 2025. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Ms. WONG Chi Ling (“**Ms. WONG**”) has been appointed as the Company Secretary with effect from 13 June 2025. She is a fellow member of The Association of Chartered Certified Accountants in the United Kingdom, a fellow member of The Institute of Chartered Accountants in England and Wales and an associate member of The Hong Kong Institute of Certified Public Accountants. During the Year, Mr. HO and Ms. WONG have complied with Rule 5.15 of the GEM Listing Rules for taking no less than 15 hours of relevant professional trainings.

AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

Financial Reporting

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

Material Uncertainty Related to Going Concern

As described in the Group’s consolidated financial statement for the year ended 30 June 2025, the Group had net current liabilities and net liabilities of approximately HK\$19,243,000 and HK\$36,694,000 respectively. The conditions described indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.



CORPORATE GOVERNANCE REPORT

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

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

In light of the above measures and plans implemented to date, the Directors are of the view that the Group has sufficient financial resources to satisfy its working capital and other financial obligations for a period of at least the next twelve months from 30 June 2025 after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its business. Accordingly, the Directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

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

Risk Management and Internal Control

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

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



The Board has overseen the Company's risk management and internal control systems on an ongoing basis. A year—end review of the effectiveness of the Group's risk management and internal control systems has been conducted annually. Such review covered the financial, operational and compliance controls of the significant subsidiaries of the Group and included the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the environmental, social and governance performance and reporting. The Company has an internal audit function to carry out analysis and independent appraisal of the adequacy and effectiveness of the systems. The systems were considered to be effective and adequate.

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

Explanation of the Qualified Opinion

In the opinion of Suya WWC CPA Limited, except for the possible effects of the matter described below, the consolidated financial statements of the Group for the Year give a true and fair view of the consolidated financial position of the Group as at 30 June 2025.

The Company's former auditors, SFAI (HK) CPA Limited issued a qualified opinion on the consolidated financial statements of the Group for the year ended 30 June 2024, details of which are set out in the Independent Auditor's Report in this annual report.

Impact of the Audit Modification on the Group's Consolidated Financial Position

The qualification and impact of insufficient accounting records relating to disposal of Disposed Subsidiaries (as defined in Note 36 of the consolidated financial statements of the Group for the Year) during the year ended 30 June 2024 (the "**Audit Issue**") were detailed in section "Independent Auditor's Report" on pages 53 to 58.

The Management's Position and Basis on the Audit Modification

The qualification was related to the insufficient accounting records for Disposal of Disposed Subsidiaries. During the process of audit for the year ended 30 June 2024, the Company's auditors requested the financial information and other documents, including bank statements, accounting ledgers and vouchers, contracts, PRC business registration documents, Memorandum and Articles of Association, register of directors and shareholders, board minutes, shareholder meeting minutes, and bank confirmations as at 30 June 2023 and at their respective dates on the Disposal of the Disposed Subsidiaries.

The Company has provided some of the requested accounting ledgers and vouchers and company secretary documents to the auditors. However, the Company was unable to arrange the bank confirmations as at 30 June 2023 to satisfy the requests from the auditors. The auditors considered that the assurance of the bank balance was one of the most important audit work during the audit, so the auditors were not satisfied that no bank confirmation can be arranged.

Since most of the accounting vouchers and supporting documents and the official stamps of the Disposed Subsidiaries have been transferred to the new shareholders, the Company tried to communicate with the new shareholders but in vain. In addition, the authorized bank signature has been changed. The Company was unable to arrange the bank confirmations as requested by the auditors.



CORPORATE GOVERNANCE REPORT

The Board, as concurred by the Audit Committee, is of the view that the auditors could not obtain sufficient appropriate audit evidence as described but those companies have been disposed of and were derecognised from the consolidated financial statements for the year ended 30 June 2024. As the consolidated financial statements for the year ended 30 June 2024 formed the basis for the corresponding figures presented in the consolidated financial statements for the Year, any adjustment found to be necessary in respect of the disposal of the Disposed Subsidiaries during the year ended 30 June 2024 would have an effect on the corresponding figures presented in the consolidated financial statements of the Group for the Year (the **"2025 Financial Statements"**). The Audit Issue on the comparative figures of the Group's consolidated financial statements will not have any continuing effect on the 2025 Financial Statements. The management considered that the qualification did not materially affect the consolidated financial statements for the years ended 30 June 2024 and 30 June 2025.

The Board considered that those Disposed Subsidiaries were dormant, inactive and did not have any operation during the year ended 30 June 2024. Also, the assets and liabilities of the Disposed Subsidiaries for the year ended 30 June 2023 (including the bank balances) had been audited by the previous auditors. The Board considered that the bank balance of the Disposed Subsidiaries as at 30 June 2023 was immaterial to the Group's consolidated financial statements for the year ended 30 June 2023. Therefore, the management considered that the Audit Issue did not materially affect the consolidated financial statements for the year ended 30 June 2024.

The auditors upheld a more prudent attitude and believed that sufficient and appropriate audit evidence and supporting documents could not be obtained to confirm the opening balances of those Disposed Subsidiaries according to the Hong Kong Accounting Standards and therefore issued a qualified opinion on Audit Issue. The management understands and respects the auditors' professional philosophy and spirit.

The Company's Action Plans and Timeline to Address the Audit Modification

To address the former auditors' concerns, the Company has implemented the internal policy for any acquisition or disposal transaction from December 2024 onwards as follows: 1) the Company has prepared the checklist (including but not limited to clearly stating the obligation of both parties, accounting records and documents hand-over procedures) on drafting of the sales and purchase agreement and it should fulfill all the requirements under the checklist for all the transactions; 2) the agreement with checklist will be submitted to the Board for approval; 3) the account department requests to arrange the pre-audit procedures before all the accounting records and documents are passed to the new shareholder, including making copies of all the agreements, bank statements and accounting records; and 4) the Company will discuss with the auditors before any transactions in order to understand the requests from the auditors for the upcoming audit in relation to the transaction and discuss any financial impact or audit issue as early as possible. The Board has resolved to monitor internal control procedures more closely since year 2025. We are confident that the steps we are taking will resolve the Audit Issue leading to the qualified opinion and improve the internal control system.

The Company understands, after discussion with the former auditors, the possible consequential effect on the 2025 Financial Statements would be a modified opinion on the comparative figures of the 2025 Financial Statements. Since the former auditors qualified on the assets and liabilities of the Disposed Subsidiaries as at 30 June 2023 and also the gains or losses on the Disposal of the Disposed Subsidiaries are properly credited or charged to the financial statements for the year ended 30 June 2024, such modified opinion on the comparative figures of the 2025 Financial Statements will not have any continuing effect on the 2025 Financial Statements and the subsequent years after the Disposed Subsidiaries had been disposed of and the impacts had been reflected in the 2024 Financial Statements.



The Audit Committee's View on the Audit Modification

The audit committee of the Company (the “**Audit Committee**”) has reviewed the Audit Issue, audit qualification, management's position and basis on major judgmental areas, and the management's position concerning the Audit Issue and measures taken by the company for addressing the Audit Issue. The Audit Committee has critically reviewed the facts and circumstances of the conclusion of the Company's management, has discussed with the former auditors the financial position of the Company, measures taken and to be taken by the Company, and has considered the former auditors' rationale and understood their consideration in arriving at their opinion.

Moreover, the Audit Committee has assessed the plans and measures taken by the management to address the Audit Issue. The Audit Committee agrees with the management's position and basis, especially on management's substantial judgments, and was satisfied that the abovementioned action plan can address the Audit Issue and the consolidated financial statements of the Group for the year ending 30 June 2026 can be free from the Audit Issue.

AUDITORS' REMUNERATION AND AUDITOR RELATED MATTERS

The Company reviews the appointment of external auditors on an annual basis, including a review of the audit scope and approval of the audit fee and non-audit fee. During the year, the fee paid/payable to the Company's external auditors for audit and non-audit services amounted to HK\$680,000 and HK\$20,000 respectively.

DIVERSITY

The Nomination Committee has adopted the board diversity policy. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Board diversity has been considered from a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Company also takes into account these factors based on its own business model and specific needs from time to time and the ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Company has set measurable objectives for implementing the policy, including the Board having at least a Director of a different gender on the Board, at least more than one age group as set out in the section headed “Environmental, Social and Governance Report” on page 47 and at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. The Company has achieved the above objectives during the Year.

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

The gender ratio of male: female in the workforce, including senior management, was approximately 59%: 41% as at 30 June 2025. The Company has set measurable objective of having at least an employee of a different gender in the workforce for achieving gender diversity and has achieved this objective during the Year. The Company did not find any mitigating factors or circumstances which make achieving gender diversity across the workforce, including senior management, more challenging or less relevant.

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



SHAREHOLDERS' RIGHTS

Right to Convene an Extraordinary General Meeting (the "EGM")

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

Right to Direct Enquiries to the Board

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

Right to Put Forward Proposals at a General Meeting

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

INVESTORS RELATIONS

Shareholders' Communication Policy

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

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

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



Constitutional Documents

During the Year, the Board proposed that the existing second amended and restated memorandum and articles of association of the Company be amended to, among others, (i) incorporate the relevant terms of the non-voting convertible preference shares (the “**CPSs**”); (ii) reflect the Capital Reorganisation; and (iii) reflect the change in authorised share capital of the Company that the authorised share capital of HK\$200,000,000 would be divided into 12,800,000,000 ordinary shares of par value of HK\$0.0125 each and 3,200,000,000 CPSs of par value of HK\$0.0125 each (collectively, the “**Proposed Amendments**”). The Proposed Amendments and the adoption of the third amended and restated memorandum and articles of association of the Company were approved by the independent Shareholders by way of a special resolution at the extraordinary general meeting of the Company held on 8 August 2024 and became effective on 6 November 2024 subject to the effective date of the Capital Reorganisation.

Save as disclosed above, there was no other change in the constitutional documents during the Year and up to the date of this annual report.



DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATION

The principal activity of the Company is investment holding and the activities of the subsidiaries are set out in Note 44 to the Consolidated Financial Statements of this annual report.

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

BUSINESS REVIEW

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

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

Principal Risks and Uncertainties of the Group

The Group faced the following principal risks and uncertainties during the Year, which are expected to persist in the foreseeable future. For each risk, the Group has actively implemented and will continue to execute corresponding management strategies to mitigate potential impacts:

1. Fluctuations in Market Demand for Healthcare Products and Pharmaceuticals

Market demand continues to be influenced by changes in consumer preferences, macroeconomic fluctuations, and shifts in industry trends. These factors are expected to pose ongoing challenges to the stability of the Group's revenue.

Mitigation Measures: The Group has strengthened market trend monitoring and big data analysis, dynamically optimized product portfolios and inventory strategies, and continued to expand product lines and service offerings to enhance resilience against market volatility.

2. Supply Chain and Cost Control Risks

Fluctuations in global logistics costs, increases in raw material supply and transportation costs during the Year have continued to pose pressure on the stable operation of the supply chain. Meanwhile, rising labor and operational costs have significantly impacted profit margins, and such challenges are expected to persist in the near future.

Mitigation Measures: The Group has further optimized its supply chain management system, incorporating AI-driven demand forecasting and dynamic inventory mechanisms to improve operational efficiency. It has also enhanced cost control through automation and resource integration, striving to maintain overall competitiveness.



3. Product Quality and Compliance Risks

As the business scale expands, product quality control and regulatory compliance requirements have become increasingly stringent. The Group continued to address these challenges during the Year and must remain vigilant in the future.

Mitigation Measures: The Group has continuously improved its quality management system, rigorously screened and monitored suppliers and reviewed product qualifications, and strengthened internal compliance training and inspection mechanisms to ensure ongoing adherence to regulatory requirements.

4. Technology Integration and Digital Transformation Risks

The Group actively pursued digital transformation and the application of artificial intelligence during the Year. The effectiveness of these technological implementations and system stability directly impact operational efficiency and service quality. Such risks will require careful management in the future.

Mitigation Measures: The Group has adopted implementation strategy in phases, enhanced system testing and professional trainings, and established dedicated teams to continuously optimize technology applications, ensuring a steady and reliable digital transformation process.

Key Relationships with Employees, Customers and Suppliers

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, sales to the five largest customers accounted for approximately 57.01% of its entire sales and sales to the largest customer accounted for approximately 19.22%. Purchases from the Group's five largest suppliers accounted for approximately 90.51% of the total purchases for the Year and purchases from the largest supplier accounted for approximately 50%.

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

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the section headed "Consolidated Statement of Profit or Loss and Other Comprehensive Income" on pages 59 and 60.



PREFERRED DISTRIBUTION AND DIVIDENDS

The Board resolved to exercise sole discretion to, subject to the terms of the loan capitalisation agreements entered into by the Company dated 14 June 2024, defer payment of first annual preferred distribution, being HK\$7,400,755.25 on the 1,480,151,050 convertible preference shares of the Company, which will originally become due on 15 November 2025 to 31 December 2026.

The Board does not recommend the payment of any dividend for the Year (2024: Nil).

DIVIDEND POLICY

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

FIVE-YEAR FINANCIAL SUMMARY

A summary of results and of the assets and liabilities of the Group for the past five financial years is set out on page 169 of this annual report.

RESERVES

As at 30 June 2025, no reserves were available for distribution to Shareholders by the Company (2024: Nil).

Details of movements in reserves of the Group during the Year are set out in the section headed "Consolidated Statement of Changes in Equity" on page 63.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in Note 17 to the Consolidated Financial Statements of this annual report.

CHARITABLE DONATIONS

During the Year, the Group did not make any charitable donations (2024: Nil).

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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



RELATED PARTY TRANSACTIONS

Details of the significant related party transactions which also constituted exempted connected transactions under Chapter 20 of the GEM Listing Rules are set out in Note 37 to the Consolidated Financial Statements of this annual report.

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

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

CAPITAL REORGANISATION

The capital reorganisation (the "**Capital Reorganisation**") consisting of the reduction of the par value of each issued shares from HK\$0.3125 to HK\$0.0125 by cancelling the paid-up share capital to the extent of HK\$0.3 per issued share and the sub-division of each of the authorised but unissued shares with par value of HK\$0.3125 each into 25 authorised but unissued new shares with par value of HK\$0.0125 each, was approved by the Shareholders by way of special resolution at the extraordinary general meeting of the Company on 8 August 2024 and became effective on 6 November 2024 after fulfillment of other conditions for completion of the Capital Reorganisation. The authorised share capital of the Company remained at HK\$200,000,000 but was divided into 12,800,000,000 ordinary shares of par value of HK\$0.0125 each and 3,200,000,000 non-voting convertible preference shares of par value of HK\$0.0125 each.

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

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



DIRECTORS' REPORT

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

Completion of the IAM Loan Capitalisation Agreement and the Quantum Loan Capitalisation Agreement are inter-conditional with each other.

The Directors considered that the IAM Loan Capitalisation, Quantum Loan Capitalisation and the Creative Big Loan Capitalisation (as defined below) (collectively, the "**Loan Capitalisation**"), details of the Creative Big Loan Capitalisation can be referred to the paragraphs headed "LOAN CAPITALISATION INVOLVING ISSUE OF CONVERTIBLE PREFERENCE SHARES UNDER SPECIFIC MANDATE" in the Directors' Report on page 29) would (i) reduce the Group's debt level and improve its deficit position by approximately HK\$193.0 million upon completion of the Loan Capitalisation; (ii) improve the Group's gearing ratio due to the reduction of debt level by approximately HK\$193.0 million; and (iii) eliminate the interest burden of the Company from the relevant debts. Moreover, the Company would be in a better position to focus on its business operation and capture future fund raising opportunities.

The 300,000,000 IAM Shares, the 932,541,460 IAM CPSs and the 150,000,000 Quantum Shares have an aggregate nominal value of approximately HK\$3,750,000, HK\$11,656,768 and HK\$1,875,000 respectively (after taking into account the effect of the Capital Reorganisation). The net issue price per IAM Share, Quantum Share and IAM CPS will be approximately HK\$0.1. As at 14 June 2024, being the date of the IAM Loan Capitalisation Agreement and Quantum Loan Capitalisation Agreement, the closing price of the shares of the Company as quoted on the Stock Exchange was HK\$0.123.

As at 14 June 2024, IAM is interested in 21,694,520 ordinary shares of the Company, representing approximately 11.8% of the total issued share capital of the Company, and is a substantial shareholder of the Company. Both IAM and Quantum are wholly and beneficially owned by Mr. YAM Tak Cheung. Save for the above, Mr. YAM Tak Cheung does not have any other shareholding interest in the Company. Pursuant to Chapter 20 of the GEM Listing Rules, IAM and Quantum are connected persons of the Company. Accordingly, the IAM Loan Capitalisation Agreement, the Quantum Loan Capitalisation Agreement and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 20 of the GEM Listing Rules, and are subject to the reporting, announcement, circular and independent Shareholders' approval requirements.

The settlement arrangement of the respective interests incurred or to be incurred under the IAM Loan Capitalisation Agreement and the Quantum Loan Capitalisation Agreement represent financial assistance received by the Group, which were on normal commercial terms or better and were not secured by the assets of the Group. Such financial assistance was fully exempt from independent Shareholders' approval, annual review and all disclosure requirements for connected transactions under Rule 20.88 of the GEM Listing Rules.



Under Rule 26.1 of the Codes on Takeovers and Mergers and Share Buy-backs (the **"Takeovers Code"**), the allotment and issue of IAM Shares and Quantum Shares to IAM and Quantum will give rise to an obligation on IAM to make a mandatory general offer for all the issued shares and other securities of the Company (other than those already owned or agreed to be acquired by IAM and its concert parties), unless a waiver (the **"Whitewash Waiver"**) is granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director (the **"Executive"**).

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

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

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

The Executive granted the Whitewash Waiver on 6 August 2024 subject to: (i) (a) the Whitewash Waiver being approved by at least 75% and (b) the Capital Reorganisation, the IAM Loan Capitalisation Agreement, and the Quantum Loan Capitalisation Agreement being separately approved by more than 50%, of the independent vote (as defined in Note 1 on dispensations from Rule 26 of the Takeovers Code) that are cast either in person or by proxy at a general meeting of the Company, to be taken on a poll; and (ii) unless the Executive gives prior consent, no acquisition or disposal of voting rights being made by IAM and its concert parties between the date of the announcement of the Company dated 14 June 2024 and the completion of the IAM Loan Capitalisation and the Quantum Loan Capitalisation. The aforesaid conditions have been fulfilled as at the Completion Date.

The total consideration of approximately HK\$138.25 million from the allotment and issue of the 300,000,000 IAM Shares, the 932,541,460 IAM CPSs and the 150,000,000 Quantum Shares has been utilized as intended.

LOAN CAPITALISATION INVOLVING ISSUE OF CONVERTIBLE PREFERENCE SHARES UNDER SPECIFIC MANDATE

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



DIRECTORS' REPORT

The Creative Big Loan Capitalisation Agreement is not inter-conditional with the IAM Loan Capitalisation Agreement and the Quantum Loan Capitalisation Agreement. Nevertheless, all three agreements were expected to be completed simultaneously.

The Directors considered that the Loan Capitalisation would (i) reduce the Group's debt level and improve its deficit position by approximately HK\$193.0 million upon completion of the Loan Capitalisation; (ii) improve the Group's gearing ratio due to the reduction of debt level by approximately HK\$193.0 million; and (iii) eliminate the interest burden of the Company from the relevant debts. Moreover, the Company would be in a better position to focus on its business operation and capture future fund raising opportunities.

The 547,609,590 Creative Big CPSs have an aggregate nominal value of approximately HK\$6,845,120 (after taking into account the effect of the Capital Reorganisation). The net issue price per Creative Big CPS will be approximately HK\$0.1. As at 14 June 2024, being the date of the Creative Big Loan Capitalisation Agreement, the closing price of the shares of the Company as quoted on the Stock Exchange was HK\$0.123.

As at 14 June 2024, Creative Big and its ultimate beneficial owner are independent third parties who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the GEM Listing Rules).

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

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

The total consideration of approximately HK\$54.76 million from the allotment and issue of the 547,609,590 Creative Big CPSs has been utilized as intended.



CONVERTIBLE PREFERENCE SHARES (THE “CPS(S)”)

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

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

On 4 January 2019, Sinopharm Tech Corporate Management Limited (formerly known as China Vanguard Corporate Management Limited) (the “**Purchaser**”), a wholly-owned subsidiary of the Company, as purchaser and Sinopharm Traditional Chinese Medicine Overseas Holdings Limited as vendor (the “**Vendor**”) entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the sale shares (the “**Sale Shares**”) in Hero Global Holdings Limited (the “**Target Company**”), which represents 100% of the equity interest in the Target Company, for a consideration of HK\$139.10 million, which will be settled by the allotment and issue of 650,000,000 ordinary shares of par value of HK\$0.0125 each of the Company (before share consolidation effective on 29 August 2023) (the “**Consideration Shares**”) by the Company to the Vendor under the specific mandate at the issue price of HK\$0.214 per Consideration Share. The completion of the sale and purchase of the Sale Shares took place on 6 May 2019 and the Target Company became a wholly-owned subsidiary of the Company.

Pursuant to the Sale and Purchase Agreement, the Consideration Shares, upon the allotment and issue, will be subject to lock-up arrangement and held by the Purchaser in accordance with the terms and conditions of the Sale and Purchase Agreement. The Consideration Shares shall be released from the lock-up arrangement upon satisfaction of the Guaranteed Profit (as defined below) by the Target Company. For the avoidance of doubt, the lock-up period of the Consideration Shares shall not be less than three years since the allotment and issue thereof.

In the event that the aggregate Net Profit (as defined below) does not meet the Guaranteed Profit (as defined below), the Consideration Shares will be released from the lock-up arrangement only after the cash compensation is made by the Vendor to the Purchaser in accordance with the Sale and Purchase Agreement. In the event that the Vendor fails to compensate the Purchaser in accordance with the Sale and Purchase Agreement, the Purchaser shall have the right to sell the locked-up Consideration Shares in return for such compensation amount in cash. There was no such option to dispose of the Sale Shares to the Vendor in accordance with the Sale and Purchase Agreement.



DIRECTORS' REPORT

Pursuant to the Sale and Purchase Agreement, the Vendor guaranteed to the Purchaser that (i) the actual net profit after taxation of the Target Company (the “**Net Profit**”) for each of the three years ended 31 December 2019, 2020 and 2021 shall not be less than HK\$23,000,000; or (ii) the aggregate Net Profit for the three years ended 31 December 2019, 2020 and 2021 shall not be less than HK\$69,000,000 in total (the “**Guaranteed Profit**”). If the aggregate Net Profit for the three years ended 31 December 2019, 2020 and 2021 is less than the Guaranteed Profit, the Vendor shall compensate the Purchaser the shortfall multiplied by a compensation factor of 1.7 in cash. The Vendor shall settle the compensation amount, if any, within 30 business days following the issue of written confirmation in respect of the shortfall by the Purchaser on or before 30 June 2022 with reference to the respective Net Profits for each of the three years as mentioned above.

Based on the unaudited management accounts of the Target Company prepared in accordance with Hong Kong Financial Reporting Standards, the Target Company recorded net profit after taxation of approximately HK\$10.5 million and HK\$5.9 million for the two years ended 31 December 2019 and 2020 respectively, and net loss after taxation of approximately HK\$2.0 million for the year ended 31 December 2021. The aggregate Net Profit for the three years ended 31 December 2019, 2020 and 2021 was approximately HK\$14.4 million and hence the Guaranteed Profit could not be fulfilled. Accordingly, the compensation of approximately HK\$92.8 million (the “**Compensation**”), being the shortfall of the Guaranteed Profit of approximately HK\$54.6 million multiplied by a compensation factor of 1.7, shall be payable by the Vendor within 30 business days following the issue of written confirmation in respect of the shortfall by the Purchaser on 23 May 2022.

The Target Company and its subsidiaries has been engaged in (i) provision of business management and consulting services (with respect to “Internet Plus”, blockchain, big data and database management, etc.), overseas sourcing, online trade, technology development for e-commerce platforms (including payment, membership management and precision marketing), technical services; and (ii) provision of “Internet Plus” supply chain services. The revenue of the Target Company has been decreasing during the three years ended 31 December 2021 because certain online platform supply chain business contracts have not been renewed and provision of business management and consulting services to Sino-TCM was suspended due to the outbreak of the COVID-19 pandemic in the PRC, leading to the non-fulfilment of the Guaranteed Profit.

As at 23 May 2022, the Board was of the opinion that the Vendor has not fulfilled its obligations in relation to the Guaranteed Profit. On 23 May 2022, the Purchaser and the Vendor signed a confirmation letter and mutually agreed on the amount of the Compensation of approximately HK\$92.8 million and entered into a settlement agreement in relation to the settlement arrangement of the Compensation (the “**Settlement Agreement**”).

Pursuant to the Settlement Agreement, the Compensation will be settled by 24 instalments, which will be payable on the 15th and the last day of each month commencing on 15 July 2022 and ending on 30 June 2023. The minimum payment amount of each instalment is HK\$3,869,028. If the Vendor fails to pay the minimum compensation amount in any one of the instalments, the Purchaser has the right to request settlement of the remaining amount of the Compensation from the Vendor immediately.

The Vendor failed to settle the first instalment of the Compensation on 15 July 2022. Even the Purchaser issued the Vendor a written request of settlement on 18 July 2022, the Vendor still failed to do the same on 31 July 2022 which was the scheduled settlement date for the second instalment of the Compensation. In accordance with the Sale and Purchase Agreement, the Purchaser shall have the right to sell the locked-up Consideration Shares in return for such Compensation amount in cash. The Purchaser will exercise the right to sell the locked-up Consideration Shares and seek purchaser(s) who is/are third party(ies) independent of and not connected with the Company and any of its connected persons within the meaning of the GEM Listing Rules, to purchase the locked-up Consideration Shares. Up to the date of this report, the Company exercised the right and sold an aggregate of 596.1 million locked-up Consideration Shares in return for the compensation in the aggregate amount of approximately HK\$17.3 million.



DIRECTORS

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

Executive Directors

Mr. CHIU Sin Nang Kenny (*appointed on 2 June 2025*)

Ms. KWOK Shuk Yi

Mr. HO Kam Kin (*resigned on 13 June 2025*)

Non-executive Director

Dr. CHENG Yanjie

Independent Non-executive Directors

Mr. LAU Fai Lawrence

Mr. HSU Dong An

Mr. HEUNG Pik Lun

The Company confirms that it still considers all the INEDs to be independent.

In accordance with Article 99 of the Articles of Association, Mr. CHIU Sin Nang Kenny shall hold office only until the next following annual general meeting of the Company and will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

In accordance with Article 116 of the Articles of Association, Dr. CHENG Yanjie and Mr. HEUNG Pik Lun will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

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

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

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' SERVICE CONTRACTS

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



DIRECTORS' OR CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

COMPETING INTERESTS

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.



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

As at 30 June 2025, the interests and short positions of the Directors and chief executive in the ordinary share(s) of par value of HK\$0.0125 each of the Company (the "Share(s)"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Directors	The Company/Name of Associated Corporation	Number of Shares Held					Approximate Percentage of Shareholding
		Interest in Controlled Corporation	Personal Interest (ordinary shares)	Personal Interest (underlying shares) (Note 1)	Interest of Spouse	Total Interest	
Mr. CHIU Sin Nang Kenny (Note 2)	The Company	547,609,590	—	—	—	547,609,590	86.42%
Ms. KWOK Shuk Yi	The Company	—	—	1,600,000	—	1,600,000	0.25%
Dr. CHENG Yanjie	The Company	—	78,600	160,000	—	238,600	0.04%
Mr. LAU Fai Lawrence	The Company	—	—	160,000	—	160,000	0.03%

Note:

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

Save as disclosed above, as at 30 June 2025, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) that were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.



ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

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

As at 30 June 2025, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as was known to any Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or were deemed or taken to have, interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, as follows:

Long Positions in the Shares

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

Notes:

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



Save as disclosed above, as at 30 June 2025, the Directors or chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the **"Share Option Scheme"**) on 9 June 2021 under which the Board may, at its discretion, invite eligible persons to take up share options to subscribe for the Shares. The purpose of the Share Option Scheme is to enable the Group to grant the share options to selected eligible persons (the **"Eligible Persons"**) as incentives or rewards for their contribution to the Group. The Share Option Scheme will provide the Eligible Persons with an opportunity to acquire proprietary interests in the Company with the view to achieving the following principal objectives: (i) motivate the Eligible Persons (in case of the Eligible Employees, as defined below) to optimise their performance and efficiency for the benefit of the Group; (ii) attract and retain or otherwise maintain ongoing business relationship with the Eligible Persons (in case of the Eligible Consultants, as defined below) whose contributions are, will be or are expected to be beneficial to the Group; and (iii) align the interests of the Eligible Persons with the Shareholders. Eligible persons shall include any employee and any Director (including executive, non-executive and independent non-executive Directors) (collectively, the **"Eligible Employee(s)"**) and any consultant (both collectively, the **"Eligible Consultant(s)"**) of the Company or of any subsidiary of the Company or such other persons who, at the sole determination of the Board, have contributed to the Group at the time when an option is granted to such persons. The Share Option Scheme will remain valid for a period of 10 years commencing from the date of its adoption. The share options must be taken up with a remittance in favour of the Company of one Hong Kong Dollar (HK\$1.00) within 21 days from the date on which the offer letter is delivered to the grantee for acceptance of the offer. There is neither no requirement for the vesting period of options granted nor for the period within which the option may be exercised by the grantee under the Share Option Scheme. For the basis of determining the exercise price of share options and the maximum entitlement of each Eligible Person, please refer to Note 34 to the Consolidated Financial Statements of this annual report. 11,941,507 ordinary shares are available for issue under the Share Option Scheme, representing approximately 1.88% of the issued ordinary shares as at the date of this annual report.

Details of the Share Option Scheme adopted by the Company are set out in Note 34 to the Consolidated Financial Statements of this annual report.

The number of share options available for grant under the scheme mandate at the beginning and the end of the Year was 10,341,507 and 11,941,507 respectively. The number of Shares that may be issued in respect of the share options granted under all share option schemes of the Company during the Year (assuming to take the average of the opening balance and closing balance) divided by the weighted average number of Shares in issue for the Year was 0.007.



DIRECTORS' REPORT

Share Option Scheme

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

						Number of Share Options <i>(Note)</i>				
		Exercise Price per Share (HK\$) <i>(Note)</i>			As at 1 July 2024					As at 30 June 2025
Name/Category of Participants	Grant Date		Vesting Period	Exercise Period		Granted	Exercised	Cancelled	Lapsed	
Directors										
Ms. KWOK Shuk Yi	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	640,000	—	—	—	—	640,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	480,000	—	—	—	—	480,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	480,000	—	—	—	—	480,000
Dr. CHENG Yanjie	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	64,000	—	—	—	—	64,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	48,000	—	—	—	—	48,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	48,000	—	—	—	—	48,000
Mr. LAU Fai Lawrence	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	64,000	—	—	—	—	64,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	48,000	—	—	—	—	48,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	48,000	—	—	—	—	48,000
Mr. HO Kam Kin <i>(resigned on 13 June 2025)</i>	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	640,000	—	—	—	(640,000)	—
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	480,000	—	—	—	(480,000)	—
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	480,000	—	—	—	(480,000)	—
Sub-total					3,520,000	—	—	—	(1,600,000)	1,920,000
Employees										
	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	1,328,000	—	—	—	—	1,328,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	996,000	—	—	—	—	996,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	996,000	—	—	—	—	996,000
	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	100,000	—	—	—	—	100,000
	28/12/2022	1.00	28/12/2022–31/12/2023	01/01/2024–30/06/2028	100,000	—	—	—	—	100,000
Sub-total					3,520,000	—	—	—	—	3,520,000
Total					7,040,000	—	—	—	(1,600,000)	5,440,000

Note:

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



Five Highest Paid Individuals in Aggregate under the Share Option Scheme

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

Name/Category of Participants	Grant Date	Exercise Price per Share (HK\$) (Note)	Vesting Period	Exercise Period	Number of Share Options (Note)					As at 30 June 2025
					As at 1 July 2024	Granted	Exercised	Cancelled	Lapsed	
Five highest paid individuals	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	1,328,000	—	—	—	(640,000)	688,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	996,000	—	—	—	(480,000)	516,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	996,000	—	—	—	(480,000)	516,000
				Sub-total	3,320,000	—	—	—	(1,600,000)	1,720,000
Other grantees (except Directors)	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	1,280,000	—	—	—	—	1,280,000
	28/12/2022	1.00	28/12/2022–30/06/2024	01/07/2024–30/06/2028	960,000	—	—	—	—	960,000
	28/12/2022	1.00	28/12/2022–30/06/2025	01/07/2025–30/06/2028	960,000	—	—	—	—	960,000
	28/12/2022	1.00	28/12/2022–30/06/2023	01/07/2023–30/06/2028	100,000	—	—	—	—	100,000
	28/12/2022	1.00	28/12/2022–31/12/2023	01/01/2024–30/06/2028	100,000	—	—	—	—	100,000
				Sub-total	3,400,000	—	—	—	—	3,400,000

Note:

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

AUDITORS

The consolidated financial statements for the Year have been audited by Suya WWC CPA Limited (“**Suya WWC**”). The consolidated financial statements for the year ended 30 June 2024 have been audited by SFAI (HK) CPA Limited (“**SFAI Hong Kong**”). The consolidated financial statements for the year ended 30 June 2023 have been audited by Elite Partners CPA Limited. On 24 June 2025, SFAI Hong Kong resigned as auditors of the Company and Suya WWC has been appointed as the auditors of the Company to fill the casual vacancy created by the resignation of SFAI Hong Kong with effect from 24 June 2025 until the conclusion of the next annual general meeting of the Company. Suya WWC will retire at the forthcoming annual general meeting of the Company and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of Suya WWC as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

CORPORATE GOVERNANCE

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



AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the GEM Listing Rules. For the Year and up to the date of this annual report, the Audit Committee comprised three INEDs, namely, Mr. LAU Fai Lawrence, Mr. HSU Dong An and Mr. HEUNG Pik Lun. Mr. LAU has been appointed as the chairperson of the Audit Committee. Details of the role and work performed by the Audit Committee for the Year are set out in the section headed "Corporate Governance Report" in this annual report.

The audited consolidated results of the Group for the Year have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

SIGNIFICANT EVENTS AFTER REPORTING PERIOD

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

On behalf of the Board

CHIU Sin Nang Kenny

Executive Director

Hong Kong, 26 September 2025



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting Boundary

This Environmental, Social and Governance (the “**ESG**”) Report (the “**ESG Report**”) issued by the Company covers the policies, compliance issues and key performance indicators relating to the environmental and social aspects of the business operations in Hong Kong and the PRC during the year ended 30 June 2025 (the “**Year**”). The above scope of reporting had relatively significant impact on the environment and society during the Year. This ESG Report was prepared in accordance with the “Environmental, Social and Governance Reporting Code” as set out in Appendix C2 of the GEM Listing Rules.

Board’s ESG Management Approach and Strategy

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

Reporting Principles

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

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

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

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

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



ENVIRONMENT

Emissions

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

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

Key Performance Indicators

1. Air Pollutants

Fuel consumption by motor vehicles was the major source of nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM") emissions. Relevant data for the years ended 30 June 2025 and 2024 were as follows:

	Year ended 30 June 2025 (g)	Year ended 30 June 2024 (g)
NO _x	0.00	0.00
SO _x	0.00	0.00
PM	0.00	0.00

2. Climate-related Disclosures: Greenhouse Gas Emissions

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

The combustion of fuels in motor vehicles caused the direct (Scope 1) emission of greenhouse gases which included carbon dioxide ("CO₂") and other greenhouse gases, such as methane ("CH₄") and nitrous oxide ("N₂O"). Relevant data expressed in CO₂e for the years ended 30 June 2025 and 2024 were as follows:

	Year ended 30 June 2025 (MT)	Year ended 30 June 2024 (MT)
CO ₂ e	0.00	0.00

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

The electricity consumption of the Group mainly for the daily operations of the business operations in Hong Kong and the PRC caused the indirect (Scope 2) emission of greenhouse gas of CO₂ presented in CO₂e. Indirect CO₂ emissions from electricity purchased from power companies for the years ended 30 June 2025 and 2024 were as follows:

Location	Unit	Year ended 30 June 2025	Year ended 30 June 2024
Hong Kong	MTCO ₂ e	5.59	7.97
China	MTCO ₂ e	18.41	23.91

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

3. Hazardous Waste Production

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

Despite the unavailability of hazardous waste data of the Group during the Year (2024: not available), the Group considered only limited hazardous waste was produced during printing process.

4. Non-hazardous Waste Production

Commercial waste constituted the production of non-hazardous waste of the Group. For the Year, 0 tonne of non-hazardous waste was produced and the intensity of the non-hazardous waste produced was 0 tonne per business unit (2024: 0 tonne per business unit).

5. Emissions Management

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



6. *Wastes Management*

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

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

Use of Resources

Policies on the Efficient Use of Resources

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

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

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

Key Performance Indicators

1. *Energy Consumption*

Daily energy consumption of the Group mainly involved purchased electricity for the daily operations of the business operations in Hong Kong and the PRC. For the Year, the total electricity consumption was approximately 12.41kWh and the intensity of the electricity consumption was approximately 4.14kWh per business unit (2024: approximately 8.92kWh and approximately 2.97kWh per business unit).

2. *Water Consumption*

Despite the unavailability of water consumption data of the Group for the Year (2024: not available), the Group considered that there was only limited water consumption for the daily operations of the Group.

3. *Energy Management*

The Group targeted to keep the intensity of the electricity consumption per business unit for the Year at no more than 14.83kWh, which was the data for the year ended 30 June 2020 (the benchmark). For the Year, the intensity of the electricity consumption per business unit was approximately 4.14kWh. The reduction was achieved by conducting control on electricity consumption.

4. *Water Management*

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

5. *Packaging Materials Used for Finished Products*

As the core business nature of the Group is the provision of supply chain services, the total packaging materials used for finished products for the Year was 0 tonne and the intensity of the packaging materials used was 0 tonne per business unit (2024: 0 tonne and 0 tonne per business unit).

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

Environment and Natural Resources

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

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

Key Performance Indicator

For the Year, due to the business of the Group, the electricity consumption causing the indirect emission of greenhouse gas of CO₂, the non-hazardous waste production (2025: Nil) and the packaging material used for finished products (2025: Nil) may have impact on the environment and natural resources. (2024: might have impact). The Group was committed to the policies on minimising its significant impact on the environment and natural resources as set out in this ESG Report in order to protect the environment and natural resources.

Climate Change

Policies on Identification and Mitigation of Significant Climate-related Issues

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



Key Performance Indicator

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

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

EMPLOYMENT AND LABOUR PRACTICES

Employment

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

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

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

Key Performance Indicators

1. *Total Workforce*

Total workforce by gender, employment type, age group and geographical region for the years ended 30 June 2025 and 2024 was as follows:

		Year ended 30 June 2025 (no. of person)	Year ended 30 June 2024 (no. of person)
gender:	male	19	20
	female	13	13
employment type:	full-time	31	33
	part-time	0	0
	contract	1	0
age group:	under the age of 30	5	5
	between the age of 30–50	18	21
	over the age of 50	9	7
geographical region:	Hong Kong	11	12
	China and Taiwan	21	21

2. *Employee Turnover Rate*

Employee turnover rate by gender, age group and geographical region for the years ended 30 June 2025 and 2024 was as follows:

		Year ended 30 June 2025 (%)	Year ended 30 June 2024 (%)
gender:	male	5.13	30.30
	female	0.00	21.05
age group:	under the age of 30	0.00	0.00
	between the age of 30–50	5.13	17.14
	over the age of 50	0.00	66.67
geographical region:	Hong Kong	8.70	40.00
	China and Taiwan	0.00	9.09



Health and Safety

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

Key Performance Indicators

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

	Year ended 30 June 2025	Year ended 30 June 2024	Year ended 30 June 2023
number of work-related fatalities	0 person	0 person	0 person
rate of work-related fatalities	0%	0%	0%
lost days due to work injury	0 day	0 day	0 day

2. *Occupational Health and Safety Measures*

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

In response to the COVID-19 outbreak, the Group has put in place a number of infection prevention measures to safeguard the health and safety of its employees, such as distributing masks to them and providing sanitizing materials to them. For those employees, employees’ cohabitating family members, close contacts or their residential buildings with confirmed cases of COVID-19, the Company will arrange for the relevant colleagues to work from home for 14 consecutive days (excluding weekends).

Development and Training

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

Key Performance Indicators

1. *The Percentage of Employees Trained*

		Year ended 30 June 2025 (%)	Year ended 30 June 2024 (%)
gender:	male	78.95	80.00
	female	100.00	100.00
employee category:	senior management	25.00	40.00
	middle management	100.00	100.00
	junior employee	100.00	100.00

2. *The Average Training Hours Completed Per Employee*

		Year ended 30 June 2025 (hour(s))	Year ended 30 June 2024 (hour(s))
gender:	male	8.7	2.5
	female	10.0	1.5
employee category:	senior management	30.0	2.0
	middle management	10.0	1.5
	junior employee	7.1	2.0

Labour Standards

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

Key Performance Indicators

Child Labour and Forced Labour

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



The employment of forced and child labour is strictly prohibited. During the Year, all employees were over the age of 18, and were properly employed in accordance with the requirements of all applicable laws and regulations. No confirmed non-compliance incidents or grievances were noted by the Group (2024: Nil).

OPERATING PRACTICES

Supply Chain Management

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

Key Performance Indicators

1. *Suppliers by Geographical Region*

During the Year, the Group made its purchases from 1 supplier and 8 suppliers located in Hong Kong and the PRC respectively (2024: 1 supplier and 10 suppliers located in Hong Kong and the PRC respectively).

2. *Practices relating to Engaging Suppliers*

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

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

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

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

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

Product Responsibility

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



Key Performance Indicators

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

During the Year, no products sold or shipped was subject to recalls for safety or health reasons (2024: Nil).

2. *Products and Service related Complaints*

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

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

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

4. *Quality Assurance Process and Recall Procedures*

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

5. *Consumer Data Protection and Privacy Policies*

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

Anti-corruption

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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicators

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

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

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

COMMUNITY**Community Investment**

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

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

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

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



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SINOPHARM TECH HOLDINGS LIMITED

國藥科技股份有限公司

(incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Sinopharm Tech Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 59 to 168, which comprise the consolidated statement of financial position as at 30 June 2025, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Comparative information

As described in Note 36 to the consolidated financial statements, during the year ended 30 June 2024, the Group disposed of the Disposed Subsidiaries to the Disposed Subsidiaries Purchasers. Subsequent to the respective dates of the Disposal and loss of control of the Disposed Subsidiaries, the Company surrendered all the books and records of the Disposed Subsidiaries, including but not limited to the management accounts, ledgers and sub-ledgers accounts, vouchers, bank statements, agreements and other documentations to the Disposed Subsidiaries Purchasers and the financial statements of the Disposed Subsidiaries were then derecognised from the consolidated financial statements of the Company with effective from their respective dates on the disposal of the Disposed Subsidiaries subsequently.

Due to the non-cooperation of the Disposed Subsidiaries Purchasers, neither the management of the Company nor the predecessor auditor was able to access sufficient books and records of the Disposed Subsidiaries. Further, the financial information retained by the Company were inadequate for audit purposes. Thus, the predecessor auditor was unable to obtain sufficient appropriate evidence to assess whether the assets and liabilities of the Disposed Subsidiaries as at 30 June 2023, at their respective dates on the Disposal, and the income and expenses of the Disposed Subsidiaries during the period from 1 July 2022 up to their respective dates on the Disposal as set out in Note 36 to the consolidated financial statements were fairly stated and properly reflected, despite the fact that the directors of the Company have taken all reasonable steps and have used their best endeavours to resolve the matter.



BASIS FOR QUALIFIED OPINION — continued

Comparative information — continued

As the consolidated financial statements for the year ended 30 June 2024 formed the basis for the corresponding figures presented in the current year's consolidated financial statements, any adjustment found to be necessary in respect of the Disposal during the year ended 30 June 2024 would have an effect on the corresponding figures presented in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows for the year ended 30 June 2025.

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 qualified opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, as at 30 June 2025, the Group had net current liabilities and net liabilities of approximately HK\$19,243,000 and HK\$36,694,000 respectively. These matter, along with other matters set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The directors, having considered the measures and plans being taken by the Group, are of the opinion that the Group would be able to continue as a going concern basis. Our conclusion is not modified in respect of this matter.



KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
<i>Impairment assessment of trade receivables and other receivables</i> As disclosed in Notes 24 and 25 to the consolidated financial statements, as at 30 June 2025, the carrying amounts of the Group's trade receivables and other receivables, net of allowances amounted to approximately HK\$18,125,000 and HK\$8,316,000, respectively. The assessment of impairment provision of these receivables involves the management's judgment of the ability of the debtors to make settlement which depends on customers' specific and market conditions that are inherently uncertain. We identified the impairment assessment of trade receivables and other receivables as a key audit matter due to the magnitude of these receivables and the management's estimates and judgements involved in determination of the expected credit losses impairment of these receivables.	Our audit procedures to assess impairment assessment of trade receivables and other receivables included, among others, the followings: (a) Obtained an understanding of the management's internal controls relating to credit control, debt collection and making provisions for doubtful debts. (b) Assessed the accuracy of individual balances in ageing reports of trade receivables and other receivables by testing the underlying invoices and/or agreement on a sample basis. (c) Assessed the historical accuracy of the estimates made by the management for the expected credit loss allowances. (d) Assessed the appropriateness of the expected credit loss provision methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses.



INDEPENDENT AUDITOR'S REPORT

OTHER MATTER

The consolidated financial statements of the Group for the year ended 30 June 2024, were audited by another auditor who issued a qualified audit opinion in respect of (a) insufficient accounting records relating to disposal of Disposed Subsidiaries during the year ended 30 June 2024; and (b) opening balances and the comparative information on comprehensive income relating to profit guarantee, share of results of interests in associates and loss on deemed disposal of interests in associates for the year ended 30 June 2023, and also an emphasis of matter paragraph on material uncertainty related to going concern on these consolidated financial statements on 23 December 2024.

OTHER INFORMATION

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence to conclude whether the comparative figures presented in the current year's consolidated financial statements were free from material misstatement. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs 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 our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



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

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.

The engagement partner on the audit resulting in the independent auditor's report is Mr. Chung King Ho.

Suya WWC CPA Limited

Certified Public Accountants

Mr. Chung King Ho

Practising Certificate Number P06894

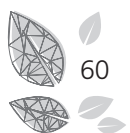
Hong Kong, 26 September 2025



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Continuing Operations			
Revenue	7	61,253	41,277
Cost of sales		(47,022)	(36,258)
Gross profit		14,231	5,019
Other income, gains and losses, net	8	10,843	18,085
Impairment loss on trade receivables and other assets, net	9	(8,426)	(2,587)
Fair value change on financial assets at fair value through profit or loss	22	1,060	(2,734)
Selling and distribution expenses		(1,648)	(495)
Administrative and operating expenses		(11,285)	(13,687)
Finance costs	10	(5,854)	(23,933)
Loss before taxation	12	(1,079)	(20,332)
Income tax expenses	11	(291)	(83)
Loss for the year from Continuing Operations		(1,370)	(20,415)
Discontinued Operation			
Profit for the year from Discontinued Operation	13	—	388
Loss for the year		(1,370)	(20,027)
Other comprehensive income/(loss)			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of financial statements of overseas operations		44	(34)
Reclassification of cumulative exchange reserve upon Disposal of Disposed Subsidiaries		—	(7,776)
Other comprehensive income/(loss) for the year, net of tax		44	(7,810)
Total comprehensive loss for the year		(1,326)	(27,837)



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Loss for the year attributable to owners of the Company:			
— From Continuing Operations		(867)	(20,086)
— From Discontinued Operation		—	388
		<u>(867)</u>	<u>(19,698)</u>
Loss for the year attributable to non-controlling interests:			
— From Continuing Operations		(503)	(329)
— From Discontinued Operation		—	—
		<u>(503)</u>	<u>(329)</u>
Loss for the year		<u>(1,370)</u>	<u>(20,027)</u>
Total comprehensive loss attributable to owners of the Company:			
— From Continuing Operations		(811)	(27,879)
— From Discontinued Operation		—	388
		<u>(811)</u>	<u>(27,491)</u>
Total comprehensive loss attributable to non-controlling interests:			
— From Continuing Operations		(515)	(346)
— From Discontinued Operation		—	—
		<u>(515)</u>	<u>(346)</u>
Total comprehensive loss for the year		<u>(1,326)</u>	<u>(27,837)</u>
		HK cents	HK cents (Restated)
Earning/(loss) per share	16		
<i>From Continuing and Discontinued Operation</i>			
— Basic and diluted		<u>(0.19)</u>	<u>(10.72)</u>
<i>From Continuing Operation</i>			
— Basic and diluted		<u>(0.19)</u>	<u>(10.93)</u>



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	2,075	2,749
Right-of-use assets	18	528	1,133
Goodwill	19	—	—
Intangible assets	20	—	—
Interests in joint ventures	21	—	—
Financial assets at FVTPL	22	—	2,540
		2,603	6,422
CURRENT ASSETS			
Inventories	23	13,481	3,537
Trade receivables	24	18,125	20,032
Other receivables, deposits and prepayments	25	10,581	11,859
Bank balances and cash	26	6,946	2,640
		49,133	38,068
CURRENT LIABILITIES			
Trade payables	27	22,944	32,494
Accruals and other payables	28	18,594	18,735
Borrowings	29	4,840	71,933
Amounts due to shareholders	30	13,773	125,489
Lease liabilities	31	665	670
Convertible preference shares	32	7,401	—
Income tax payable		159	115
		68,376	249,436
NET CURRENT LIABILITIES		(19,243)	(211,368)
TOTAL ASSETS LESS CURRENT LIABILITIES		(16,640)	(204,946)
NON-CURRENT LIABILITIES			
Lease liabilities	31	—	653
Convertible preference shares	32	20,054	—
		20,054	653
NET LIABILITIES		(36,694)	(205,599)



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CAPITAL AND RESERVES			
Share capital	33	7,921	57,404
Reserves		(44,789)	(256,884)
Capital deficiency attributable to owners of the Company		(36,868)	(199,480)
Non-controlling interests		174	(6,119)
		(36,694)	(205,599)

The consolidated financial statements on pages 59 to 168 were approved and authorised for issue by the Board of Directors on 26 September 2025 and are signed on its behalf by:

CHIU Sin Nang Kenny
Director

KWOK Shuk Yi
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2025

	Attributable to equity holders of the Company											
			Convertible preference shares reserve	Capital redemption reserve	Share option reserve	Exchange reserve	Special reserve	Capital reserve	Accumulated losses		Non-controlling interest	Total
	Share capital HK\$'000	Share premium HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Sub-total HK\$'000	HK\$'000	HK\$'000
As at 1 July 2023	57,404	2,703,996	—	1,484	1,739	7,776	(1)	28,633	(2,973,764)	(172,733)	(7,021)	(179,754)
Loss for the year	—	—	—	—	—	—	—	—	(19,698)	(19,698)	(329)	(20,027)
Other comprehensive expenses for the year												
Exchange differences arising on translation of financial statements of overseas operations	—	—	—	—	—	(17)	—	—	—	(17)	(17)	(34)
Reclassification of cumulative exchange reserve upon Disposal of Disposed Subsidiaries	—	—	—	—	—	(7,776)	—	—	—	(7,776)	—	(7,776)
Total comprehensive expenses for the year	—	—	—	—	—	(7,793)	—	—	(19,698)	(27,491)	(346)	(27,837)
Disposal of Disposed Subsidiaries (Note 36)	—	—	—	—	—	—	—	—	—	—	1,248	1,248
Recognition of equity settled share-based payments	—	—	—	—	744	—	—	—	—	744	—	744
Share options lapsed	—	—	—	—	(601)	—	—	—	601	—	—	—
As at 30 June 2024 and 1 July 2024	57,404	2,703,996	—	1,484	1,882	(17)	(1)	28,633	(2,992,861)	(199,480)	(6,119)	(205,599)
Loss for the year	—	—	—	—	—	—	—	—	(867)	(867)	(503)	(1,370)
Other comprehensive expenses for the year												
Exchange differences arising on translation of financial statements of overseas operations	—	—	—	—	—	56	—	—	—	56	(12)	44
Total comprehensive expenses for the year	—	—	—	—	—	56	—	—	(867)	(811)	(515)	(1,326)
Disposal of Disposed Subsidiaries (Note 36)	—	—	—	—	—	—	—	—	—	—	5,714	5,714
Capital contribution from non-controlling interest	—	—	—	—	—	—	—	—	—	—	1,094	1,094
Recognition of equity settled share-based payments	—	—	—	—	288	—	—	—	—	288	—	288
Capital Reorganisation (Note 33(b))	(55,108)	—	—	—	—	—	—	—	55,108	—	—	—
Loan Capitalization (Note 32 and 33(c))	5,625	37,651	119,859	—	—	—	—	—	—	163,135	—	163,135
Share options lapsed	—	—	—	—	(468)	—	—	—	468	—	—	—
As at 30 June 2025	7,921	2,741,647	119,859	1,484	1,702	39	(1)	28,633	(2,938,152)	(36,868)	174	(36,694)



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

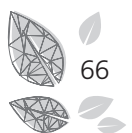
	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
(Loss)/Profit before taxation		
— From Continuing Operations	(1,079)	(20,332)
— From Discontinued Operation	—	388
	(1,079)	(19,944)
Adjustments for:		
Finance costs	5,854	23,933
Interest income	(3)	(84)
Depreciation of property, plant and equipment	716	638
Depreciation of right-of-use assets	617	740
Impairment loss, net of reversal		
— trade and other receivables under expected credit loss model	8,426	2,587
Share-based payment expense	288	744
Gain on loan capitalisation	(3,860)	—
Gain on disposal of financial assets at FVTPL	(43)	—
Gain on disposal of subsidiaries	(6,932)	(17,469)
Fair value change on financial assets at FVTPL	(1,060)	2,734
Write down of inventories	—	346
Written-off of property, plant and equipment	—	526
Operating cash flows before movements in working capital	2,924	(5,249)
Increase in inventories	(10,258)	(3,060)
Increase in trade and other receivables, deposits and prepayments	(5,827)	(10,236)
Decrease in trade payables, accruals and other payables	7,598	9,293
Cash used in operations	(5,563)	(9,252)
Income tax paid	(134)	(1)
NET CASH USED IN OPERATING ACTIVITIES	(5,697)	(9,253)



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	2025 HK\$'000	2024 HK\$'000
INVESTING ACTIVITIES		
Interest received	3	84
Purchase of property, plant and equipment	—	(3,328)
Net cash outflow in respect of the disposal of subsidiaries (<i>Note 36</i>)	(9)	(1,615)
NET CASH USED IN INVESTING ACTIVITIES	(6)	(4,859)
FINANCING ACTIVITIES		
Interest paid	(1,512)	(23)
Repayments of other borrowings	—	(1,399)
Repayments of lease liabilities	(787)	—
New other borrowings raised	12,283	16,399
NET CASH FROM FINANCING ACTIVITIES	9,984	14,977
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,281	865
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,640	1,776
Effect of foreign exchange rate changes	25	(1)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by		
Bank balances and cash	6,946	2,640



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

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

The Company acts as an investment holding company. The particulars and principal activities of its principal subsidiaries are set out in Note 44 to the consolidated financial statements.

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

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Going concern assessment

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

As at 30 June 2025, the Group had net current liabilities and net liabilities of approximately HK\$19,243,000 and HK\$36,694,000 respectively. The conditions described indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS – continued

Going concern assessment – continued

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

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

In light of the above measures and plans implemented to date, the Directors are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for a period of at least the next twelve months from 30 June 2025 after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its business. Accordingly, the Directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

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



3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on 1 July 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Lease back
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 Arrangement

Except as described below, the application of the new and amendments to HKFRSs 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.

Impacts on application of Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback

The Group has applied the amendments for the first time in the current year.

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of HKFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

According to the transitional provisions, the Group has applied the new accounting policy retrospectively to the sale and leaseback transactions entered into by the Group as the seller-lessee after the initial application of HKFRS 16. The application of the amendments has no material impact on the Group's financial position and performance.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or noncurrent, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.



3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) — continued

Impacts on application of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to HKAS 7 *Statement of Cash Flows* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

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

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
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments (amendments) ³
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴

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

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

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

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

The Directors anticipate that the application of all these amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.



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

4.1 Basis of preparation of consolidated financial statements

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

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

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

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

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

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



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

4.2 Material accounting policy information

Basis of consolidation

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

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

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

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

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

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

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

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



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

4.2 Material accounting policy information – continued

Basis of consolidation – continued

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

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

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

Business combinations

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



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

4.2 Material accounting policy information – continued

Business combinations – continued

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

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the “**Conceptual Framework**”) except for transactions and events within the scope of HKAS 37 *Provision, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 *Provision, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 instead of the *Conceptual Framework* to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

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

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

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



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

4.2 Material accounting policy information – continued

Business combinations – continued

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 Financial Instruments would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

Goodwill

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

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

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

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.



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

4.2 Material accounting policy information – continued

Investments in subsidiaries

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

Investment in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of joint venture exceeds the Group's interest in that joint venture (which includes any long term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.



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

4.2 Material accounting policy information – continued

Investment in joint ventures – continued

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

When the Group ceases to have significant influence over joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant joint venture.

The Group continues to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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



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

4.2 Material accounting policy information – continued

Revenue from contracts with customers

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

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

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

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

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

Contract asset and contract liability

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

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

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

Principal versus agent

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

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



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

4.2 Material accounting policy information – continued

Revenue from contracts with customers – continued

Principal versus agent – continued

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

Further information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 6 to the consolidated financial statements.

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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



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

4.2 Material accounting policy information – continued

Leases – continued

The Group as a lessee – continued

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

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

Refundable rental deposits

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



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

4.2 Material accounting policy information – continued

Leases – continued

Lease liabilities

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

The lease payments include:

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

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

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

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

Foreign currencies

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

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



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

4.2 Material accounting policy information – continued

Foreign currencies – continued

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

Borrowing costs

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

Taxation

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

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

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



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

4.2 Material accounting policy information – continued

Taxation – continued

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

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

Property, plant and equipment

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

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

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

Intangible assets acquired separately

Intangible assets acquired separately are capitalised at cost and those acquired from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against the profit or loss in the year in which the expenditure is incurred.



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

4.2 Material accounting policy information – continued

Intangible assets acquired separately – continued

Useful lives of acquired intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are stated at cost less accumulated amortization and any accumulated impairment losses. Intangible assets with indefinite useful lives are stated at cost less any subsequent accumulated impairment losses.

Amortization for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Intangible assets are tested for impairment annually either individually or at the CGU level. Useful lives are also examined on an annual basis and, where applicable, adjustments are made on a prospective basis.

As intangible asset is derecognised on disposal or no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of the intangible asset, calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset, is recognised in the consolidated statement of profit or loss and other comprehensive income in the year the intangible asset is derecognised.

Computer software

Costs incurred on the acquisition of computer software are capitalised in the consolidated statement of financial position at cost less amortisation and any identified impairment losses.

Impairment on tangible and intangible assets (other than goodwill)

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

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

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



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

4.2 Material accounting policy information – continued

Employee benefits

Retirement benefit costs

The Group operates a defined contribution MPF Scheme under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

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

Share option schemes

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

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

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

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

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



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

4.2 Material accounting policy information – continued

Employee benefits – continued

Short-term employee benefits

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

Cash and cash equivalents

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

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

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

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

Inventories

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



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

4.2 Material accounting policy information – continued

Provisions and contingent liabilities

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

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

Financial instruments

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

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

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

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



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

4.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

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

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



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

4.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Amortised cost and interest income

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

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

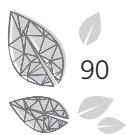
Financial assets at FVTPL

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

Impairment of financial assets

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

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



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

4.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets – continued

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

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

(i) Significant increase in credit risk

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

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

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



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

4.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Impairment of financial assets – continued

(i) Significant increase in credit risk – continued

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

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

(ii) Definition of default

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

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

Credit-impaired financial assets

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

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



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

4.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Credit-impaired financial assets – continued

(i) Write-off policy

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

(ii) Measurement and recognition of ECL

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

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

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

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

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



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

4.2 Material accounting policy information – continued

Financial instruments – continued

Financial assets – continued

Credit-impaired financial assets – continued

(ii) Measurement and recognition of ECL – continued

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

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

Derecognition of financial assets

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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



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

4.2 Material accounting policy information – continued

Financial instruments – continued

Financial liabilities and equity – continued

Convertible preference shares

The component parts of the convertible preference shares are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible preference shares, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible preference shares are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the preferred distribution period of the convertible preference shares using the effective interest method.



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

4.2 Material accounting policy information – continued

Financial instruments – continued

Financial liabilities and equity – continued

Financial liabilities

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

Financial liabilities at FVTPL

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

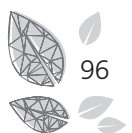
A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

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

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

Financial liabilities at amortised cost

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



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

4.2 Material accounting policy information – continued

Financial instruments – continued

Financial liabilities and equity – continued

Other financial liabilities

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition of financial liabilities

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

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

Dividends

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



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

4.2 Material accounting policy information – continued

Related parties

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

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

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

Segment reporting

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



5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Going concern and liquidity

As explained in Note 2, the consolidated financial statements have been prepared on a going concern basis and have not included any adjustments that would be required should the Group fail to continue as a going concern since the Directors are satisfied that the liquidity of the Group can be maintained in the coming year after taking into the considerations as detailed in Note 2. The Directors also believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements for the next twelve months from 30 June 2025.

Principal versus agent consideration (principal)

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

Key sources of estimation uncertainty

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

Provision of ECL for trade and other receivables

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



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

Key sources of estimation uncertainty – continued

Provision of ECL for trade and other receivables – continued

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

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

As at 30 June 2025 and 2024, the carrying amounts of the Group's trade receivables and other receivables are set out in Note 24 and 25(a), respectively.

6. OPERATING SEGMENTS INFORMATION

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

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

Prior to 30 June 2024, the Group's operating segments are as follows:

- (a) Provision of lottery-related services (the "**Lottery-related Services**")
- (b) Provision of internet plus services:
 - (i) Solution services: Provision of internet related solution services
- (c) Supply chain services: Provision of supply chain management, data analysis and related services and trading of goods through internet platform
- (d) Manufacturing and distribution of personal protective equipment: Manufacture and sale of personal protective equipment and consumables and other related goods

During the year ended 30 June 2024, the Group decided to cease and terminate its "Provision of lottery-related services" operating segment and thus, this operating segment was classified as "Discontinued Operation" and further details of financial information of the Discontinued Operation are set out in Note 13.

During the year ended 30 June 2024, the Company established a subsidiary, 江西鸞嶼醫療科技有限公司 (Jiangxi Luyu Medical Technology Co., Ltd, "**Jiangxi Luyu**") which is mainly engaged in the trading of medical and related products in the PRC and thus, the Company include the sale of medical and related products in the Supply Chain Services operating segment for the current year.



6. OPERATING SEGMENTS INFORMATION – continued

During the year ended 30 June 2025, the Group continues to be engaged in the following operating segments (the “**Continuing Operations**”)

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

Segment revenues and results

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

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



6. OPERATING SEGMENTS INFORMATION – continued

Segment revenues and results – continued

	Continuing Operations				Discontinued Operation	
	Internet Plus Solution Services HK\$'000	Supply Chain Services HK\$'000	Manufacturing and Distribution of Personal Protective Equipment HK\$'000	Sub-total HK\$'000	Lottery- related services HK\$'000	Consolidated HK\$'000
For the year ended 30 June 2024						
Segment revenue						
Reportable segment revenue	—	41,277	—	41,277	—	41,277
Elimination of inter-segment revenue	—	—	—	—	—	—
External sales	—	41,277	—	41,277	—	41,277
Segment (loss)/profit	(98)	1,431	(39)	1,294	388	1,682
Unallocated other income, gains and losses, net						16,394
Fair value change on financial assets at FVTPL						(2,734)
Other unallocated expenses						(11,580)
Finance costs						(23,706)
Loss before taxation						(19,944)
Income tax expense						(83)
Loss for the year						(20,027)



6. OPERATING SEGMENTS INFORMATION – continued

Segment assets and liabilities

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

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

	Continuing Operations				Discontinued Operation	
	Internet Plus Solution Services HK\$'000	Supply Chain Services HK\$'000	Manufacturing and Distribution of Personal Protective Equipment HK\$'000	Sub-total HK\$'000	Lottery- related Services HK\$'000	Consolidated HK\$'000
As at 30 June 2024						
Assets						
Segment assets	—	38,518	—	38,518	—	38,518
Unallocated assets						5,972
Total assets						44,490
Liabilities						
Segment liabilities	—	49,826	—	49,826	—	49,826
Unallocated liabilities						200,263
Total liabilities						250,089



6. OPERATING SEGMENTS INFORMATION – continued

Other segment information

	Continuing Operations			Discontinued Operation			
	Internet Plus Solution Services HK\$'000	Supply Chain Services HK\$'000	Manufacturing and Distribution of Personal Protective Equipment HK\$'000	Sub-total HK\$'000	Lottery- related Services HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
For the year ended 30 June 2025							
Depreciation of property, plant and equipment	—	668	—	668	—	48	716
Depreciation of right-of-use assets	—	617	—	617	—	—	617
Impairment loss recognised, net:							
— Trade receivables	—	8,040	—	8,040	—	—	8,040
— Other receivables	—	602	—	602	—	—	602

	Continuing Operations			Discontinued Operation			
	Internet Plus Solution Services HK\$'000	Supply Chain Services HK\$'000	Manufacturing and Distribution of Personal Protective Equipment HK\$'000	Sub-total HK\$'000	Lottery- related Services HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
For the year ended 30 June 2024							
Addition of property, plant and equipment	—	3,328	—	3,328	—	—	3,328
Addition of right-of-use assets	—	1,873	—	1,873	—	—	1,873
Depreciation of property, plant and equipment	—	202	—	202	—	436	638
Depreciation of right-of-use assets	—	740	—	740	—	—	740
Written-off of property, plant and equipment	—	—	—	—	—	526	526
Impairment loss recognised, net:							
— Trade receivables	—	1,239	—	1,239	—	—	1,239
— Other receivables	—	84	—	84	—	1,104	1,188
— Deposits paid	—	160	—	160	—	—	160

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

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



6. OPERATING SEGMENTS INFORMATION – continued

Other segment information – continued

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

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

Geographical information

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

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

	For the year ended 30 June 2025			For the year ended 30 June 2024		
	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000
Revenue from external customers						
— PRC	42,877	—	42,877	34,569	—	34,569
— Hong Kong	18,376	—	18,376	6,708	—	6,708
	61,253	—	61,253	41,277	—	41,277

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

	As at 30 June 2025			As at 30 June 2024		
	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000
Non-current assets (excluding financial instruments)						
— PRC	2,598	—	2,598	3,734	—	3,734
— Hong Kong	5	—	5	148	—	148
	2,603	—	2,603	3,882	—	3,882



6. OPERATING SEGMENTS INFORMATION – continued

Information about major customers

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

	2025 HK\$'000	2024 HK\$'000
Customer A	18,368	6,708
Customer C	N/A*	11,669
Customer D	N/A*	6,166
Customer E	6,709	—

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

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

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



7. REVENUE FROM CONTRACTS WITH CUSTOMERS – continued

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

(a) Disaggregation of revenue from contracts with customers

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

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

	Continuing Operations	Manufacturing and Distribution of Personal Protective Equipment	Consolidated
	Internet Plus Solution Services HK\$'000	Supply Chain Services HK\$'000	HK\$'000
For the year ended 30 June 2024			
Revenue from contracts with customers by category within the scope of HKFRS 15			
Trading of goods	—	41,277	41,277
	—	41,277	41,277



7. REVENUE FROM CONTRACTS WITH CUSTOMERS – continued

(a) Disaggregation of revenue from contracts with customers – continued

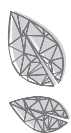
- (ii) The Group derives revenue from the Group's Continuing Operations and Discontinued Operation regarding the transfer of goods and services by timing of revenue recognition.

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

	Continuing Operations		Manufacturing and Distribution of Personal Protective Equipment	Consolidated
	Internet Plus solution Services HK\$'000	Supply Chain Services HK\$'000	HK\$'000	HK\$'000
For the year ended 30 June 2024				
Revenue from contracts with customers by category within the scope of HKFRS 15				
Trading of goods				
— Point in time	—	41,277	—	41,277

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

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



7. REVENUE FROM CONTRACTS WITH CUSTOMERS – continued

(b) Contract balances

		As at 30 June		As at 1 July
		2025	2024	2023
	Notes	HK\$'000	HK\$'000	HK\$'000
Trade receivables		28,815	22,442	96,704
Less: Allowance for credit losses		(10,690)	(2,410)	(88,609)
	24	18,125	20,032	8,095
Contract liabilities	28	3,148	2,630	3,799

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

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

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

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

(i) Supply chain services

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

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



7. REVENUE FROM CONTRACTS WITH CUSTOMERS – continued

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

(i) Supply chain services – continued

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

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

(d) Transaction price allocated to remaining performance obligation

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. OTHER INCOME, GAINS AND LOSSES, NET

The Group's other income, gains and losses, net from Continuing Operations and Discontinued Operation is as following:

	<i>Notes</i>	2025			2024		
		Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000
Interest income		3	—	3	84	—	84
Gain on disposal of subsidiaries (<i>Note 36</i>)		6,932	—	6,932	17,081	388	17,469
Gain on loan capitalisation (<i>Notes 29 and 30</i>)		3,860	—	3,860	—	—	—
Realised gain on financial asset at fair value through profit or loss		43	—	43	—	—	—
Written-off of property, plant and equipment		—	—	—	(526)	—	(526)
Others		5	—	5	1,446	—	1,446
		10,843	—	10,843	18,085	388	18,473

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

The Group's impairment loss on trade receivables and other assets, net from Continuing Operations and Discontinued Operation is as following:

		2025			2024		
		Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000
Recognise of impairment losses, net:							
— Trade receivables (<i>Note 24</i>)		8,136	—	8,136	1,239	—	1,239
— Other receivables (<i>Note 25(a)(iii)</i>)		290	—	290	1,188	—	1,188
— Deposits paid (<i>Note 25(b)</i>)		—	—	—	160	—	160
		8,426	—	8,426	2,587	—	2,587



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. FINANCE COSTS

The Group's finance costs from Continuing Operations and Discontinued Operation is as following:

	2025			2024		
	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000
Interest on:						
— Convertible preference shares (Note 32)	2,260	—	2,260	—	—	—
— Bank borrowing (Note 29)	31	—	31	—	—	—
— Lease liabilities (Note 31)	129	—	129	205	—	205
— Other borrowings (Note 29)	1,606	—	1,606	3,936	—	3,936
— Amounts due to shareholders (Note 30)	1,828	—	1,828	19,742	—	19,742
— Others	—	—	—	50	—	50
	5,854	—	5,854	23,933	—	23,933

11. INCOME TAX EXPENSES

The Group's income tax expenses from Continuing Operations and Discontinued Operation is as following:

	2025			2024		
	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000
Current year:						
— PRC Enterprise Income Tax	291	—	291	1	—	1
Under-provision in prior years						
— Hong Kong Profits Tax	—	—	—	82	—	82
	291	—	291	83	—	83

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INCOME TAX EXPENSES — continued

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

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

No provision for Hong Kong Profits Tax has been provided for the year ended 30 June 2025 and 2024 as there was no assessable profits incurred by the Group for the year.

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

	2025			2024		
	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000	Continuing Operations HK\$'000	Discontinued Operation HK\$'000	Total HK\$'000
(Loss)/profit before taxation	(1,079)	—	(1,079)	(20,332)	388	(19,944)
Tax at the applicable tax rate	187	—	187	(4,422)	64	(4,358)
Tax effect of income not taxable for tax purposes	(2,906)	—	(2,906)	(2,924)	(64)	(2,988)
Tax effect of expenses not deductible for tax purposes	2,423	—	2,423	6,397	—	6,397
Tax effect of tax losses not recognised	1,615	—	1,615	1,162	—	1,162
Utilisation of tax losses not previously recognised	(912)	—	(912)	(180)	—	(180)
Tax effect of temporary differences not recognised	(116)	—	(116)	(32)	—	(32)
Under-provision in respect of prior years	—	—	—	82	—	82
Income tax expenses	291	—	291	83	—	83

As at 30 June 2025, deductible temporary differences in respect of tax losses not recognised in these consolidated financial statements were approximately HK\$1,907,000 (2024: HK\$2,819,000). No deferred tax asset has been recognised in respect of such deductible temporary differences due to the unpredictability of future profit streams. Included in the above are tax losses of approximately HK\$11,560,000 (2024: HK\$17,086,000) which can be carried forward indefinitely.



11. INCOME TAX EXPENSES — continued

At the end of the reporting period, the Group has deductible temporary differences of approximately HK\$1,012,000 (2024: HK\$833,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

12. LOSS BEFORE TAXATION

Loss before taxation from Continuing Operations and Discontinued Operation has been arrived at after charging:

	Continuing Operations HK\$'000	2025 Discontinued Operation HK\$'000	Total HK\$'000	Continuing Operations HK\$'000	2024 Discontinued Operation HK\$'000	Total HK\$'000
Staff costs (including directors' emoluments (<i>Note 14</i>)):						
— Directors' fees, staff wages and salaries	5,160	—	5,160	5,156	—	5,156
— Retirement benefits scheme contributions	263	—	263	290	—	290
— Equity-settled share-based payment	288	—	288	744	—	744
	5,711	—	5,711	6,190	—	6,190
Depreciation of property, plant and equipment	716	—	716	638	—	638
Depreciation of right-of-use assets	617	—	617	740	—	740
Auditor's remuneration	680	—	680	700	—	700
Cost of sales and services (including write-down of inventories amounting to approximately Nil (2024: HK\$346,000))	47,022	—	47,022	36,258	—	36,258
Written-off of property, plant and equipment	—	—	—	526	—	526
Exchange losses, net	—	—	—	89	—	89
Expenses relating to short-term leases	397	—	397	255	—	255

Note: Depreciation of property, plant and equipment approximately HK\$Nil (2024: HK\$Nil) and HK\$716,000 (2024: HK\$638,000) has been included in cost of sales and administrative and operating expenses, respectively.



13. DISCONTINUED OPERATION

On 15 June 2024, the Group entered into an agreement to dispose the entire equity interest in a subsidiary, Cheerfull Group Holdings Limited ("**Cheerfull Holdings**") and its subsidiaries ("**Cheerfull Holdings Group**") to a third party, which were mainly engaged in the provision of lottery-related service (the "**Disposal of the Cheerfull Holdings Group**").

The Disposal of the Cheerfull Holdings Group was completed on 15 June 2024 (the "**Disposal Date**"). Subsequent to the Disposal of the Cheerfull Holdings Group, the Group ceased its provision of lottery-related service operating segment and thus, the Disposal was accounted for a discontinued operation (the "**Discontinued Operation**").

Information about the loss for the year attributable to the Discontinued Operation and the gain on disposal of the Discontinued Operation was set out as below.

The information relating to the loss for the period from 1 July 2023 to the Disposal Date from the Discontinued Operation is set out below.

	Period from 1 July 2023 to Disposal Date HK\$'000
Loss for the period	—
Gain on Disposal of the Cheerfull Holdings Group (<i>Note 36</i>)	388
Profit for the period from Discontinued Operation	388

The results of the Discontinued Operation for the period from 1 July 2023 to the Disposal Date, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	Period from 1 July 2023 to Disposal Date HK\$'000
Turnover	—
Administrative and operating expenses	—
Loss before tax	—
Income tax credit for the period	—
Loss for the period	—

13. DISCONTINUED OPERATION – continued

Loss for the period includes the following:

	2024 HK\$'000

Loss for the period includes the following:

Auditor's remuneration

—

Cash flows from Discontinued Operation:

	2024 HK\$'000

Net cash from operating activities

—

Net cash flow from investing activities

—

Net cash flow from financing activities

—

Further information relating to the results of the Discontinued Operation for the period from 1 July 2023 to the Disposal Date and the gain on Disposal of the Discontinued Operation, which have been included in the consolidated financial statements are set out in Note 36.



14. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and the Chief Executive Officer's emoluments

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

	Fee HK\$'000	Salaries, allowance and other benefits HK\$'000	Performance related bonuses HK\$'000	Contributions to retirement benefits scheme HK\$'000	Equity- settled share-based expense HK\$'000	Total HK\$'000
For the year ended 30 June 2025						
Executive directors						
Mr. HO Kam Kin (Note (iii))	55	1,273	—	18	70	1,416
Ms. KWOK Shuk Yi (Note (iii))	60	648	—	18	70	796
Mr. CHIU Sin Nang Kenny (Note (vii))	5	—	—	—	—	5
Non-executive directors						
Dr. CHENG Yanjie	60	—	—	—	7	67
Independent non-executive directors						
Mr. LAU Fai Lawrence	60	—	—	—	7	67
Mr. Hsu Dong An (Note (vi))	60	—	—	—	—	60
Mr. Heung Pik Lun (Note (vi))	60	—	—	—	—	60
	360	1,921	—	36	154	2,471
For the year ended 30 June 2024						
Executive directors						
Mr. CHAU Wai Wah Fred (Note (i))	30	63	—	6	—	99
Mr. HO Kam Kin (Note (iii))	60	1,112	—	18	178	1,368
Ms. KWOK Shuk Yi (Note (iii))	60	648	—	18	178	904
Non-executive directors						
Dr. CHENG Yanjie	60	—	—	—	18	78
Independent non-executive directors						
Mr. LAU Fai Lawrence	60	—	—	—	18	78
Dr. LIU Ta-pei (Note (iv))	5	—	—	—	4	9
Mr. Hsu Dong An (Note (vi))	53	—	—	—	—	53
Mr. Heung Pik Lun (Note (vi))	48	—	—	—	—	48
	376	1,823	—	42	396	2,637



14. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS – continued

(a) Directors' and the Chief Executive Officer's emoluments – continued

Notes:

- (i) Mr. Chau Wai Wah Fred resigned as executive director with effect from 29 December 2023.
- (ii) Mr. Ho Kam Kin resigned as executive director with effect from 13 June 2025.
- (iii) Ms. Kwok Shuk Yi was appointed as executive director of the Company with effect on 5 September 2022.
- (iv) Dr. Liu Ta-pei resigned as independent non-executive director of the Company with effect from 3 August 2023.
- (v) Mr. Hsu Dong An was appointed as independent non-executive director of the Company with effect on 15 August 2023.
- (vi) Mr. Heung Pik Lun was appointed as independent non-executive director of the Company with effect on 15 September 2023.
- (vii) Mr. Chiu Sin Nang Kenny was appointed as executive director of the Company with effect on 13 June 2025.

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

(b) Five highest paid employees' emoluments

The five highest paid employees of the Group during the year included two (2024: two) directors of the Company of whose remuneration are set out in note 14(a) above. Details of the remuneration for the year of the remaining three (2024: three) highest paid employees who are neither a director nor Chief Executive Officer of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowance and other benefits	1,374	1,374
Performance related bonuses	—	—
Retirement benefit scheme contributions	54	54
	1,428	1,428



14. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS – continued

(b) Five highest paid employees' emoluments — continued

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

	2025 HK\$'000	2024 HK\$'000
Nil to HK\$1,000,000	3	3

During the year ended 30 June 2025 and 2024, no emoluments were paid by the Group to any of the Directors or the Chief Executive Officer of the Group or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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

15. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 30 June 2025, nor has any dividend been proposed since the end of the reporting period (2024: nil).



16. LOSS PER SHARE

The calculation of the basic and diluted (loss)/earning per share from Continuing Operations and Discontinued Operation attributable to owners of the Company is based on the following data:

(Loss)/profit figures are calculated as follows:

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit for the year attributable to owners of the Company		
— Continuing Operations	(867)	(20,086)
— Discontinued Operation	—	388
	(867)	(19,698)

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

	2025 (thousands of shares)	2024 (thousands of shares)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	464,789	183,693

The weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earning per share for the both years have been adjusted for the Capital Reorganisation and details of which are set out in Note 33(b).

The loss per share for the years ended 30 June 2025 and 2024 are as following:

	2025 HK Cents	2024 HK Cents (Restated)
(Loss)/earning for the year from:		
— Continuing Operations	(0.19)	(10.93)
— Discontinued Operation	—	0.21
Loss for the year from Continuing and Discontinued Operation	(0.19)	(10.72)

The computation of the diluted loss per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both year ended 30 June 2025 and 2024.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment HK\$'000	Plant and machinery HK\$'000	Leasehold improvement HK\$'000	Motor vehicles HK\$'000	Computer equipment HK\$'000	Total HK\$'000
Cost						
As at 1 July 2023	1,063	—	6,206	4,004	12,729	24,002
Additions	41	2,303	623	104	257	3,328
Write-off	—	—	(4,086)	—	—	(4,086)
Disposal of subsidiaries	(773)	—	(2,121)	(1,534)	(11,810)	(16,238)
Exchange realignments	(1)	(23)	(5)	(1)	(4)	(34)
As at 30 June 2024 and 1 July 2024	330	2,280	617	2,573	1,172	6,972
Exchange realignments	1	43	12	2	5	63
As at 30 June 2025	331	2,323	629	2,575	1,177	7,035
Accumulated depreciation						
As at 1 July 2023	920	—	5,266	4,004	12,649	22,839
Depreciation charged for the year	35	422	114	19	48	638
Eliminated on written-off	—	—	(3,560)	—	—	(3,560)
Disposal of subsidiaries	(690)	—	(1,707)	(1,534)	(11,755)	(15,686)
Exchange realignments	(1)	(4)	(1)	(1)	(1)	(8)
As at 30 June 2024 and 1 July 2024	264	418	112	2,488	941	4,223
Depreciation charged for the year	36	458	124	21	77	716
Exchange realignments	—	14	4	1	2	21
As at 30 June 2025	300	890	240	2,510	1,020	4,960
Net book value						
As at 30 June 2025	31	1,433	389	65	157	2,075
As at 30 June 2024	66	1,862	505	85	231	2,749

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

Leasehold land and buildings	3%–5% or over the lease term but limited to 15 years
Furniture, fixtures and equipment	7%–31%
Plant and machinery	20%
Leasehold improvement	Over the lease term
Motor vehicles	6%–20%
Computer equipment	20%–25%



18. RIGHT-OF-USE ASSETS

	Leased properties HK\$'000	
As at 30 June 2025		
Carrying amounts		528
As at 30 June 2024		
Carrying amounts		1,133
For the year ended 30 June 2025		
Depreciation		617
For the year ended 30 June 2024		
Depreciation		740
	2025 HK\$'000	2024 HK\$'000
Expense relating to short-term leases	397	255
Total cash outflow for leases	1,184	222
Additions to right-of-use assets	—	1,873
Interest on lease liabilities	129	205

For the year ended 30 June 2025 and 2024, the Group leases office and warehouse for its operations. Lease contracts are entered into for fixed terms of 13 to 36 months. Lease terms are negotiated on an individual basis and contained a wide range of different terms and conditions. In determining the lease terms and assessing the length of the non- cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.



19. GOODWILL

	2025 HK\$'000	2024 HK\$'000
Cost		
At the beginning of the year	118,400	313,289
Disposal during the year	—	(194,889)
At the end of the year	118,400	118,400
Accumulated impairment		
At the beginning of the year	118,400	313,289
Eliminated on disposal during the year	—	(194,889)
At the end of the year	118,400	118,400
Net carrying value	—	—

The Group's goodwill is mainly attributable to the following CGUs:

	2025 HK\$'000	2024 HK\$'000
Carrying value of the goodwill allocated to the following operating segment		
— Supply Chain Services	118,400	118,400
Less: Impairments	118,400 (118,400)	118,400 (118,400)
	—	—

The goodwill is allocated to the cash generating unit, namely Supply Chain Services, operating segments.

The Group recognised full impairment losses in relation to remaining goodwill arising on Supply Chain Services operating segment in prior years.



20. INTANGIBLE ASSETS

	Computer software HK\$'000	Total HK\$'000
Cost		
As at 1 July 2023	3,250	3,250
Disposal of Disposal Subsidiaries	(3,250)	(3,250)
As at 30 June 2024, 1 July 2024 and 30 June 2025	—	—
Amortisation		
As at 1 July 2023	3,250	3,250
Eliminated on Disposal of Disposed Subsidiaries	(3,250)	(3,250)
As at 30 June 2024, 1 July 2024 and 30 June 2025	—	—
Carrying amount		
As at 30 June 2025	—	—
As at 30 June 2024	—	—

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Computer software	5 years
Service contracts	3–5 years

21. INTERESTS IN JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Cost of investments in joint ventures	—	47,860
Share of post-acquisition losses and other comprehensive expense	—	(39,457)
Exchange adjustments	—	(440)
	—	7,963
Amounts due from joint ventures	—	6,700
Impairment loss recognised	—	(14,927)
Exchange adjustments	—	264
	—	—



21. INTERESTS IN JOINT VENTURES — continued

Details of each of the Group's material joint ventures at the end of the reporting period are as follows:

Name of entity	Form of business structure	Place of establishment and operation	Class of capital	Percentage of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
				2025	2024	2025	2024	
北京中文發數字科技有限公司 (China Culture Development Digital Technology Co., Ltd.) ("China Culture")	Sino-foreign equity joint venture	PRC	Registered	NA	NA	NA	NA	Inactive
重慶禮光博軟科技發展有限公司 (Chongqing Lightsoft Technology Development Co., Ltd.) ("Chongqing Lightsoft")*	Limited liability company	PRC	Registered	NA	NA	NA	NA	Inactive

* Chongqing Lightsoft is a 55% owned subsidiary of China Culture.

During the year ended 30 June 2024, two indirect wholly-owned subsidiaries of the Company which own the equity interests in China Culture and Chongqing Lightsoft which were under the process of de-registration (the "De-registration") and the De-registration were completed in September 2024.

In view of the Group's share of losses of the joint ventures exceeded their interest in the joint ventures and further, the joint ventures were inactive during the year ended 30 June 2024 and thus, the Group discontinued to share of result of the joint venture for the year ended 2024. In addition, the Directors consider that there is no reversal of impairment required for the year ended 30 June 2024.

There has no management accounts of the joint ventures made available to the Group for the year ended 30 June 2024, in view of the completion of the De-registration in September 2024 and these two joint ventures have already ceased their businesses and became inactive in prior years, the Directors consider that the financial position and financial results of the joint ventures are not significant and thus, no financial information of the joint ventures for the year ended 30 June 2024 was disclosed thereof.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Unlisted equity investment	—	2,540

With reference to a valuation conducted by an independent professional valuer, the fair value of the financial assets at FVTPL as at 30 June 2024 is approximately of HK\$2,540,000 and the fair value loss of approximately HK\$2,734,000 was charged to the profit or loss for the year ended 30 June 2024.

During the year ended 30 June 2025, the unlisted equity investment was disposed of with a consideration of approximately HK\$3,643,000 by way of accepting the novation of a debt by the purchaser.

23. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Finished goods	13,481	3,537

24. TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables — contract with customers	28,815	22,442
Less: Allowance for credit losses	(10,690)	(2,410)
	18,125	20,032

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

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	15,467	18,525
31 to 60 days	—	—
61 to 180 days	—	88
181 to 365 days	3,334	1,580
Over one year	10,014	2,249
	28,815	22,442



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. TRADE RECEIVABLES — continued

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

For the year ended 30 June 2025, the Group made an allowance of HK\$8,136,000 (2024: HK\$1,239,000) in respect of trade receivables, which were past due at the reporting date with long age and slow repayments from the respective customers since the due date.

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

The Group does not hold any collateral over these balances.

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

	2025 HK\$'000	2024 HK\$'000
Balance at beginning of the year	2,410	88,609
Eliminated on Disposal of Disposed Subsidiaries	—	(13,626)
Write-off	—	(73,875)
Impairment losses recognised for the year, net (<i>Note 9</i>)	8,136	1,239
Exchange adjustments	144	63
Balance at end of the year	10,690	2,410

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

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

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

	2025 HK\$'000	2024 HK\$'000
USD	—	—
RMB	—	—
HK\$	—	—

25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	2025 HK\$'000	2024 HK\$'000
Other receivables	(a)	84,619	84,533
Less: Allowance for credit losses		(76,303)	(76,009)
		8,316	8,524
Deposits paid	(b)	102	291
Less: Allowance for credit losses		(2)	(4)
		100	287
Prepayments	(c)	2,165	3,048
		10,581	11,859

Except for compensation receivable relating to the profit guarantee and detailed of which are set out in Note 25(a)(ii) below, the Group does not hold any collateral over these balances.

Notes:

(a) Other receivables

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

(i) Amount due from Xueliang Zhang Foundation

As described in Note 37(a)(i), included in the Group's other receivables was amount due from a related entity, Xueliang Zhang Foundation of approximately HK\$2,998,000. The amount was unsecured, interest free and had no fixed repayment terms. The Company's former director, Madam Cheung Kwai Lan, is the member of committee of the related entity.

In view of the long outstanding balance of the amount, during the year ended 30 June 2024, the Directors consider that the Company has very low chance to recover the amount and thus, the amount was fully written off which was charged to the profit or loss for the year.

(ii) Compensation receivable relating to the profit guarantee

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



25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – continued

Notes: – continued

(a) Other receivables – continued

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

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

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

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

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

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

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

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

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

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

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

	2025 HK\$'000	2024 HK\$'000
Balance at beginning of the year	76,009	103,132
Eliminated on Disposal of Disposed Subsidiaries	—	(12,903)
Write-off	—	(15,408)
Impairment losses recognised for the year (<i>Note 9</i>)	292	1,188
Exchange alignments	2	—
Balance at end of the year	<u>76,303</u>	<u>76,009</u>

(b) Deposits paid

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

	2025 HK\$'000	2024 HK\$'000
Balance at beginning of the year	4	11,852
Eliminated on disposal of Disposed Subsidiaries	(2)	(11,852)
Write-off	—	(156)
Impairment losses recognised for the year (<i>Note 9</i>)	—	160
Balance at end of the year	<u>2</u>	<u>4</u>

- (c) Included in prepayments is the prepayment for inventories of approximately HK\$1,880,000 (2024: HK\$2,836,000) as at 30 June 2025.

(d) Others

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

	2025 HK\$'000	2024 HK\$'000
USD	—	—
RMB	—	—
HK\$	<u>—</u>	<u>—</u>



26. BANK BALANCES AND CASH

	2025 HK\$'000	2024 HK\$'000
Bank balances and cash	<u>6,946</u>	<u>2,640</u>

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

	2025 HK\$'000	2024 HK\$'000
HK\$	—	—
RMB	—	—
US\$	<u>—</u>	<u>10</u>

As at 30 June 2025 and 2024, the Group's bank balances and cash denominated in RMB kept in the PRC. RMB is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

For the years ended 30 June 2025 and 2024, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant as the Group only transacts with reputable banks with high credit ratings assigned by international credit rating agencies.

Details of impairment assessment of bank balances for the years ended 30 June 2025 and 2024 are set out in note 40(b).

27. TRADE PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables	<u>22,944</u>	<u>32,494</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. TRADE PAYABLES – continued

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

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	14,818	10,801
31 to 120 days	903	3,960
121 to 180 days	—	—
181 to 365 days	—	—
Over one year	7,223	17,733
	22,944	32,494

The credit period ranged from 30 days to 60 days.

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

	2025 HK\$'000	2024 HK\$'000
HK\$	—	—
RMB	426	563

28. ACCRUALS AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
	<i>Notes</i>	
Amount due to non-controlling interest	<i>(a)</i> 6,239	5,544
Contract liabilities	<i>(b)</i> 3,148	2,630
Accrued salaries	1,123	1,271
Other payables and accrued charges	8,084	9,290
	18,594	18,735



28. ACCRUALS AND OTHER PAYABLES – continued

Notes:

(a) Amount due to non-controlling interest

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

(b) Contract liabilities

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

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

Contract liabilities of approximately HK\$1,117,000 at 30 June 2024 was recognised as revenue of the Group for the current year and none of the contract liabilities at 30 June 2023 was recognised as revenue of the Group for the prior year ended 30 June 2024.

The expected timing of the revenue recognition of the performance obligations that are unsatisfied (or partially unsatisfied) at 30 June 2025 and 30 June 2024 is within one year. As permitted under HKFRS 15, the transaction price allocated to those contracts is not disclosed.

(c) Others

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

	2025 HK\$'000	2024 HK\$'000
HK\$	—	—
RMB	—	—
	—	—

29. BORROWINGS

	Notes	2025 HK\$'000	2024 HK\$'000
Bank loan	(a)	3,283	—
Other borrowings			
— Quantum borrowings	(b)	—	15,427
— Creative Big borrowings	(c)	1,557	56,506
		4,840	71,933
Secured		3,283	—
Unsecured		1,557	71,933
		4,840	71,933

29. BORROWINGS – continued

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

	Bank loan		Other borrowings	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
The carrying amounts of the borrowings are repayable:				
Within one year	3,283	—	1,557	71,933

Notes:

- (a) The bank loan granted from a bank to Jiangxi Luyu is guaranteed by Jiangxi Luyu's immediate holding company. The bank loan is interest bearing at a fixed rate of 3.2%.
- (b) Quantum borrowings

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

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

During the year ended 30 June 2024, the interest expenses of the Quantum borrowings amounted to HK\$427,000, which was charged to the profit or loss for the year (see Note 10).

As at 30 June 2024, the Company was indebted to Quantum an aggregate amount of approximately HK\$15,427,000, comprising the outstanding principal of HK\$15,000,000 (the "**Quantum Debt**") and outstanding interest of approximately HK\$427,000.

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

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

During the year ended 30 June 2025, the interest expenses on other borrowings and due to shareholder related to Quantum are HK\$283,000 and HK\$134,000 respectively.

On 5 September 2025 and 8 September 2025, the Group obtained a letter of undertaking (the "**Letter**") from IAM that IAM agreed not to request the Group repay the amount due to them within the next 18 months from the date of the Letter.

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



29. BORROWINGS – continued

Notes: – continued

(c) Creative Big borrowings

Creative Big Limited (“**Creative Big**”) a BVI business company incorporated with limited liability and is wholly and beneficially owned by Mr. CHIU Sin Nang Kenny is the bondholder of the unlisted Creative Big Convertible Bonds with a principal amount of HK\$50,000,000 at a coupon of 7% per annum issued by the Company on 30 August 2021.

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

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

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

On 14 June 2024, the Company and Creative Big Limited (“**Creative Big**”, a BVI business company incorporated with limited liability and is wholly and beneficially owned by Mr. CHIU Sin Nang Kenny) entered into the loan capitalisation agreement (the “**Creative Big Loan Capitalisation Agreement**”), pursuant to which the Company has conditionally agreed to allot and issue, and Creative Big has conditionally agreed to subscribe for an aggregate of approximately HK\$547,601,000 non-voting convertible preference shares of par value of HK\$0.0125 each at the issue price of HK\$0.1 per non-voting convertible preference shares (the “**Creative Big CPSs**”), the same of which shall be satisfied by offsetting the balance of the Creative Big Debt of approximately HK\$54,761,000 (as defined and described in Note 29(b)) (the “**Creative Big Loan Capitalisation**”).

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

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

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

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

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

30. AMOUNTS DUE TO SHAREHOLDERS

	2025 HK\$'000	2024 HK\$'000
Unsecured amount due to shareholders:		
— Quantum (<i>Note 29(b)</i>)	9,844	—
— IAM	3,929	125,489
	13,773	125,489

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

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

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

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

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

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



30. AMOUNTS DUE TO SHAREHOLDERS – continued

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

- (1) an aggregate of 300,000,000 shares at the issue price of HK\$0.1 per share (the “**IAM Shares**”), the same of which shall be satisfied by offsetting HK\$30,000,000 of the IAM Debt (as defined and described in Note 29); and
- (2) an aggregate of 932,541,460 non-voting convertible preference shares of par value of HK\$0.0125 each at the issue price of HK\$0.1 per non-voting convertible preference shares (the “**IAM CPSs**”, together with the IAM Shares, collectively referred to the “**IAM Loan Capitalisation**”), the same of which shall be satisfied by offsetting the remaining balance of the IAM Debt of approximately HK\$93,254,000.

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

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

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

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

On 8 September 2025, the Group obtained a letter of undertaking (the “**Letter**”) from IAM that IAM agreed not to request the Group repay the amount due to them within the next 18 months from the date of the Letter.

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

31. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	665	670
More than one year, but not more than two years	—	653
	665	1,323
Less: Amount due for settlement within 12 months shown under current liabilities	(665)	(670)
Amount due for settlement after 12 months shown under non-current liabilities	—	653

As at 30 June 2025, the weighted average incremental borrowing rates applied to lease liabilities range from 5.9% to 13.2% (2024: 5.9% to 13.2%).

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

32. CONVERTIBLE PREFERENCE SHARES ("CPSs")

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



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

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

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

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

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



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

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

	2025 HK\$'000	2024 HK\$'000
Carrying amount at the beginning of the year	—	—
Issue of CPSs	25,195	—
Interest charge	2,260	—
Carrying amount at the end of the year	27,455	—

33. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
<i>Ordinary share</i>		
As at 1 July 2023 (HK\$0.0125 each)	16,000,000	200,000
2023 Share Consolidation (<i>Note (a)</i>)	(15,360,000)	—
As at 30 June 2024 and 1 July 2024 (HK\$0.3125 each)	640,000	200,000
Capital Reorganisation (<i>Note (b)</i>)	12,160,000	—
As at 30 June 2025 (HK\$0.0125 each)	12,800,000	160,000
Issued and fully paid:		
<i>Ordinary share</i>		
As at 1 July 2023 (HK\$0.0125 each)	4,592,326	57,404
2023 Share Consolidation (<i>Note (a)</i>)	(4,408,633)	—
As at 30 June 2024 and 1 July 2024 (HK\$0.3125 each)	183,693	57,404
Capital Reorganisation (<i>Note (b)</i>)	—	(55,108)
Issue of ordinary shares (<i>Note (c)</i>)	450,000	5,625
As at 30 June 2025 (HK\$0.0125 each)	633,693	7,921



33. SHARE CAPITAL — continued

Details of the movements of share capital of the Company during the years ended 30 June 2024 and 30 June 2023 are as followings:

(a) 2023 Share Consolidation

Pursuant to the Company's announcement dated 20 July 2023, the Board proposed to implement the share consolidation (the "**2023 Share Consolidation**") on the basis that every twenty-five (25) existing shares of par value of HK\$0.0125 each in the issued and unissued share capital of the Company be consolidated into one (1) consolidated share of par value of HK\$0.3125 each. As at 20 July 2023, the authorised share capital of the Company was HK\$200,000,000 divided into 16,000,000,000 shares of par value of HK\$0.0125 each, and there are 4,592,326,397 existing shares in issue which are fully paid or credited as fully paid.

Upon the completion of the 2023 Share Consolidation, the number of shares in issue was changed from 4,592,326,397 shares to 183,693,055 consolidated shares of par value of HK\$0.3125 each in issue which are fully paid or credited as fully paid. The authorised share capital of the Company remains at HK\$200,000,000 which are divided into 640,000,000 consolidated shares of par value of HK\$0.3125 each.

The 2023 Share Consolidation was approved by the Shareholders of the Company by way of ordinary resolution at the extraordinary general meeting of the Company held on 25 August 2023.

Subsequent to the completion of the Share Consolidation, the consolidated shares shall rank pari passu in all respects with each other.

Further details of the above are set out in the announcements of the Company dated 20 July 2023 and 25 August 2023 and the circular of the Company dated 10 August 2023.



33. SHARE CAPITAL — continued

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

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

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



34. SHARE BASED PAYMENTS TRANSACTIONS

Equity-settled share option scheme of the Company

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

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

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

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

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



34. SHARE BASED PAYMENTS TRANSACTIONS – continued

Equity-settled share option scheme of the Company – continued

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

Year ended 30 June 2025

Grantee	Grant date	Exercise price per share	Exercisable period	Number of share options			
				Balance as at 1 July 2024	Granted during the year	Lapsed during the year	Balance as at 30 June 2025
		HK\$					
Directors	28/12/2022	0.04	01/07/2023 to 30/06/2028	3,520,000	—	(1,600,000)	1,920,000
Employees	28/12/2022	0.04	01/07/2023 to 30/06/2028	3,520,000	—	—	3,520,000
			Total	7,040,000	—	(1,600,000)	5,440,000
Exercisable at the end of year							5,440,000
Weighted average exercise price				1.00	—	1.00	1.00

Year ended 30 June 2024

Grantee	Grant date	Exercise price per share	Exercisable period	Number of share options			
				Balance as at 1 July 2023	Adjusted relating to 2023 Share Consolidation (Note below)	Lapsed during the year	Balance as at 30 June 2024
		HK\$					
Directors	28/12/2022	0.04	01/07/2023 to 30/06/2028	128,900,000	(123,744,000)	(1,636,000)	3,520,000
Employees	28/12/2022	0.04	01/07/2023 to 30/06/2028	131,000,000	(125,760,000)	(1,720,000)	3,520,000
			Total	259,900,000	(249,504,000)	(3,356,000)	7,040,000
Exercisable at the end of year							7,040,000
Weighted average exercise price				0.33	N/A	1.00	1.00

Note: The share options were adjusted as a result of the 2023 Share Consolidation of the Company and details of which are set out in Note 33(a).

The share options outstanding at 30 June 2025 had a weighted average remaining contractual life of 3 years (2024: 4 years).

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

Details of specific categories of options are as follows:

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

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

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

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

No share options were exercised during the year ended 30 June 2025 and 2024.

During the year ended 30 June 2025, the Group recognised the total expenses of HK\$288,000 (2024: HK\$744,000) in relation to share options granted by the Company.

35. RETIREMENT BENEFITS SCHEMES

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



35. RETIREMENT BENEFITS SCHEMES – continued

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

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

Details of retirement benefits scheme contributions made by the Group for the year ended 30 June 2025 and 2024 are set out in Note 12.

36. DISPOSAL OF SUBSIDIARIES

(a) 2025 Disposal

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

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

(i) Sinopharm Health

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

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

The disposal was completed in February 2025.

(ii) Sinopharm Industrial

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

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

The disposal was completed in April 2025.



36. DISPOSAL OF SUBSIDIARIES – continued

(a) 2025 Disposal – continued

Financial information of the subsidiaries

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

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

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

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

* Less than HK\$1,000.



36. DISPOSAL OF SUBSIDIARIES – continued

(b) 2024 Disposal

During the year ended 30 June 2024, the Group disposed of the entire equity interests of the following subsidiaries (collective, the “**Disposed Subsidiaries**”) (the “**Disposal**”) to certain third parties (the “**Disposed Subsidiaries Purchasers**”) in enhancing the Group’s structure:

	Notes	Net cash outflows on the Disposal HK\$’000	Gains (losses) on the Disposal HK\$’000
Disposal of:			
Continuing Operations			
Champion Vision Global Ltd. and its subsidiaries (the “ Champion Vision Group ”)	(i)	—	9,638
Shenzhen Guoke Anti-Counterfeit Technology Company Limited and its subsidiaries (the “ Shenzhen Guoke Group ”)	(ii)	(517)	6,014
Sinopharm Tech Medical Supplies Limited	(iii)	(8)	1,359
Sinopharm Health (Hainan) Technology Co. Ltd. and its subsidiaries (the “ Sinopharm Health Group ”)	(iv)	(166)	101
Qi Wang Limited and its subsidiaries (the “ Qi Wang Group ”)	(v)	(132)	(31)
Discontinued Operation			
Cheerfull Holdings Group	(vi)	(792)	388
		(1,615)	17,469

(i) Champion Vision Group

During the year ended 30 June 2024, the Group disposed of the entire equity interest in Champion Vision Global Ltd., a Samoa company incorporate with limited liabilities and its subsidiaries (i.e. the “Champion Vision Group”) for a total consideration HK\$1.

The Champion Vision Group is mainly engaged in the provision of internet plus solution services.

The disposal was completed in May 2024.

(ii) Shenzhen Guoke Group

During the year ended 30 June 2024, the Group disposed of the entire equity interest in Shenzhen Guoke Anti-Counterfeit Technology Company Limited, a PRC company incorporate with limited liabilities and its subsidiaries (i.e. the “Shenzhen Guoke Group”) for a total consideration HK\$1,000.

The Shenzhen Guoke Group is mainly engaged in the manufacturing and distribution of personal protective equipment.

The disposal was completed in June 2024.



36. DISPOSAL OF SUBSIDIARIES – continued

(b) 2024 Disposal – continued

(iii) Sinopharm Tech Medical Supplies Limited

During the year ended 30 June 2024, the Group disposed of the entire equity interest in Sinopharm Tech Medical Supplies Limited, a PRC company incorporate with limited liabilities for a total consideration HK\$1.

Sinopharm Tech Medical Supplies Limited is mainly engaged in the manufacturing and distribution of personal protective equipment.

The disposal was completed in October 2023.

(iv) Sinopharm Health Group

During the year ended 30 June 2024, the Group disposed of the entire equity interest in Sinopharm Health (Hainan) Technology Co., Ltd, a PRC company incorporate with limited liabilities and its subsidiaries (i.e. the “Sinopharm Health Group”) for a total consideration HK\$1.

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

The disposal was completed in June 2024.

(v) Qi Wang Group

During the year ended 30 June 2024, the Group disposed of the entire equity interest in Qi Wang Limited, a BVI company incorporate with limited liabilities and its subsidiaries (i.e. the “Qi Wang Group”) for a total consideration HK\$1.

The Qi Wang Group is mainly engaged in the real estate development.

The disposal was completed in June 2024.

(vi) Cheerfull Holdings Group

During the year ended 30 June 2024, the Group disposed of the entire equity interest in Cheerfull Group Holdings Limited, a BVI company incorporate with limited liabilities and its subsidiaries (i.e. the “Cheerfull Holdings Group”) for a total consideration HK\$1.

The Cheerfull Holdings Group is mainly engaged in the lottery-related services business. Subsequent to the disposal of the Cheerful Holdings Group, the Company ceased of its lottery-related services operating segment and details of which are set out in Note 13.

The disposal was completed in June 2024.



36. DISPOSAL OF SUBSIDIARIES – continued

(b) 2024 Disposal – continued

Financial information of the Disposed Subsidiaries

Subsequent to the respective dates on the Disposal and loss of control of these Disposed Subsidiaries, the Company surrendered all the books and records of the Disposed Subsidiaries, including but not limited to the management accounts, ledgers and sub-ledgers accounts, vouchers, bank statements, agreements and other documentations to the Disposed Subsidiaries Purchasers and the financial statements of these Disposed Subsidiaries were then derecognised from the consolidation financial statements of the Company with effective from their respective dates on the Disposal of these Disposed Subsidiaries subsequently.

In view of the non-cooperation of the Disposed Subsidiaries Purchasers, the management of the Company was unable to access sufficient books and records of the deconsolidated Disposed Subsidiaries and the books and records which are available and were retained by the Company were not found to be of a sufficient level for the purposes of audit and thus, the management of the Company was unable to have sufficient appropriate books and record to ascertain whether the assets and liabilities of the Disposed Subsidiaries as at 30 June 2023 and their respective dates on the Disposal of the Disposed Subsidiaries and the income and expenses of the Disposed Subsidiaries during the period from 1 July 2022 up to their respective dates on the Disposal of the Disposed Subsidiaries as set out below are fairly stated and properly reflected, despite the fact that the Directors have taken all reasonable steps and have used their best endeavours to resolve the matter.



36. DISPOSAL OF SUBSIDIARIES – continued

(b) 2024 Disposal – continued

Financial information of the Disposed Subsidiaries – continued

Set out below is the information relating to the assets and liabilities of the Disposed Subsidiaries as at their respective dates of the Disposal and the income and expenses of the Disposed Subsidiaries during the period from 1 July 2023 up to their respective dates the Disposal, which is based on the best information available and retained books and records of the Company:

(i) *Unaudited assets and liabilities and income and expenses of the Disposed Subsidiaries for the year ended 30 June 2024*

An analysis of the gains (losses) on the Disposal of the Disposed Subsidiaries and the net assets (liabilities) of the Disposed Subsidiaries at their respective dates on the Disposal is as following:

	Champion Vision Group HK\$'000	Shenzhen Guoke Group HK\$'000	Sinopharm Tech Medical Supplies Limited HK\$'000	Sinopharm Health Group HK\$'000	Qi Wang Group HK\$'000	Cheerfull Holdings Group HK\$'000	Total HK\$'000
Consideration satisfied by:							
— Cash consideration	—*	1	—*	—*	—*	—*	1
Analysis of assets and net liabilities over which control was lost:							
Property, plant and equipment	—	456	9	87	—	—	552
Goodwill	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—
Inventories	—	—	—	—	—	—	—
Other receivables, deposits and prepayments	—	—	—	6	1	—	7
Bank balances and cash	—	518	8	166	132	792	1,616
Trade payables	—	(1,128)	(88)	—	—	(73)	(1,289)
Accruals and other payables	(9,429)	—	(1,288)	(327)	(97)	(685)	(11,826)
Net (liabilities) assets disposed of	(9,429)	(154)	(1,359)	(68)	36	34	(10,940)
Gains (losses) on Disposal of the Disposed Subsidiaries:							
Consideration received and receivables	—*	1	—*	—*	—*	—*	1
Net liabilities (assets) disposed of	9,429	154	1,359	68	(36)	(34)	10,940
Non-controlling interests	(4,885)	3,637	—	(21)	21	—	(1,248)
Reclassification of the cumulative exchange reserve upon Disposal of the Disposed Subsidiaries	4,366	2,950	—	54	(16)	422	7,776
Gains (losses) on Disposals of the Disposed Subsidiaries	8,910	6,742	1,359	101	(31)	388	17,469
An analysis on net inflows (outflows) of bank balances and cash in respect of the Disposal of the Disposed Subsidiaries arising on the Disposal is as follows:							
Cash consideration	—*	1	—*	—*	—*	—*	1
Less: Bank balances and cash disposed of	—	(518)	(8)	(166)	(132)	(792)	(1,616)
Net cash inflows (outflows)	—	(517)	(8)	(166)	(132)	(792)	(1,615)

* Less than HK\$1,000.



36. DISPOSAL OF SUBSIDIARIES – continued

(b) 2024 Disposal – continued

Financial information of the Disposed Subsidiaries – continued

(i) *Unaudited assets and liabilities and income and expenses of the Disposed Subsidiaries for the year ended 30 June 2024 – continued*

An analysis of the income and expenses of the Disposed Subsidiaries during the period from 1 July 2023 up to their respective dates of the Disposal is as following:

	Champion Vision Group HK\$'000	Shenzhen Guoke Group HK\$'000	Sinopharm Tech Medical Supplies Limited HK\$'000	Sinopharm Health Group HK\$'000	Qi Wang Group HK\$'000	Cheerfull Holdings Group HK\$'000	Total HK\$'000
Revenue	—	—	—	—	—	—	—
Cost of sales and service	—	—	—	—	—	—	—
Gross (loss) profit	—	—	—	—	—	—	—
Other income, gains and losses, net	—	—	—	—	5	—	5
Selling and distribution expenses	—	—	—	—	—	—	—
Administrative and operating expenses	—	(98)	(39)	—	—	—	(137)
(Loss) profit before taxation	—	(98)	(39)	—	5	—	(132)
Income tax (expenses) credit	—	—	—	—	—	—	—
(Loss) profit during the period from 1 July 2023 up to their respective dates of the Disposal	—	(98)	(39)	—	5	—	(132)

The management of the Company considers that the above information represents the best information available to the management of the Company, if appropriate.

The Directors consider that, in view of the Disposed Subsidiaries were inactive during the year ended 30 June 2024 and thus, the Disposal Subsidiaries did not generate significant cash inflows or outflows to the Group during the respective finance period and thus, the Company did not disclose the cash inflows or outflows.

The Directors also consider that, in view of the Disposal of the Disposed Subsidiaries was completed and the financial statements of the Disposed Subsidiaries were derecognised during the year 30 June 2024 and thus, the Disposal of the Disposal Subsidiaries did not have any significant financial impacts to the consolidated financial position of the Company as at 30 June 2024.



37. RELATED PARTY DISCLOSURES

(a) Related party balances and transaction with related parties

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

- (i) As described in Note 24(a)(i), included in the Group's other receivables was amount due from a related entity, Xueliang Zhang Foundation of approximately HK\$2,998,000. The amount was unsecured, interest free and had no fixed repayment terms. The Company's former director, Madam Cheung Kwai Lan, is the member of committee of the related entity. In view of the long outstanding balance of the amount, during the year ended 30 June 2024, the Directors consider that the Company has very low chance to recover the amount and thus, the amount was fully written off which was charged to the profit or loss for the year ended 30 June 2024.

(i) Compensation of key management personnel

The remuneration of the key management personnel, during the year were as follows:

	2025 HK\$'000	2024 HK\$'000
Short term benefits	3,745	3,799
Performance related bonus	—	—
Post-employment benefits	—	—
	<u>3,745</u>	<u>3,799</u>

38. LITIGATIONS AND CONTINGENT LIABILITIES

Pursuant to the announcement of the Company dated 19 September 2023, the Company was informed by a letter dated 12 September 2023 from the Official Receiver's Office of Hong Kong and came to the attention, amongst others, that, Creative Big Limited (the "**Petitioner**"), to which the CBs II have been transferred from the original bondholder, has on 31 August 2023 filed a winding-up petition (the "**Petition**") (Companies (Winding-up) Proceedings Number: 391 of 2023) with the Court of First Instance of the High Court of Hong Kong Special Administrative Region (the "**High Court**") for the winding up of the Company under the provision of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Petition was filed against the Company in relation to demand for the repayment of the principal amount and interest accrued of the Creative Big Convertible Bonds (see Note 31). The High Court has set the hearing date for the Petition on 15 November 2023.

Pursuant to the announcements of the Company dated 15 November 2023, 7 February 2024 and 3 April 2024, the High Court ordered that the hearing of the Petition be adjourned from to 7 February 2024, 3 April 2024 and 8 May 2024, respectively.

Pursuant to the announcement of the Company dated 8 May 2024, the Company have executed and filed a consent summons to the High Court for the withdrawal of the Petition. At the hearing on 8 May 2024, order has been pronounced by the High Court that the Petition be withdrawn.



38. LITIGATIONS AND CONTINGENT LIABILITIES – continued

Details of the above are set out in the announcements of the Company dated 19 September 2023, 15 November 2023, 7 February 2024, 3 April 2024 and 8 May 2024.

Pursuant to the Creative Big Loan Capitalisation, partial of the borrowings from Creative Big was settled in November 2024.

Other than the above, the Company did not have any significant litigations and contingent liabilities at the end of the reporting periods.

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes convertible bonds disclosed in Note 32, and equity attributable to equity holders of the Company, comprising issued share capital, reserves and accumulated losses as disclosed in consolidated statement of changes in equity. Management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issuance of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

40. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets:		
At FVTPL		
— Unlisted equity investment	—	2,540
At amortised cost		
— Trade receivables	18,125	20,032
— Financial assets included in other receivables and deposits	8,416	8,811
— Bank balances and cash	6,946	2,640
	33,487	34,023
Financial liabilities:		
At amortised cost		
— Trade payables	22,944	32,494
— Financial liabilities included in borrowings, accruals and other payables	20,286	88,038
— Amounts due to shareholders	13,773	125,489
— Lease liabilities	665	1,323
— Convertible preference shares	27,455	—
	85,123	247,344



40. FINANCIAL INSTRUMENTS – continued

Categories of financial instruments – continued

The Group's major financial instruments include trade receivables, financial assets included in financial assets at FVTPL, other receivables, deposits, bank balances and cash, trade payables, financial liabilities included in borrowings, accruals and other payables, amount due to a shareholder and lease liabilities.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall strategy remains unchanged from that of the prior year.

(a) Market risk

Currency risk

Certain trade receivables, financial assets included in financial assets at FVTPL, other receivables, deposits, bank balances and cash, trade payables, financial liabilities included in accruals and other payables, amounts due to shareholders and lease liabilities of the Group are denominated in foreign currencies of the respective group entities which are exposed to foreign currency risk.

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

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of each reporting period are as follows:

	2025 HK\$'000	2024 HK\$'000
Assets		
US\$	—	10
RMB	—	—
	—	—
Liabilities		
US\$	—	—
RMB	426	563
	426	563

Sensitivity analysis

The Group is exposed to foreign currency risk on fluctuation of US\$ and RMB for the years ended 30 June 2025 and 2024.

Since the exchange rate of HK\$ is pledged with US\$, the Group does not expect any significant movements in the US\$/HK\$ exchange rates. Therefore, the following sensitivity analysis does not include the effect between US\$ and HK\$.



40. FINANCIAL INSTRUMENTS – continued

Categories of financial instruments – continued

(a) Market risk – continued

Currency risk – continued

Sensitivity analysis – continued

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in foreign currencies of RMB against HK\$ as at 30 June 2025. The percentage of the sensitivity rate used represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis adjusts their translation at the year-end for a 5% change in foreign currency rates at the year ended. A positive number below indicates an increase in post-tax profit where foreign currencies strengthen 5% against HK\$. For a 5% weakening of foreign currencies against HK\$, there would be an equal and opposite impact on post tax profit.

	2025 HK\$'000	2024 HK\$'000
Impact on post-tax loss of the Group	(5)	(5)

Interest rate risk

The Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates. Interests on amount due to a shareholder and other borrowings are charged at fixed interest rates which expose the Group to fair value interest rate risk. Details of the Group's amounts due to shareholders and borrowings are set out in Notes 30 and 29 respectively.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.



40. FINANCIAL INSTRUMENTS – continued

Categories of financial instruments – continued

(b) Credit risk

The Group's credit risk is primarily attributable to trade receivables, other receivables, deposits and bank balances as stated in note 24, 25 and 26.

The Group is exposed to credit risk and the Group's maximum exposure to credit risk in relation to financial assets is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, having considered available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor/customer
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in the operating results of the customer

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The credit quality of the debtors is assessed based on their financial positions, past experience and other factors. The Group has policies in place to ensure credit terms are granted to reliable debtors.

The Group performed ongoing credit evaluations of its debtors' financial condition and did not require collateral from the debtors on the outstanding balances. Based on the expected recoverability and timing for collection of the outstanding balances, the Group maintained a loss allowance accounts and actual losses incurred had been within management's expectations.



40. FINANCIAL INSTRUMENTS – continued

Categories of financial instruments – continued

(b) Credit risk – continued

Trade receivables arising from contracts with customers

The Group applies the simplified approach to provide for expected credit losses for trade receivables, which permits the use of the lifetime expected loss provision for all trade receivables.

The loss allowance for trade receivables was determined as follows:

	Average loss rate	Trade receivables HK\$'000	Allowance HK\$'000
As at 30 June 2025 (based on past due date)			
0–30 days	0.2%	15,467	28
31–60 days	N/A	—	—
61–180 days	N/A	—	—
181–365 days	19.4%	3,334	648
Over 365 days	100%	10,014	10,014
		28,815	10,690
As at 30 June 2024 (based on past due date)			
0–30 days	0.8%	18,525	147
31–60 days	N/A	—	—
61–180 days	0.8%	88	1
181–365 days	0.8%	1,580	13
Over 365 days	100%	2,249	2,249
		22,442	2,410

The above expected credit losses also incorporated forward looking information.

The Group has concentration of credit risk as 17.92% (2024: 64.63%) and 24.06% (2024: 39.56%) of the total trade receivables at 30 June 2025 were due from the Group's largest customer and the five largest customers respectively within the supply chain service business segment. However, the Group concludes that the credit risk in relation to these customers is not significant because they have no history of default in recent years. The Group's historical experience in collection of receivables falls within recorded allowance and the Directors do not expect any additional significant impairment on trade receivables.



40. FINANCIAL INSTRUMENTS – continued

Categories of financial instruments – continued

(b) Credit risk – continued

Other receivables

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group's definition of categories	Basis for recognition of expected credit loss provision
Performing	Low risk of default and strong capacity	12 months expected losses Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Significant increase in credit risk	Lifetime expected losses (not credit-impaired)
Non-performing	High risk of default	Lifetime expected losses (credit-impaired)
Write-off	Interest and/or principal repayments are 365 days past due and there is no reasonable expectation of recovery	Asset is written off

Management made periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. In calculating the expected credit loss rates, the Group considers historical loss rates for the other receivables and adjusts for forward looking macroeconomic data.

The Group has assessed that the expected credit loss for other receivables at 30 June 2025 was estimated to be approximately HK\$636,000 (2024: HK\$126,000) under 12 months expected losses method and approximately HK\$75,669,000 under lifetime expected losses (2024: HK\$75,882,000). Impairment loss on other receivables amounted to approximately HK\$290,000 (2024: HK\$1,188,000) was recognised during the year ended 30 June 2025.



40. FINANCIAL INSTRUMENTS – continued

Categories of financial instruments – continued

(b) Credit risk – continued

Bank balances

The credit risk for bank balances is considered not material as such amounts are placed in reputable banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regarded as low.

Deposits (included in other receivables)

For deposits, management of the Group makes periodic as individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits.

(c) Liquidity risk

The Group maintains the cash balance for continuing operations and contingency purposes by using continuity of funding both existing and new sources of financing.

The Group's liquidity management policy involves monitoring liquidity ratios and maintaining debt financing plans. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Having considered the factors and circumstances set out in Note 2 to the consolidated financial statements, the directors are satisfied that the Group will have sufficient liquidity to meet its cash flows requirements for the next twelve from the end of the reporting period.



40. FINANCIAL INSTRUMENTS – continued

Categories of financial instruments – continued

(c) Liquidity risk – continued

The following tables analyse the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay:

Liquidity tables

As at 30 June 2025

	Weighted average effective interest rate %	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Non-derivative financial liabilities							
Trade payables	N/A	22,944	—	—	—	22,944	22,944
Financial liabilities included in other borrowings, accruals and other payables	0.4%	20,361	—	—	—	20,361	20,286
Amount due to a shareholder	2.3%	14,090	—	—	—	14,090	13,773
Lease liabilities	6.6%	714	—	—	—	714	665
As at 30 June 2025		<u>58,109</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>58,109</u>	<u>57,668</u>

As at 30 June 2024

	Weighted average effective interest rate %	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Non-derivative financial liabilities							
Trade payables	NA	32,494	—	—	—	32,494	32,494
Financial liabilities included in other borrowings, accruals and other payables	6.54%	89,645	—	—	—	89,645	88,038
Amount due to a shareholder	10%	127,195	—	—	—	127,195	125,489
Lease liabilities	12.7%	799	700	—	—	1,499	1,323
As at 30 June 2024		<u>250,133</u>	<u>700</u>	<u>—</u>	<u>—</u>	<u>250,833</u>	<u>247,344</u>



40. FINANCIAL INSTRUMENTS – continued

Categories of financial instruments – continued

(d) Fair value

Fair value estimation

The carrying amounts of financial instruments measured at fair value at the end of the reporting period are categorised among the three levels of the fair value hierarchy, defined as follows:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Fair value hierarchy

During the years ended 30 June 2025 and 2024, there was no transfers between Level 1, 2 and 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as the reporting date in which they occur.

	2025 HK\$'000	2024 HK\$'000
Financial assets at FVTPL		
— Level 1	—	—
— Level 2	—	—
— Level 3	—	2,540
	<u>—</u>	<u>2,540</u>



40. FINANCIAL INSTRUMENTS – continued

Categories of financial instruments – continued

(d) Fair value – continued

Fair Value Measurements of Financial Instruments

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs and hence the fair value measurement are categorised under Level 3, the Group engages independent qualified valuers to perform the valuation. The following table gives information about how the fair values of these financial assets are determined.

Description	Fair value at		Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2025 HK\$'000	2024 HK\$'000			
Unlisted equity instrument	—	2,540	Income approach — Discount cash flow method was used to capture the present value of the expected future economic benefits to be derived from the asset with suitable discount rate.	Revenue growth rate ranged from 2.5% Discount rate of 15.8% Discount of lack of marketability ("DLOM") of 15.6% Discount of lack of control ("DLOC") of 25.3%	Higher the revenue growth rate would increase the fair value of financial assets Lower the discount rate would increase the fair value of the financial assets Lower the DLOM would increase the fair value of the financial assets Lower the DLOC would increase the fair value of the financial assets

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis but fair value disclosures are required

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. The fair values, which are included in Level 3 categories, have been determined in accordance with generally accepted pricing models based on a discounted cash flows analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.



41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Convertible preference shares HK\$'000	Bank borrowings HK\$'000	Other borrowings HK\$'000	Amounts due to shareholders HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 July 2023	—	—	52,947	105,747	—	158,694
Financing cash inflows/(outflows)	—	—	15,000	—	—	15,000
Finance cost	—	—	3,986	19,742	205	23,933
Other non-cash changes	—	—	—	—	1,118	1,118
As at 30 June 2024 and 1 July 2024	—	—	71,933	125,489	1,323	198,745
Financing cash inflows/(outflows)	—	3,252	(1,512)	9,000	(787)	9,984
Finance cost	2,260	31	1,606	1,828	129	5,854
Loan capitalisation	25,195	—	(72,027)	(122,544)	—	(167,850)
As at 30 June 2025	27,455	3,283	1,557	13,773	665	46,733

42. MAJOR NON-CASH TRANSACTIONS

Saved as disclosed following and elsewhere in these consolidated financial statements, the Group did not have major non-cash transaction during the year ended 30 June 2025 and 30 June 2024.

During the year, the Group disposed of unlisted equity securities with a carrying amount of approximately HK\$3,600,000 (2024: HK\$2,540,000) at a consideration of approximately HK\$3,643,000 (2024: Nil), which was satisfied by way of novation of debt owed by the Group to the purchaser. There was no cash settlement received from the purchaser in respect of the disposal. The transaction resulted in a release and discharge of all liabilities and obligations related to the repayment of the relevant debt through execution of a deed of novation at completion.

**43. FINANCIAL INFORMATION OF THE COMPANY**

	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS		
Interests in subsidiaries	—	—
Property, plant and equipment	5	53
	<u>5</u>	<u>53</u>
CURRENT ASSETS		
Other receivables, deposits and prepayments	2,344	3,154
Bank balances and cash	2,779	170
	<u>5,123</u>	<u>3,324</u>
CURRENT LIABILITIES		
Accruals and other payables	2,073	74,293
Amounts due to subsidiaries	12,438	14,309
Borrowings	1,556	—
Amounts due to shareholders	13,773	125,489
Convertible preference shares	7,401	—
	<u>37,241</u>	<u>214,091</u>
NET CURRENT LIABILITIES	<u>(32,118)</u>	<u>(210,767)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>(32,113)</u>	<u>(210,714)</u>
NON-CURRENT LIABILITIES		
Convertible preference shares	20,054	—
NET LIABILITIES	<u>(52,167)</u>	<u>(210,714)</u>
CAPITAL AND RESERVES		
Share capital	7,921	57,404
Reserves	(60,088)	(268,118)
TOTAL CAPITAL DEFICIENCY	<u>(52,167)</u>	<u>(210,714)</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. FINANCIAL INFORMATION OF THE COMPANY – continued

The movements in the Company's reserves are as follows:

	Share premium HK\$'000	Convertible preference shares reserve HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 July 2023	2,703,996	—	1,484	1,739	2,569	16,770	(2,963,943)	(237,385)
Loss and total comprehensive expenses for the year	—	—	—	—	—	—	(31,477)	(31,477)
Recognition of equity settled share-based payments	—	—	—	744	—	—	—	744
Share options lapsed	—	—	—	(601)	—	—	601	—
As at 30 June 2024 and 1 July 2024	2,703,996	—	1,484	1,882	2,569	16,770	(2,994,819)	(268,118)
Loss and total comprehensive expenses for the year	—	—	—	—	—	—	(4,876)	(4,876)
Capital reorganisation	—	—	—	—	—	—	55,108	55,108
Loan capitalisation	37,651	119,859	—	—	—	—	—	157,510
Recognition of equity settled share-based payments	—	—	—	288	—	—	—	288
Share options lapsed	—	—	—	(468)	—	—	468	—
As at 30 June 2025	2,741,647	119,859	1,484	1,702	2,569	16,770	(2,944,119)	(60,088)



44. PARTICULARS OF SUBSIDIARIES

- (a) Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Name of companies	Place of incorporation	Issued and fully paid share capital	Ownership interest held by the Group (%)		Principal activities	Note
			2025	2024		
Directly owned subsidiary						
China Success Enterprises Limited	BVI	Ordinary shares US\$2,000	100%	100%	Investment Holding	
Sinopharm Tech Corporate Management Limited	Hong Kong	Ordinary shares HK\$20,000,000	100%	100%	Investment Holding	
Indirectly owned subsidiary						
Next Champion Limited	Hong Kong	Ordinary shares HK\$1	100%	100%	Distribution of personal protective equipment	
Sinopharm Health Cross Border E-Commerce Company Limited	Hong Kong	Ordinary shares HK\$100	N/A	51%	Provision of internet plus solution services	
Sinopharm (Hong Kong) Industrial Co., Limited	Hong Kong	Ordinary shares HK\$1,000,001	N/A	100%	Distribution of personal protective equipment	
Jovial Sky Limited (“Jovial Sky”)	BVI	Ordinary shares US\$100	57%	57%	Investment Holding	
Jiangxi Luyu	PRC	Registered capital RMB10,000,000	51%	51%	Distribution of medical products	1

Note:

1. A limited liability company established under the law of the PRC.

None of the subsidiaries had issued any debt securities during both years and at the end of the reporting period.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.



44. PARTICULARS OF SUBSIDIARIES – continued

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Jovial Sky and its subsidiaries	
	2025	2024
	HK\$'000	HK\$'000
Current		
— Current assets	32,086	23,945
— Current liabilities	(35,494)	(25,491)
Total net current liabilities	(3,408)	(1,546)
Non-current		
— Non-current assets	—	3,728
— Non-current Liabilities	—	(653)
Total non-current net assets	—	3,075
Net (liabilities)/assets	(3,408)	1,529
Accumulated non-controlling interests	175	792
Revenue	42,876	34,391
Total comprehensive (loss)/income	(3,417)	1,503
(Loss)/profit allocated to non-controlling interests	(503)	817
Cash flows (used in)/generated from operating activities	(2,401)	2,728
Cash flows used in investing activities	—	(2,691)
Cash flows generated from financing activities	3,283	—
Net increase in cash and cash equivalents	881	37



44. PARTICULARS OF SUBSIDIARIES – continued

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests – continued

The Directors consider that the non-controlling interests of the other subsidiaries are insignificant to the Group and thus, the financial information of the non-controlling interests of these subsidiaries was not disclosed.

45. EVENTS AFTER THE REPORTING PERIOD

Saves as disclosed elsewhere in these consolidated financial statements, the Company did not have any significant event subsequent to 30 June 2025.

46. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform to the current year presentation.



FIVE-YEAR FINANCIAL SUMMARY

For the year ended 30 June 2025

RESULTS

		For the year ended 30 June			
	2025	2024	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	61,253	41,277	42,839	40,985	77,813
Cost of sales and services	(47,022)	(36,258)	(37,369)	(35,053)	(56,929)
Gross profit	14,231	5,019	5,470	5,932	20,884
Other income and gains	10,843	18,085	106,849	39,350	4,978
Impairment loss on receivables and other assets, net	(8,426)	(2,587)	(74,782)	(58,554)	(52,949)
Loss on dilution of interests in associates	—	—	(1,131)	(21,889)	—
Loss on deemed disposal of associates	—	—	(19,217)	—	—
Fair value change on financial assets at fair value through profit or loss	1,060	(2,734)	1,815	—	—
Loss on settlement of contingent consideration payable	—	—	—	—	(10,796)
Selling and distribution expenses	(1,648)	(495)	(2,251)	(1,003)	(5,208)
Administrative and operating expenses	(11,285)	(13,687)	(19,775)	(41,431)	(57,015)
Finance costs	(5,854)	(23,933)	(8,571)	(16,410)	(14,546)
Share of profits/(losses) of associates	—	—	186	(153)	3,588
Loss before tax	(1,079)	(20,332)	(11,407)	(94,158)	(111,064)
Income tax credit	(291)	(83)	1,307	387	558
Loss for the year	(1,370)	(20,415)	(10,100)	(93,771)	(111,506)

ASSETS AND LIABILITIES

	30-6-2025	30-6-2024	30-6-2023	30-6-2022	30-6-2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	51,736	44,490	33,482	76,886	135,903
Total liabilities	(88,430)	(250,089)	(213,236)	(250,283)	(276,459)
Net (liabilities)/assets	(36,694)	(205,599)	(179,754)	(173,397)	(140,556)
(Capital deficiency)/equity attributable to equity holders of the Company	(36,868)	(199,480)	(172,733)	(166,777)	(138,880)
Non-controlling interests	174	(6,119)	(7,021)	(6,620)	(1,676)
Total (capital deficiency)/equity	(36,694)	(205,599)	(179,754)	(173,397)	(140,556)



GLOSSARY

"Articles of Association"	the articles of association of the Company
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CGU(s)"	cash generating unit(s)
"Company"	Sinopharm Tech Holdings Limited
"Director(s)"	the director(s) of the Company
"GEM"	GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries from time to time
"HK\$"	Hong Kong dollar, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standard
"HKFRSs"	Hong Kong Financial Reporting Standards
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"new and revised HKFRSs"	new and revised Hong Kong Financial Reporting Standards, amendments and interpretations
"PRC"	the People's Republic of China, which for the purpose of this report, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK\$0.0125 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US\$"	United States dollar, the lawful currency of the United States of America