



Yuxing InfoTech Investment Holdings Limited

裕興科技投資控股有限公司*

(Incorporated in Bermuda with limited liability)
Stock Code: 8005

2025

ANNUAL REPORT

* for identification purposes only

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

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

Given that 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

This report, for which the directors (the “Director(s)”) of Yuxing InfoTech Investment Holdings Limited (the “Company”) together with its subsidiaries (collectively, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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 report misleading.

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of the Company, I am pleased to present the annual report of the Group for the financial year ended 31 December 2025 ("FY2025"). This past year has been characterised by a complex interplay of global economic shifts, rapid technological advancements, and evolving market dynamics. Despite these multifaceted challenges, the Group has demonstrated remarkable resilience and strategic agility, steadfastly pursuing our long-term objectives while adapting to the prevailing conditions. Our unwavering commitment to operational excellence, stringent cost management, and disciplined capital allocation has been central to the ability to navigate this intricate landscape.

Throughout FY2025, we observed the continued acceleration of digital transformation across industries, further underscoring the strategic importance of our core businesses. The Board remains confident in the Group's foundational strengths and its capacity to capitalise on emerging opportunities, particularly those driven by innovation and evolving enterprise needs. We have maintained a proactive stance in monitoring macroeconomic trends and geopolitical developments, which remain crucial factors influencing strategic decisions and operational planning.

The information home appliance ("IHA") business experienced a period of significant transformation during FY2025. The traditional market for set-top boxes continued to undergo structural shifts, influenced by changing consumer preferences and the pervasive demand for streaming services. This evolving competitive environment necessitated a robust response, and our Group focused intensely on implementing comprehensive cost initiatives and addressing structural inefficiencies. These efforts were designed not only to achieve immediate financial benefits but also to ensure the long-term sustainability and competitiveness of the business. We are actively exploring and developing new product streams, investing in research and development to innovate and meet the future demands of the information home appliance sector.

The internet data centre ("IDC") business was marked by strategic asset management and a keen awareness of the industry's transformative era, largely driven by the relentless advancement of artificial intelligence ("AI"). The data centre landscape is fundamentally being redefined by AI's burgeoning demand for high-performance computing and storage. While the proposed disposal of our IDC assets situated in the United States ("US") was not completed within the reporting period, it remains a strategic priority. We are actively seeking optimal solutions for our IDC portfolio, with a strong emphasis on preserving cash flow and enhancing asset value, ensuring that IDC operations are not only efficient but also aligned with future industry trends.

The investing business navigated a notably volatile global market throughout FY2025. This environment underscored the importance of a prudent and cautious investment approach. Despite broader market fluctuations and macroeconomic uncertainties, the digital asset portfolio demonstrated a commendable performance. This reflects the growing recognition and maturation of digital assets as a legitimate asset class, a trend further bolstered by evolving regulatory clarity in key jurisdictions. We continue to conduct rigorous portfolio reviews, particularly for unlisted equity investments, to closely monitor business performances, industrial impacts and regulatory changes. Our commitment is to assess investments prudently, ensuring our portfolio demonstrates resilience and adaptability amidst ongoing economic shifts.

The leasing business continued its operations with a focus on stable asset management and optimizing returns. We observed the ongoing impact of government stimulus measures and the stabilisation of domestic economic recovery, which positively influenced the industrial real estate sector. Our proactive lease management strategies, coupled with a diligent search for new leasing opportunities, were instrumental in maintaining the segment's performance. We remain committed to demonstrating good cost discipline and limiting the risk of asset devaluation, thereby generating sustainable income and contributing positively to the Group's overall financial health. The emergence of new industrial clusters also presents opportunities that we are actively exploring to enhance our leasing portfolio.

CHAIRMAN'S STATEMENT

BUSINESS OUTLOOK AND PROSPECTS

Looking ahead, the Board anticipates continued significant growth in demand for AI, serving as a major catalyst for innovation and growth across various sectors. This technological revolution is not only evolving the digital infrastructure landscape but also fundamentally reshaping the data centre industry. The Group has strategically positioned to leverage these trends, focusing on continuous innovation and adaptation. We will continue to prioritise operational efficiencies, stringent cost controls, and disciplined capital allocation across all our business segments. Our strategic roadmap will emphasise exploring new growth areas, driving technological advancements, and prudently evaluating investment opportunities that align with our long-term vision.

On behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to our shareholders, customers, and business partners for their continued support for the development of the Group. I would also like to express my deepest gratitude to our colleagues for their unremitting efforts in the past, as well as their trust in the Group. We are confident in seizing opportunities and adapting to market changes to create enhanced long-term value for our esteemed stakeholders.

Li Qiang
Chairman

Hong Kong, 25 March 2026

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Qiang (*Chairman*)
Mr. Cong Yu (*Chief Executive Officer*)
Mr. Chen Biao
Mr. Shi Guangrong
Mr. Zhu Jiang

Independent Non-Executive Directors

Ms. Shen Yan
Ms. Dong Hairong (resigned on 12 May 2025)
Ms. Huo Qiwei
Mr. Bai Rongxu (appointed on 1 September 2025)

COMPANY SECRETARY

Dr. Liu Wei, Solicitor

COMPLIANCE OFFICER

Mr. Shi Guangrong

AUTHORISED REPRESENTATIVES

Mr. Cong Yu
Mr. Chen Biao

AUDIT COMMITTEE

Ms. Shen Yan (*Chairlady*)
Ms. Dong Hairong (resigned on 12 May 2025)
Ms. Huo Qiwei
Mr. Bai Rongxu (appointed on 1 September 2025)

REMUNERATION COMMITTEE

Ms. Shen Yan (*Chairlady*)
Mr. Cong Yu
Mr. Chen Biao
Ms. Dong Hairong (resigned on 12 May 2025)
Ms. Huo Qiwei
Mr. Bai Rongxu (appointed on 1 September 2025)

NOMINATION COMMITTEE

Ms. Shen Yan (*Chairlady*)
Mr. Cong Yu
Mr. Shi Guangrong
Ms. Dong Hairong (resigned on 12 May 2025)
Ms. Huo Qiwei
Mr. Bai Rongxu (appointed on 1 September 2025)

AUDITOR

Forvis Mazars CPA Limited
Certified Public Accountants

LEGAL ADVISOR

Jingtian & Gongcheng LLP
Suites 3203-3209, 32/F, Edinburgh Tower
The Landmark, 15 Queen's Road Central, Central, Hong Kong

PRINCIPAL BANKERS

Bank of China
East West Bank
Hang Seng Bank
Industrial and Commercial Bank of China
Shanghai Commercial Bank
UBS AG

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

PLACES OF BUSINESS

Hong Kong
Unit 5-6, 9/F, Enterprise Square Three
No. 39 Wang Chiu Road, Kowloon Bay
Kowloon

People's Republic of China
Unit 3310, Block A1, Building 9
No. 3609 Baishi Road, Nanshan District
District 2, Shenzhenwan Science and Technology Ecological Garden
Shenzhen

10th Floor, Block B, Tiancheng Technology Building
No. 2, Xinfeng Street, De Shen Men Wai, Xicheng District
Beijing

Yuxing Industrial Park
Yanjiang Road East
Torch Hi-Tech Industrial Development Zone
Zhongshan

United States
6580 Via Del Oro,
San Jose, CA 95119 USA

SHARE REGISTRARS AND TRANSFER OFFICES

Principal
Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
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Branch
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STOCK CODE

8005

WEBSITE ADDRESS

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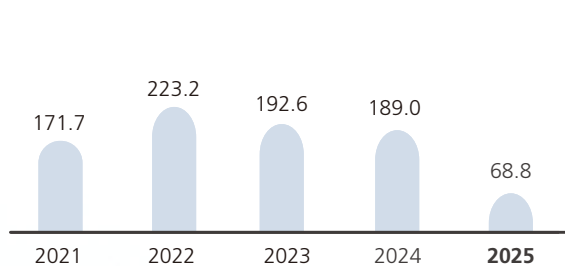
FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	2025 HK\$'000	2024 HK\$'000
Revenue	68,792	189,035
Profitability		
Loss from operations	(80,079)	(56,675)
Loss attributable to owners of the Company	(64,213)	(61,970)
Net worth		
Total equity attributable to owners of the Company	1,580,274	1,639,012
	HK\$	HK\$
Per share		
Loss per share – Basic	(0.03)	(0.02)
Net assets attributable to owners of the Company per share	0.64	0.66

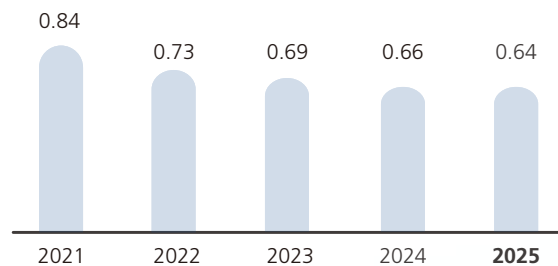
REVENUE

HK\$ million



NET ASSETS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE

HK\$



GROUP FINANCIAL SUMMARY

CONSOLIDATED RESULTS

For the year ended 31 December

	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	68,792	189,035	192,569	223,237	171,682
Loss before tax	(83,981)	(58,060)	(131,924)	(262,063)	(169,010)
Income tax credit/(expenses)	19,423	(3,956)	14,664	(29,002)	(4,051)
Loss for the year	(64,558)	(62,016)	(117,260)	(291,065)	(173,061)
Non-controlling interests	345	46	3,606	947	566
Loss attributable to owners of the Company	(64,213)	(61,970)	(113,654)	(290,118)	(172,495)

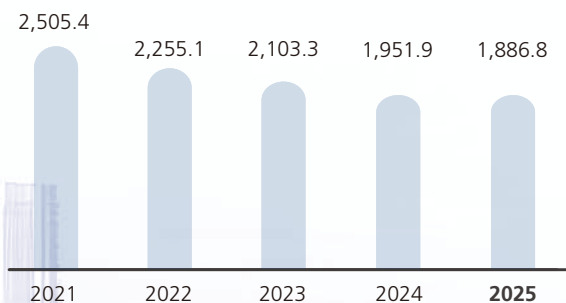
CONSOLIDATED ASSETS AND LIABILITIES

As at 31 December

	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Total assets	1,886,830	1,951,910	2,103,286	2,255,055	2,505,444
Total liabilities	(310,494)	(316,491)	(402,408)	(429,118)	(415,227)
Non-controlling interests	3,938	3,593	4,826	1,222	6,057
Total equity attributable to owners of the Company	1,580,274	1,639,012	1,705,704	1,827,159	2,096,274

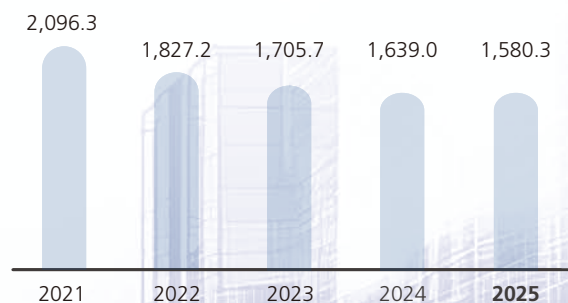
TOTAL ASSETS

HK\$ million



TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

HK\$ million



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK AND PROSPECTS

The Group is principally engaged in the businesses of IHA, IDC, investing and leasing.

IHA Business

The IHA business is primarily engaged in the sale and distribution of IHA and complementary products. The Group has launched a range of products into the market, including high-definition digital set-top boxes (“STBs”), hybrid dual-STBs, over-the-top (“OTT”)/Internet Protocol Television (“IPTV”) STBs, and Android-based STB devices. With extensive experience in designing and manufacturing networked audio-visual products, the Group develops solutions across hardware, software, operating systems, and business integration for a wide array of vertical applications.

The revenue generated from the IHA business decreased from HK\$134.2 million for the year ended 31 December 2024 (“FY2024”) to HK\$46.1 million for FY2025. The revenue fell 65.7% year-on-year primarily due to the structural decline of traditional STBs as consumers shift to built-in smart TV platforms and subscription-based online channels (AVOD/SVOD), reducing demand for standalone hardware. Due to a decrease in revenue, overall gross profits declined by 40.7%, falling from HK\$20.8 million in FY2024 to HK\$12.3 million in FY2025. However, the gross profit margin increased to 27% due to effective cost control measures on raw materials. After delivering a strong cost control, the segment resulted in a profit of HK\$3.5 million, a significant turnaround compared to a loss of HK\$15.6 million in the previous fiscal year.

The IHA business is currently navigating significant market pressures stemming from rapid technological advancements. In response to these challenges, management is prioritising cost efficiency while implementing a comprehensive growth strategy. Key initiatives include accelerating research and development and product innovation. The Company will also expand into high-growth regions through targeted market entry and local partnerships. Additionally, the management plans to diversify revenue by introducing value-added services such as installation and maintenance. The business will continue to have good cost discipline and diversify its revenue stream.

IDC Business

The IDC business comprises the development, construction, operation, mergers and acquisitions, and leasing of properties and facilities used by IDC.

The IDC business generated HK\$22.7 million in revenue for FY2025, representing a decrease from HK\$54.8 million in revenue for FY2024. The Group conditionally agreed to dispose of the IDC situated in the US (“US-IDC”) to an independent third party of the Group (the “Purchaser”) at a consideration of US\$110.0 million (equivalent to HK\$858.0 million) on 29 May 2023 (the “Disposal of US-IDC”). The US-IDC had been leased to the Purchaser since then until either the completion or the termination of the Disposal of US-IDC. Starting in February 2025, rent payments for the lease of the US-IDC, which is currently classified as investment properties, were deferred until completion or waived if the Disposal of US-IDC was lapsed or terminated, resulting in a significant decrease in rental income from US-IDC. This change resulted in a 58.5% decrease in revenue compared to the last fiscal year.

Following the end of the reporting period, the Disposal of the US-IDC was not completed and was automatically lapsed and terminated in March 2026. Details of the termination of the Disposal of US-IDC are set out in the Company’s announcement dated 20 March 2026.

Looking forward, the Group will prioritise securing a sale of the US-IDC by actively marketing the asset to potential strategic and financial buyers. In parallel, it will preserve cash flow and asset value through targeted lease management, strict cost and energy controls, and selective non-capex measures to maintain operational standards, with the aim of realising the IDC’s value, limiting operating losses and ensuring a smooth transition.

MANAGEMENT DISCUSSION AND ANALYSIS

Investing Business

The Group's investing business was principally engaged in the trading securities, investing in financial instruments including unlisted equity securities and digital assets. Details of the Group's investment portfolio as at 31 December 2025 were disclosed in notes 23 and 24 to the consolidated financial statements of this annual report.

During the year under review, the Group recorded a net fair value loss on financial assets at fair value through profit or loss of HK\$8.7 million, compared to a net gain of HK\$38.3 million in FY2024. The loss was primarily due to a HK\$11.6 million fair value loss from the Group's investment in a private equity company focused on pharmaceutical research and development and a HK\$5.6 million fair value loss on listed securities in the Hong Kong and US markets, after partially offsetting by a HK\$10.2 million fair value gain from investments in other unlisted securities, mainly in global aircraft leasing and mobility technology platforms for vehicle services.

The digital-assets market surged to an all-time high in FY2025. The Group conducted a series of open-market transactions during the year, realising a net gain of HK\$20.0 million from disposals of cryptocurrencies (inclusive of Bitcoin ("BTC") and Ethereum ("ETH")), which respectively were mainly generated from the hash-rate capacity categorised under intangible assets and cryptocurrency mining machines categorised under property, plant and equipment). Details of the acquisitions and disposals of cryptocurrencies are set out in the Company's announcements dated 5 March 2025, 23 June 2025 and 3 October 2025, respectively.

The management remained a cautious investment approach over the year. With global economic conditions expected to remain volatile and uncertain, the management will continue to monitor the investment landscape and the high volatility of cryptocurrencies.

Leasing Business

The leasing segment of the Group comprises of leasing out of properties.

During the year under review, the Group recorded rental income of HK\$12.1 million for FY2025, representing a 3.0% decrease from HK\$12.4 million in FY2024. The ongoing sluggish consumer demand has weakened the market value of industrial properties, resulting in revaluation losses of HK\$7.7 million, compared to a revaluation gain of HK\$2.9 million in FY2024. This decline impacted the investment properties in Yuxing Industrial Park, Zhongshan (the "Zhongshan Property") and Meishan City, Sichuan Province (the "Meishan Property"), leading to a segment loss of HK\$0.5 million in FY2025, down from a segment profit of HK\$10.2 million in FY2024.

Looking ahead, the Group anticipates a cautious macro environment, although there is a potential for stabilisation due to stimulus measures and gradual policy support aimed at fostering growth in the property sector. The management will focus on proactive lease management, including extending tenancies with existing tenants and seeking out new leasing opportunities. Ongoing monitoring of credit conditions and tenant creditworthiness will inform leasing decisions. These strategies are designed to stabilise rental income, minimise further declines in valuation and position the portfolio for future recovery.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Operating Results

Revenue and Gross Profits

The Group's revenue for FY2025 declined by 63.6% to HK\$68.8 million (FY2024: HK\$189.0 million). The decline was primarily due to reduced demand for STBs in the IHA business. The gross profit decreased by 61.4% to HK\$25.4 million (FY2024: HK\$66.0 million), driven by a decline in rental income from the IDC business.

Other Revenue and Net Income

The Group recorded a net income of HK\$26.3 million (FY2024: HK\$72.6 million) in other revenue and net income, representing a decrease of 63.8% as compared with FY2024. The net income mainly comprised of (i) the gain on disposal of cryptocurrencies of HK\$20.0 million (FY2024: HK\$57.2 million); (ii) rental income from investment properties of HK\$12.1 million (FY2024: HK\$12.4 million); and (iii) setting-off the net fair value loss on financial assets (inclusive of both unlisted and listed securities) at fair value through profit or loss of HK\$8.7 million (FY2024: net gain of HK\$38.3 million).

Distribution and Selling Expenses

The distribution and selling expenses decreased by 79.4% to HK\$1.7 million (FY2024: HK\$8.3 million) as a result of declines in distribution orders in the IHA business.

General and Administrative Expenses

The general and administrative expenses decreased 9.7% to HK\$109.8 million in FY2025 (FY2024: HK\$121.6 million), reflecting the Group's strict cost-control measures implemented during the year, including but not limited to headcount optimisation, tighter discretionary spending and improved procurement controls. Going forward, the management will maintain tight budget discipline, implement performance-linked incentives, and review non-core functions for potential outsourcing or divestment to sustain efficiencies and protect margins.

Other Operating Expenses

The other operating expenses mainly comprised miscellaneous costs, depreciation of property, plant, and equipment (being the cryptocurrency mining machines acquired for cryptocurrency mining, not allocated to the cost of cryptocurrency), and property-related and land-use taxes from leasing activities.

The other operating expenses decreased significantly by 93.5% to HK\$2.3 million (FY2024: HK\$34.9 million) for FY2025. As the cryptocurrency mining machines under property, plant and equipment was fully impaired during FY2024, the associated depreciation of property, plant and equipment was not recorded during the year, leading to a significant decrease as compared to the last fiscal year.

MANAGEMENT DISCUSSION AND ANALYSIS

Changes in Fair Value of Investment Properties

The Group recorded a net revaluation loss of HK\$7.7 million (FY2024: net gain of HK\$2.9 million) for FY2025. The loss primarily stemmed from a revaluation loss of HK\$7.4 million (FY2024: HK\$0.1 million) for the Zhangshan Property and a revaluation loss of HK\$0.3 million (FY2024: gain of HK\$3.0 million) for the Meishan Property.

Loss Allowance on Loans Receivable/Trade and Other Receivables

The Group had the following loss allowances on loans receivable and trade and other receivables associated with its debt instruments carried at amortised cost which are assessed based on the estimation of the lifetime or 12-month expected credit losses ("ECL").

(a) Loss Allowance on Loans Receivable

The loss allowance on ECL in respect of loans receivable amounted to HK\$0.3 million (FY2024: HK\$20.8 million), representing a general provision of loss allowance on loans receivable. Considering the value of collateral, financial positions and subsequent settlement of the borrowers, the Directors considered a prudent and cautious approach by making over 90% expected ECL provision on the defaulted loans during FY2025.

(b) Loss Allowance on Trade and Other Receivables

The loss allowance on ECL in respect of trade and other receivables amounted to HK\$10.1 million (FY2024: HK\$12.5 million), determined using historical settlement experience, ageing analysis and forward looking debtor information. The loss allowance increased due to heightened credit risk among trade debtors.

The Group has adopted measures to recover overdue loans and receivables, including negotiating repayment arrangements, restructuring loan portfolios and initiating legal proceedings against delinquent borrowers and debtors in accordance with internal procedures.

Finance Costs

The finance cost for the Group represents the interest expenses associated with bank and other borrowings. Due to the Group's strong reliance on internally generated working capital, the finance costs continually decreased by 18.9% to HK\$0.4 million in FY2025 from HK\$0.5 million in FY2024.

Loss for the Year

As a result of the foregoing, the Group's loss attributable to the owner of the Company for the year increased to HK\$64.2 million (FY2024: HK\$62.0 million), representing an increase of 3.6% or HK\$2.2 million as compared to the last fiscal year. Excluding the provision for loss allowance made in accordance with the HKFRS 9 that applied to financial assets (including trade and other receivables and loans receivable), the Group's loss attributable to owners of the Company was HK\$53.8 million (FY2024: HK\$28.6 million) for FY2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2025, the Group had net current assets of HK\$251.8 million. The Group had cash and bank balances of HK\$35.5 million and pledged bank deposits of HK\$0.2 million, respectively. The financial resources were funded mainly by the working capital from the operations.

The current ratio, as calculated by dividing current assets by current liabilities, was 1.9 times (2024: 5.3 times) as at 31 December 2025. The gearing ratio, as measured by total liabilities divided by total equity, was 19.7% (2024: 19.4%) as at 31 December 2025. The Group adopts a prudent approach in cash management. Apart from certain debts including lease liabilities, bank loans and other loan, the Group did not have any material outstanding debts as at 31 December 2025. Payment to settle trade and other payables represented a significant part of the cash outflow of the Group. Taking into account the light debt leverage, the Group is able to generate cash and meet upcoming cash requirements. Hence, the Group has adequate liquidity and financial resources to meet its working capital requirements in the next twelve months from the year end date and remained at a stable and healthy level.

Capital Commitment

The Group had no other capital commitment as at 31 December 2025 and 2024.

Contingent Liabilities

The Group had no contingent liabilities as at 31 December 2025 (2024: Nil).

Treasury Policies

The Group adopts a conservative approach towards its treasury policies. It strives to reduce its exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Credit Policies

The Group has adopted a credit policy to manage and monitor the recoverability of the loans, trade receivables and contract assets on an ongoing basis. Details of which are outlined below:

- (a) Credit risk assessment: The Group would perform credit risk assessment before extending or granting the loans by (i) reviewing the financial reports and statements showing the net asset value of the potential or existing borrowers and other relevant financial information; (ii) performing an assessment on the financial condition of the potential or existing guarantors, such as the type and value of assets owned by the potential or existing guarantors; and (iii) reviewing the financial positions of the existing borrowers on an annual basis.
- (b) Security/Collateral assessment: The Group would assess and decide the necessity and the value of security/collateral for granting or extending of each loan, whether to an individual or enterprise, on a case-by-case basis considering the factors including but not limited to the repayment history, results of public search towards the potential or existing borrower, the value and location of the assets owned by the potential or existing borrowers.
- (c) Loan collection/Recovery: The Group would issue overdue payment reminder to the borrower, instruct its legal advisers to issue demand letter for overdue loans, negotiate with the borrower for the repayment or settlement of the loan and/or commence legal action against the borrower. In respect of the loans not yet overdue, the Group will closely monitor for any adverse news which may trigger a default in payment.

Among the one loan extension during the year, assessment on the credit risk of the borrower have been performed including but not limited to the re-assessment of financial position of the borrower.

MANAGEMENT DISCUSSION AND ANALYSIS

Set out below are the summary of actions taken on the defaulted loans as at 31 December 2025:

Loan granted to Beijing Aihuan Times Technology Limited (北京愛換時代科技股份有限公司) (“Beijing Aihuan”)*

The loan extension granted to the borrower, Beijing Aihuan was subject to certain conditions to be fulfilled, details of which were set out in the Company’s announcement dated 16 December 2021. None of the terms under the conditions was completed and the loan extension became ineffective. On 10 February 2022, the Group had issued a demand letter to the borrower and the guarantors demanding repayment of the outstanding loans principal and accrued interest. On 14 February 2022, the borrower proposed a new repayment schedule of the outstanding loans and accrued interest thereon. No agreement was reached between Group and Beijing Aihuan on the proposed repayment schedule. Demand letters were sent to Beijing Aihuan since then, demanding repayment of the outstanding loan principal and accrued interest. The Group had filed a lawsuit for the repayment of the overdue balance. As at the date of this report, neither the repayment of loan principal nor interest has been received.

Loan granted to High Sharp Electronic Limited (“High Sharp”)

The loan extension granted to the borrower, High Sharp was subject to certain conditions to be fulfilled, details of which were set out in the Company’s announcement dated 28 March 2024. None of the terms under the conditions was completed and the loan extension became ineffective. Demand letters were sent to High Sharp since then, demanding repayment of the outstanding loan principal and accrued interest. The Group and High Sharp are in negotiation on the repayment schedule and the right to exercise its collateral. As at the date of this report, neither the repayment of loan principal nor interest has been received.

Loan granted to Daily-Tech HongKong Co., Limited (“HK Daily-Tech”)

The loan extension granted to the borrower, HK Daily-Tech was set out in the Company’s announcement dated 30 September 2022. Demand letters were sent to HK Daily-Tech since then, demanding repayment of the outstanding loan principal and accrued interest. The Group and HK Daily-Tech are in negotiation on the repayment schedule and the right to exercise its collateral. As at the date of this report, neither the repayment of loan principal nor interest has been received.

Loan granted to an independent third party

The loan extension granted to an independent third party expired on 10 September 2023. Demand letters were sent to the independent third party borrower since then, demanding repayment of the outstanding loan principal and accrued interest. Neither the repayment of the outstanding balance nor interest was received. The Group had filed a lawsuit for the repayment of the overdue balance. As at the date of this report, neither the repayment of loan principal nor interest has been received.

Based on the actions taken by the Group, the Directors considered that the Group has strictly followed the Group’s credit policies.

Charges on Group Assets

Details of charges on the Group assets are set out in note 36 to the consolidated financial statements.

Capital Structure

As at 31 December 2025, the Group had shareholder’s capital of HK\$62.2 million (2024: HK\$62.2 million). The shareholder’s capital of the Company is constituted of 2,487,704,800 shares (2024: 2,487,704,800 shares).

* English name for identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments/Material Acquisitions and Disposals

Acquisitions and Disposals of Cryptocurrencies

During the period between 22 January 2025 and 5 March 2025, the Group conducted a series of transactions in the open market for the acquisitions of 4.5 million units of Tether USD (“USDT”) at an aggregate consideration of US\$4.5 million (exclusive of transaction costs), disposals of 50 units of BTC at an aggregate consideration of US\$4.5 million (exclusive of transaction costs) and disposals of 3.3 million units of USDT at an aggregate consideration of US\$3.3 million (exclusive of transaction costs). Details of the acquisitions and disposals are set out in the Company’s announcement dated 5 March 2025.

During the period between 4 August 2024 and 3 October 2025, the Group conducted a series of transactions in the open market for the disposals of 2,255 units of ETH at an aggregate consideration of US\$7.8 million (exclusive of transaction costs). Details of the disposals are set out in the Company’s announcements dated 23 June 2025 and 3 October 2025, respectively.

Saved as disclosed in this report, the Group had no other significant investment and no material acquisition or disposal of subsidiaries, associates and joint ventures during the year under review.

Future Plans for Material Investment and Capital Assets

There is no other plan for material investments or capital assets as at 31 December 2025.

Segment Information

An analysis of the Group’s performance for the year by business and geographical segments is set out in note 8 to the consolidated financial statements.

Exposure to Fluctuations in Exchange Rates

Most of the trading transactions of the Group were denominated in Renminbi (“RMB”) and the United States dollars (“USD”). The assets of the Group mainly denominated in RMB and the remaining portions were denominated in USD and Hong Kong dollars (“HKD”). The exchange rates for USD to HKD have been relatively stable for the year. Therefore, the Group is only exposed to foreign exchange risk arising from RMB exposures, primarily concerning the HKD and USD. During the year under review, the Group recorded net exchange losses of HK\$1,000 (FY2024: HK\$0.2 million). As at 31 December 2025, the Group had not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure. However, the Group will constantly monitor and manage its exposure to foreign exchange risk.

Human Resources and Relations with the Employees

As at 31 December 2025, the Group had over 70 (2024: over 70) full-time employees, of which 25 (2024: 22) were based in Hong Kong and the rest were in the People’s Republic of China (the “PRC”) and the US. Staff costs of the Group amounted to HK\$42.2 million (FY2024: HK\$59.4 million) for FY2025. The employees of the Company’s subsidiaries are employed and promoted based on their suitability for the positions offered. The salary benefit levels of the Group’s employees are in line with the market rates. Employees are rewarded on a performance-related basis within the general framework of the Group’s remuneration system which is reviewed annually. In addition to basic salaries, staff benefits also include medical schemes and various insurance schemes.

MANAGEMENT DISCUSSION AND ANALYSIS

Key Risks and Uncertainties

During the year under review, the Group endeavoured to improve the risk management system on different aspects of company strategies, businesses operation and finance. The key risks and uncertainties to which the Group is subject are summarised as follows:

- (i) The revenue of the Group is difficult to predict and may be volatile in any given reporting period owing to the tightened supply of microchips as the raw materials of the distributed products of the IHA business;
- (ii) Rapid changes in production innovation and features may increase competition and render the Group's current technologies or cause the Group of losing market share and narrower profit margins from intensification of competition;
- (iii) Customers preferences and trends from the increasing demands for streaming services, on-demand content, and smart-home integration may have a material adverse impact to the set-top box market or our business, financial condition and results of the operations;
- (iv) The impact of protectionism and unilateralism have affected the stability of the global landscape, with increasing sources of turbulence and risk points. The Group may be exposed to restrictions, sanctions or other legal or regulatory measures in different jurisdictions. The increasingly stringent regulatory environment and policies such as licence issuance, may bring risks and challenges to the Group's business development and revenue growth;
- (v) The investments of the Group in countries and regions across the world might at present or in future be affected by changes in local, national or international political, social, legal, tax, regulatory and environmental requirements from time to time. In addition, new government policies or measures, if introducing changes in fiscal, tax, regulatory, environmental or other aspects that may affect competitiveness, could result in an additional or unforeseen increase in operating expenses and capital expenditures, produce risks to the overall return on investments of the Group, and delay or impede its business operations and hence adversely affect revenues and profits;
- (vi) The value of digital assets held by the Group may be subject to volatile market prices, impairment and unique risks of loss such as cyberattacks, human errors or computer malfunctions; and
- (vii) The Group may face regulatory challenges to or limitations on the Group's digital asset investment.

In future business operations, the Group will be highly aware of the aforesaid risks and uncertainties and will proactively adopt effective measures to tackle such risks and uncertainties.

Environmental Policies and Performance

The Group is committed to build an environmental-friendly corporation and always takes environmental protection issues into consideration during daily operations. The Group neither produces material waste nor emits material quantities of air pollutants. The Group also strives to minimise the adverse environmental impacts by encouraging the employees to recycle office supplies and other materials and save electricity.

Compliance with Laws and Regulations

The Company has been listed on the GEM of the Stock Exchange since 2000. The operations of the Group are mainly carried out by the Company's subsidiaries in the PRC, Hong Kong and the US. As such, the Group's operations shall comply with relevant laws and regulations in the PRC, Hong Kong and the US accordingly. During the year, the Group has complied with all applicable laws and regulations in the PRC, Hong Kong and the US in all material respects. The Group shall continue to keep itself updated with the requirements of the relevant laws and regulations in the PRC, Hong Kong and the US and adhere to them to ensure compliance.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Li Qiang, aged 57, graduated with a master's degree in business administration from Nanyang Technological University, Singapore. Mr. Li is the chairman and the legal representative of Trunkbow Asia Pacific (Shandong) Co., Ltd.. Mr. Li had been the president of Beijing Daily Technologies Co., Ltd.* (北京德利迅達科技有限公司) since March 2011 and a director of Trunkbow International Holdings Ltd., the shares of which were delisted from The NASDAQ (National Association of Securities Dealers Automated Quotation) Stock Market in 2014. Mr. Li was appointed to the board of directors as an executive Director and the co-chairman on 10 June 2016 and re-designated as the Chairman on 8 March 2017.

Mr. Cong Yu, aged 56, graduated from The People's Liberation Army (Navy) Command College* (中國人民解放軍陸軍指揮學院) majoring in National Defense Mobilization and National Defense Education and obtained a professional undergraduate degree. He has extensive experience in business development and investment projects. He is an executive director of Tibetan Crane Private Equity Fund Management (Shenzhen) Co., Ltd. (formerly known as Heijinghe Fund Management Co., Ltd.* (黑頸鶴私募股權基金管理(深圳)有限公司(前稱黑頸鶴基金管理有限公司)), a director of Shenzhen Shenjian Pharmaceutical Technology Limited* (深圳深見醫藥科技有限公司) and an executive director of Amrtan Ocean Chinese Medicine Industry Group (Shenzhen) Co. Ltd.* (甘露海中醫產業集團(深圳)有限公司). He is a director of certain subsidiaries of the Company. Mr. Cong was appointed to the Board as an executive Director on 21 January 2021 and appointed as the Chief Executive Officer of the Company on 22 March 2021. He is currently a member of each of the nomination committee and the remuneration committee of the board of directors of the Company.

Mr. Chen Biao, aged 58, graduated from the Department of Mechanical Engineering of Information Engineering University* (信息工程大學). He has extensive experience in business development and management in China and Europe. Mr. Chen joined the Group in December 2019 as the position of deputy general manager of Yuxin Asset Management Company Limited, an indirect non wholly-owned subsidiary of the Company. He was the business consultant for China Machinery Industry International Cooperation Co., Ltd. on acquisition and merger projects in Europe since 2014. Mr. Chen was an executive director of Global Token Limited, the shares of which were delisted from the Stock Exchange in 2021. He is a director of certain subsidiaries of the Company. Mr. Chen was appointed to the Board as an executive Director on 21 January 2021 and appointed as the vice president of the Group in 2021. He is currently a member of the remuneration committee of the board of directors of the Company.

Mr. Shi Guangrong, aged 65, graduated with a bachelor's degree in engineering from Department of Industrial Automation of Beijing University of Technology. He has been with the Group since 1996, responsible primarily for marketing and investment management functions of the Group. Mr. Shi is currently the compliance officer of the Group, possessing over 18 years of regulatory and compliance experience. He was a non-executive director of Global Token Limited, the shares of which were delisted from the Stock Exchange in 2021. He is also a director of certain subsidiaries of the Company. Mr. Shi was appointed to the Board as an executive Director on 7 October 1999. He is currently also a member of the nomination committee of the board of directors of the Company.

Mr. Zhu Jiang, aged 68, graduated from Beijing University of Technology majoring in mechatronic engineering. He has over 29 years of research experience in computer engineering, extensive experience in digital-to-analog circuits and high-level assembly language programming and over 18 years of management experience. He is also a director and the legal representative of certain subsidiaries of the Company. Mr. Zhu was appointed to the Board as an executive Director on 24 July 2013.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Shen Yan, aged 62, holds a bachelor's degree in accounting and has over 30 years of accounting experience and 27 years of auditing experience. Ms. Shen worked with Beijing Zhonggongxin Certified Public Accountants* (北京中公信會計師事務所), where she presided over audit works for local and internationally renowned enterprises in manufacturing, professional affairs and services and has accumulated solid experience in corporate finance management and auditing. Ms. Shen has successively held key positions in numerous corporations in the PRC and possesses good expertise in financial accounting, budgetary control and financial management. She also took part in the research, editing and publication of books on financial management subjects. Ms. Shen had also been a staff of Beijing University of Technology. Currently, Ms. Shen is the financial controller of a PRC firm. Ms. Shen was appointed to the Board as an independent non-executive Director on 12 January 2005. She is currently the chairlady of each of the audit committee, the nomination committee and the remuneration committee of the board of directors of the Company.

Ms. Huo Qiwei, aged 54, is currently the chief financial officer of Beijing Zhongjin Guorong Culture Media Co., Ltd. She possesses over 18 years of experience in corporate finance, accounting, and audit consulting. Ms. Huo possesses the professional qualifications of certified public accountant, certified tax agent and senior accountant in the PRC. Ms. Huo graduated from the Chinese University of Hong Kong with a master's degree in professional accountancy and from Henan University of Science and Technology majoring in accountancy. Ms. Huo was appointed to the Board as an independent non-executive Director on 5 September 2019. She is currently a member of each of the audit committee, the nomination committee and the remuneration committee of the board of directors of the Company.

Mr. Bai Rongxu, aged 50, graduated from Beijing Jiaotong University majoring in Engineering Management. He possesses over 26 years of experience in engineering management, specialising in large housing, petrochemical construction and modular integrated construction. Mr. Bai currently serves as Deputy General Manager of Henan Xishi Food Technology Co., Limited* (河南喜拾食品科技有限公司). Mr. Bai was appointed to the Board as an independent non-executive Director on 1 September 2025. He is currently a member of each of the audit committee, the nomination committee and the remuneration committee of the board of directors of the Company.

COMPANY SECRETARY

Dr. Liu Wei, aged 68, has PRC lawyer qualification and is a solicitor qualified to practice law in Hong Kong and in England. He graduated from the Northwest University of China, the Chinese University of Political Science and Law and the University of Cambridge with a bachelor's degree in Chinese literature, a master's degree in law, a Ph.D. in Law respectively. He also completed his Common Professional Examination (CPE) with Manchester University in England, as well as a Postgraduate Certificate in Laws (PCLL) with the University of Hong Kong. Dr. Liu has extensive experience in corporate finance and corporate governance of listed companies and is a partner of Jingtian & Gongcheng LLP. Dr. Liu is the company secretary of the Company (the "Company Secretary") since 3 July 2007.

* The English translation of certain Chinese entities which are marked with "*" is for identification purpose only under the section headed "Biographical Details of Directors and Senior Management" of this annual report.

DIRECTORS' REPORT

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

BUSINESS REVIEW

The business review of the Group's business and financial performance for the year ended 31 December 2025 are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in note 41 to the consolidated financial statements.

SEGMENT INFORMATION

Analysis of the performance by the Group for the year ended 31 December 2025 by business and geographical segments is set out in note 8 to the consolidated financial statements.

CHARITABLE DONATIONS

During the year ended 31 December 2025, the Group made a charitable donation of HK\$22,000 (2024: HK\$55,000).

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2025 are set out in note 32 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of comprehensive income on page 77 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

DIVIDEND POLICY

The declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant laws, rules and regulations and subject to the bye-laws of the Company (the "Bye-laws"). Subject to compliance with applicable laws, rules, regulations and the Bye-laws, in deciding whether to propose any dividend payout, the Board will take into account the Group's financial results, the earnings and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effects on the credit lines, and the development plans of the Company.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 4 of this annual report.

PRINCIPAL RISKS

The Directors have acknowledged that the Group is exposed to certain risks that could impact on the Group. The Group monitors the risks on an ongoing basis. The principal risks faced by the Group are set out in the sub-section headed "Key Risks and Uncertainties" of this annual report.

SHARE OPTIONS

Details of the Company's share option scheme adopted by the Shareholders on 14 January 2015 (the "Share Option Scheme") and the movement in the Company's share options held by the Directors during the year ended 31 December 2025 are set out in note 37 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

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

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

RESERVES

Movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 80 of this annual report and notes 33 and 35(a) to the consolidated financial statements respectively.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the investment properties and property, plant and equipment of the Group during the year ended 31 December 2025 are set out in notes 17 and 18 to the consolidated financial statements respectively.

PROPERTIES

Particulars of properties held by the Group as at 31 December 2025 are set out on page 172 of this annual report.

DIRECTORS

The Directors during the year and up to the date of this annual report are as follows:

Executive Directors

Mr. Li Qiang (*Chairman*)
Mr. Cong Yu (*Chief Executive Officer*)
Mr. Chen Biao
Mr. Shi Guangrong
Mr. Zhu Jiang

Independent Non-Executive Directors

Ms. Shen Yan
Ms. Dong Hairong (resigned on 12 May 2025)
Ms. Huo Qiwei
Mr. Bai Rongxu (appointed on 1 September 2025)

DIRECTORS' REPORT

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are set out on pages 14 and 15 of this annual report.

DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years which are automatically renewed for successive terms of one year each upon expiry of the then current term and shall be terminated by either party giving to the other not less than six months' notice in writing.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of two years.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting ("AGM") has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTOR'S INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the paragraph of this Directors' Report headed "Connected Transaction, Continuing Connected Transactions and Related Party Transactions", no transaction, arrangement or contract of significance in relation to the Group's business, to which the Company or any of its subsidiaries was a party and in which a Director or a connected entity of the Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

DIRECTOR'S EMOLUMENTS AND INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the Directors' emoluments and the five highest paid individuals of the Group during the year are set out in notes 11 and 12 to the consolidated financial statements respectively.

EMOLUMENT POLICY

The Directors are paid fees in line with market practice. The Group adopted the following main principles in determining the remuneration of the Directors and other employees:

- No individual should determine his or her own remuneration;
- Remuneration should be broadly aligned with companies with whom the Group competes for human resources;
- Remuneration should reflect performance and responsibility with a view to motivating and retaining high performing individuals and enhancing the value of the Company to its Shareholders; and
- Share options grants to the senior management or staff as incentives for their contribution to the growth and development of the Group in the intermediate to longer time frame.

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

As at 31 December 2025, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(1) Long positions in the shares of the Company

Name of Directors	Nature of interests	Number of ordinary Shares	Capacity	Approximate percentage of the total issued share capital of the Company
Mr. Li Qiang	Personal	4,604,000	Beneficial owner	0.19%
Mr. Cong Yu	Personal	741,379,800	Interest of a controlled corporation	29.80%
Mr. Shi Guangrong	Personal	22,660,000	Beneficial owner	0.91%
Mr. Zhu Jiang	Personal	7,926,756	Beneficial owner	0.32%
Ms. Shen Yan	Personal	324,000	Beneficial owner	0.01%

(2) Long positions in the underlying shares of the Company

None of the Directors or chief executive of the Company has held any share options as at 31 December 2025.

As at 31 December 2025, save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement which enables the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Based on the information provided to the Company in notices filed, as at 31 December 2025, the entities and/or persons or corporations who had any interests or short positions in the Shares and/or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company were as follows:

Long positions in the shares and underlying shares of the Company

Name of Shareholders	Nature of interests	Number of ordinary Shares	Capacity	Approximate percentage of the total issued share capital of the Company
Unicorn Resources Inc. ("Unicorn") (Note 1)	Corporate	741,379,800	Beneficial owner	29.80%
Cong Yu Company Limited (Note 1)	Corporate	741,379,800	Interest of a controlled corporation	29.80%
Mr. Cong Yu (Note 1)	Personal	741,379,800	Interest of a controlled corporation	29.80%
Mr. Zhu Weisha (Note 2)	Personal	741,379,800	Interest of a controlled corporation	29.80%
		19,000,000	Beneficial owner	0.76%
Honbridge Holdings Limited (Stock Code: 8137) (Note 3)	Corporate	351,867,200	Beneficial owner	14.14%
Hong Bridge Capital Limited (Note 3)	Corporate	351,867,200	Interest of a controlled corporation	14.14%
Geely Group Limited (Note 3)	Corporate	351,867,200	Interest of a controlled corporation	14.14%
Mr. Li Shu Fu (Note 3)	Personal	351,867,200	Interest of a controlled corporation	14.14%

Notes:

1. Unicorn is the beneficial owner of 741,379,800 Shares. Cong Yu Company Limited holds 55% interest in Unicorn and it is deemed to be interested in the 741,379,800 Shares held by Unicorn. Mr. Cong Yu holds 100% interest in Cong Yu Company Limited (which holds 55% interest in Unicorn) and he is therefore deemed to be interested in the 741,379,800 Shares held by Unicorn.
2. Mr. Zhu Weisha holds 45% interest in Unicorn and he is deemed to be interested in the 741,379,800 Shares held by Unicorn. The remaining interest in 19,000,000 Shares is beneficially owned by Mr. Zhu Weisha, representing 19,000,000 underlying shares in respect of the share options granted by the Company on 30 August 2019.
3. Honbridge Holdings Limited is the beneficial owner of 351,867,200 Shares. 41.25% interest in Honbridge Holdings Limited are held by Hong Bridge Capital Limited, which in turn 68.86% held by Geely Group Limited (which 100% held by Mr. Li Shu Fu). By virtue of the provisions of Part XV of the SFO, each of Hong Bridge Capital Limited, Geely Group Limited and Mr. Li Shu Fu was deemed to be interested in the Shares of the Company in which Honbridge Holdings Limited was interested.
4. Based on a total of 2,487,704,800 issued Shares of the Company as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, the Directors are not aware of any persons or corporations who had any interests or short positions in the Shares and/or underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties in their offices.

Such permitted indemnity provision has been in force throughout the year and is still in force. In addition, the Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

MANAGEMENT CONTRACTS

No contract concerning the management or administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

DIRECTORS' REPORT

MAJOR SUPPLIERS AND CUSTOMERS

The Group has developed close and long-term cooperation relationships with major suppliers and customers. During the year, stable and good relationships between the Group and its major suppliers and customers have been maintained. The Group values the feedback from customers through daily communication, and address customers' concern in a timely manner. As to the suppliers, the Group assurance their performance for delivering quality sustainable products and services through supplier approval process and by spot checks on the delivered products. During the year ended 31 December 2025, there is no circumstance of any event between the Group and its customers which will have a significant impact on the Group's business and on which the Group's success depends. The percentages of purchases and sales for the year ended 31 December 2025 attributable to the Group's major suppliers and customers are as follows:

Purchases

–	the largest supplier	53.5%
–	five largest suppliers combined	87.0%

Sales

–	the largest customer	36.6%
–	five largest customers combined	92.8%

None of the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the major suppliers and major customers noted above.

CONNECTED TRANSACTION, CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Transactions Contemplated under the Finance Lease Agreement

On 13 March 2025, Meishan E-rich Shengda Medical Service Co., Ltd.* (眉山裕睿盛達醫藥服務有限公司) (an indirect wholly-owned subsidiary of the Company) ("Meishan E-rich") (as lessor) and Chengdu Wuhou Ganluhai Tibetan Hospital Co., Ltd.* (成都武侯甘露海藏醫院有限公司) ("Chengdu Ganluhai") (as lessee) entered into a finance lease agreement (the "Finance Lease Agreement"), pursuant to which (i) Meishan E-rich agreed to purchase and Chengdu Ganluhai agreed to sell certain machinery and equipment used in pharmaceutical production (the "Leased Assets") at a consideration of RMB5,960,000; and (ii) Meishan E-rich agreed to lease the Leased Assets to Chengdu Ganluhai for a term of five years at an aggregated rental of RMB6,900,000 (the "Finance Lease"). Details of the Finance Lease are set out in the Company's announcement dated 13 March 2025.

Chengdu Ganluhai was indirectly owned as to 43.29% by Mr. Cong Yu, a substantial Shareholder, the chief executive officer of the Company and an executive Director, and as to 8.79% by Ms. Feng Yaping, the spouse of Mr. Cong Yu. Accordingly, Chengdu Ganluhai was a connected person of the Company and the transactions contemplated under the Finance Lease Agreement constitute connected transactions for the Company under Chapter 20 of the GEM Listing Rules. The Finance Lease Agreement was subject to the reporting and announcement requirement but it is exempted from the independent shareholder's approval requirement under the GEM Listing Rules.

* English names for identification purpose only

Non-exempt Continuing Connected Transactions Subject to Reporting, Announcement and Annual Review Requirements

Lease Agreement with Chengdu Ganluhai

On 24 July 2023, Meishan E-rich (as landlord) and Chengdu Ganluhai (as tenant) entered into a lease agreement (the "Lease Agreement") in respect of the leasing of the factory situated at No. a, b, c, d, Building B6, Yaoxing Tianfu Pioneering Park, South Section of Bencao Avenue, Dongpo District, Meishan City, Sichuan Province, with a term of three years commencing from 1 August 2023 to 31 July 2026 at a monthly rent of RMB367,589 (tax inclusive) for 1st term year, RMB378,616 (tax inclusive) for 2nd term year and RMB389,971 (tax inclusive) for 3rd term year (the "Continuing Connected Transactions"). Details of the Lease Agreement are set out in the Company's announcement dated 24 July 2023.

Chengdu Ganluhai is indirectly owned as to 43.29% by Mr. Cong Yu, a substantial Shareholder, the chief executive officer of the Company and an executive Director, and as to 8.79% by Ms. Feng Yaping, the spouse of Mr. Cong Yu. Accordingly, Chengdu Ganluhai is a connected person of the Company and the transactions contemplated under the Lease Agreement constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules.

The following sets forth the annual caps for the Continuing Connected Transactions contemplated under the Lease Agreement:

	For the years ended 31 December			
	2023	2024	2025	2026
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Lease Agreement with Chengdu Ganluhai	2,169	5,269	5,428	3,221

Confirmations from the Independent Non-Executive Directors and Auditors

Pursuant to rule 20.53 of the GEM Listing Rules, the Continuing Connected Transactions had been reviewed by the independent non-executive Directors and confirmed that the Continuing Connected Transactions had been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) either on normal commercial terms or on terms no less favorable to the Group than terms available to or from (as the case may be) independent third parties;
- (c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (d) within the respective cap amounts as disclosed in the previous announcements in which the relevant Continuing Connected Transactions were disclosed.

DIRECTORS' REPORT

The Company's auditor was engaged to report on the Company's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740, "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has confirmed in a letter to the Board in respect of the disclosed continuing connected transaction that nothing has come to their attention that causes them to believe that (i) the disclosed continuing connected transaction has not been approved by the Company's board of Directors; (ii) the disclosed continuing connected transaction was not entered into in all material respects in accordance with the relevant agreements governing such transaction; and (iii) with respect to the aggregate annual amount of the transaction, the disclosed continuing connected transaction had exceeded the caps disclosed in the Company's announcement dated 24 July 2023.

Confirmations from the Company

The Company has conducted a review of its continuing connected transactions and confirmed that all such transactions had complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

Related Party Transactions

Details of significant related party transactions undertaken in the normal course of business of the Group for the year ended 31 December 2025 are provided under note 39 to the consolidated financial statements. None of these related party transactions constitutes a connected transaction as defined under Chapter 20 of the GEM Listing Rules that is required to be disclosed, except for those described above in the paragraphs headed "Transactions Contemplated under the Finance Lease Agreement" and "Non-exempt Continuing Connected Transactions Subject to Reporting, Announcement and Annual Review Requirements", in respect of which the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules have been complied with.

COMPETING INTERESTS

None of the Directors or the controlling Shareholders and their respective associates (as defined in the GEM Listing Rules) has an interest in a business which competed or might compete with the business of the Group or has any other conflict of interest with the Group for the year ended 31 December 2025.

AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee"). It currently comprises three independent non-executive Directors, namely Ms. Shen Yan (Chairlady), Ms. Huo Qiwei and Mr. Bai Rongxu. None of the members of the Audit Committee is a former partner of the auditor of the Company. The principal duties of the Audit Committee are to assist the Board in reviewing the financial information, overseeing the Company's financial reporting system, risk management, internal control systems and relationship with the external auditor, and arrangements to enable employees of the Company to raise concerns under the protection of confidentiality about possible improprieties in financial reporting, internal control or other matters of the Company. During the year under review, the Audit Committee held four meetings for the purposes of reviewing the interim and annual financial results and reports and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, and the other matters in accordance with the Audit Committee's written terms of reference. The Group's audited annual results for the year ended 31 December 2025 have been reviewed by the Audit Committee.

DIRECTORS' REPORT

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float required under the GEM Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

CORPORATE GOVERNANCE

A report on the Company's principal corporate governance principles and practices are set out in the section headed "Corporate Governance Report" of this annual report.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2025 have been audited by Forvis Mazars CPA Limited, Certified Public Accountants, who will retire and, being eligible, offer itself for re-appointment.

A resolution for the re-appointment of Forvis Mazars CPA Limited as the auditor of the Company will be proposed at the forthcoming AGM of the Company.

On behalf of the Board

Yuxing InfoTech Investment Holdings Limited

Cong Yu

Executive Director and Chief Executive Officer

Hong Kong, 25 March 2026

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximising Shareholders' interests.

During the year ended 31 December 2025, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 to the GEM Listing Rules, except in relation to CG Code provisions F.1.3, as more particularly described below.

CG Code provision F.1.3

Pursuant to CG Code provision F.1.3, the Chairman of the Board should attend the AGM and invite the chairman of the audit, remuneration and nomination committees to attend and be available to answer questions at the AGM. Mr. Chen Biao, an executive Director, has been performing the above duties in lieu of Mr. Li Qiang, the Chairman of the Board, who had other pre-arranged business commitments on the day of the AGM.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries of all Directors, each of them confirmed that they have complied with the required standards set out in the Required Standard of Dealings for the year ended 31 December 2025 in relation to their securities dealings, if any.

BOARD OF DIRECTORS

Board composition

The Board is responsible for managing the Company on behalf of the Shareholders. The Board is of the view that it is the Directors' responsibility to create value for the Shareholders and safeguard the best interests of the Company and the Shareholders as a whole by discharging its duties in a dedicated, diligent and prudent manner on the principle of good faith.

The primary functions of the Board include:

- deciding on the overall strategies, overseeing operational and financial performance and formulating appropriate policies to manage risk exposure associated with realising the strategies and goals of the Group;
- monitoring and reviewing the Group's corporate governance practices on compliance with legal and regulatory requirements, and renewing the Company's compliance with the CG Code;
- being held accountable for the internal control system of the Group and responsible for reviewing its effectiveness;
- being ultimately responsible for preparing financial accounts and discussing the performance, financial conditions and prospects of the Group in a balanced, clear and comprehensible manner. These responsibilities are applicable to interim and annual reports of the Company, other price sensitive announcements published according to the GEM Listing Rules and disclosure of other financial information, reports submitted to regulatory bodies and information discloseable under statutory requirements;
- executive Directors, who oversee the overall business of the Group, are responsible for the daily management of the Group, the Board is responsible for affairs involving the overall policies, finance and Shareholders of the Company, namely financial statements, dividend policy, significant changes to accounting policies, annual operating budgets, material contracts, major financing arrangements, principal investment and risk management strategy. Implementation and execution of such decisions is delegated to the management; and
- regularly reviewing its own functions and the powers conferred upon executive Directors to ensure appropriate arrangements are in place.

CORPORATE GOVERNANCE REPORT

The Board has overall responsibility for the leadership, strategic direction, control and performance of the Group and for promoting the success of the Group by directing and supervising its affairs. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

The management is well informed of its powers and duties with clear guidelines and instructions, in particular regarding situations under which reporting to the Board is necessary and matters that require the approval of the Board before any decisions or commitments can be made on behalf of the Company.

The Board currently comprises eight Directors, with five executive Directors, namely, Mr. Li Qiang (Chairman), Mr. Cong Yu (Chief Executive Officer), Mr. Shi Guangrong, Mr. Zhu Jiang and Mr. Chen Biao and three independent non-executive Directors, namely, Ms. Shen Yan, Ms. Huo Qiwei and Mr. Bai Rongxu. The biographies of the Directors are set out in the section “Biographical Details of Directors and Senior Management” on pages 14 to 15 of this annual report. The Directors, with relevant and sufficient experience and qualifications, have given sufficient time and attention to the affairs of the Group and have exercised due care and fiduciary duties in relation to the significant issues of overall business planning, management and strategic development of the Group.

Pursuant to code provisions B.1.3 of the CG Code, the Board has established mechanism(s) to ensure independent views and input are available to the Board, in particular, (i) independent non-executive directors are encouraged to actively participate in the Board meetings; (ii) the number of independent non-executive directors must comply with the requirement under the Listing Rules; and (iii) the independent non-executive directors shall devote sufficient time to discharge their duties as a director. Furthermore, the Board may access external independent professional advice to assist their performance of duties at the expense of the Company. The Board will review the implementation and effectiveness of such mechanism(s) on an annual basis.

To the knowledge of the Directors, the Board members have no material financial, business, family or other relevant relationships with each other.

Independent Non-Executive Directors

On 12 May 2025, Ms. Dong Hairong resigned as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. Following the resignation of Ms. Dong, (i) the number of independent non-executive Directors fell below the minimum number of three independent non-executive Directors, resulting in non-compliance with the requirement prescribed by Rule 5.05(1) of the GEM Listing Rules; (ii) the number of independent non-executive Directors fell below one-third of the Board, resulting in non-compliance with the requirement prescribed by Rule 5.05A of the GEM Listing Rules; (iii) the number of independent non-executive Directors of the Audit Committee fell below the minimum number of three independent non-executive Directors, resulting in non-compliance with the requirement prescribed by Rule 5.28 of the GEM Listing Rules; (iv) the ratio of independent non-executive Directors of the Nomination Committee fell below the majority, resulting in non-compliance with the requirement prescribed by Rule 5.36A of the GEM Listing Rules; and (v) the ratio of independent non-executive Directors of the Remuneration Committee fell below the majority, resulting in non-compliance with the requirement prescribed by Rule 5.34 of the GEM Listing Rules.

The Company took active steps to identify suitable candidates with appropriate experience to be appointed as an independent non-executive Director and filling the vacancy of the Board committees. On 1 September 2025, Mr. Bai Rongxu has been appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. Following the appointment of Mr. Bai, the Company has re-complied with Rule 5.05(1), Rule 5.05A, Rule 5.28, Rule 5.36A and Rule 5.34 of the GEM Listing Rules.

Save as disclosed above, during the year ended 31 December 2025, the Board at all times complied with the requirement of the GEM Listing Rules of having at least three independent non-executive Directors sit on the Board (more than one-third of the Board members) and at least one of them having appropriate professional accounting or related financial management expertise. All the independent non-executive Directors are appointed for a two-year term, and subject to rotation and re-election pursuant to the Bye-laws. Details of their appointment are referred to the section “Directors’ Service Contracts and Appointment Letters” on page 18 of this annual report. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules on the Stock Exchange and considers all the independent non-executive Directors to be independent.

CORPORATE GOVERNANCE REPORT

Board practice and conduct of meetings

The full Board meets at least four times a year, at quarterly intervals, to review the financial performance, results of each period, material investments and other matters of the Group that require the resolution of the Board. Simultaneous communication methods may be used to improve attendance when individual Director cannot attend the meeting in person.

The attendance records of each Director and each member of the Board committees in 2025 are as follows:

Executive Directors	Number of meetings attended/eligible to attend				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
Mr. Li Qiang (<i>Chairman</i>)	3/4	N/A	N/A	N/A	1/1
Mr. Cong Yu	4/4	N/A	2/2	2/2	1/1
Mr. Chen Biao	4/4	N/A	2/2	N/A	1/1
Mr. Shi Guangrong	4/4	N/A	N/A	2/2	1/1
Mr. Zhu Jiang	4/4	N/A	N/A	N/A	1/1
Independent Non-Executive Directors					
Ms. Shen Yan	4/4	4/4	2/2	2/2	1/1
Ms. Dong Hairong (resigned on 12 May 2025)	1/1	1/2	1/1	1/1	N/A
Ms. Huo Qiwei	4/4	4/4	2/2	2/2	1/1
Mr. Bai Rongxu (appointed on 1 September 2025)	1/1	N/A	N/A	N/A	N/A

Information of material issues, due notice of meetings and minutes of every meeting have been sent to all Directors for their information, comment and review.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service agreement with the Company for a term of three years which are automatically renewed for successive terms of one year each upon expiry of the then current term and shall be terminated by either party giving to the other not less than six months' notice in writing.

Each of the independent non-executive Directors, has entered into a letter of appointment with the Company for a term of two years.

CORPORATE GOVERNANCE REPORT

The Company has established formal, considered and transparent procedures for the appointment of new Directors. The procedures and process of appointment, re-election and removal of Directors are laid down in the Bye-laws. Pursuant to Article 87 of the Bye-laws, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Pursuant to Article 86(2) of the Bye-laws, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorization by the Shareholders in general meetings, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Shareholders in general meetings. Any Director so appointed by the Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election at that meeting.

In compliance with the code provision B.2.3 of the CG Code, the further appointment of independent non-executive Directors who have served more than 9 years should be subject to a separate resolution to be approved by Shareholders and the papers to Shareholders accompanying that resolution should include the reasons why the Board believes the relevant Director is still independent and should be re-elected.

Directors' Training

Each newly appointed Director shall receive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operation of the Group and that he/she is aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements. In compliance with Rule 5.02D of the GEM Listing Rules, Mr. Bai Rongxu who was appointed as an independent non-executive Director of the Company on 1 September 2025, obtained the legal advice referred to in Rule 5.02D on 25 August 2025, and Mr. Bai Rongxu has confirmed that he understood his obligations as a Director of the Company.

During the year ended 31 December 2025, all existing Directors were provided with updates on the latest developments and changes in the GEM Listing Rules and other relevant legal and regulatory requirements from time to time to develop and refresh the Directors' duties and responsibilities. In addition, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements are provided to the Board during Board meetings to ensure compliance and enhance their awareness of good corporate governance practices. All the directors have also participated in continuous professional development training arranged by the legal advisor of the Group during the year.

CORPORATE GOVERNANCE REPORT

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills, knowledge and length of service. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

Pursuant to the amended Rule 17.104 of the GEM Listing Rules, the Stock Exchange will not regard a single gender board of directors as achieving member diversity. As at the date of this report, the Board consists of two female directors and six male directors, which is in compliance with the requirement of appointing at least a director of a different gender under the GEM Listing Rules and achieved the current measurable targets set by the Company. The Nomination Committee will continue to monitor and actively consider different aspects of diversity in the boardroom, pay attention to develop a pipeline of potential successors to the Board to achieve gender diversity and recommend further actions or plan to the Board when necessary. Similar considerations shall also be in place to assess the candidacy of the senior management team from time to time. The Company is determined to maintain gender diversity and equality in terms of the whole workforce, and to procure the senior management team to achieve gender equality in terms of the gender ratio.

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female		Male	
	Gender ratios	Number of employees	Gender ratios	Number of employees
Board	3%	2	8%	6
Senior Management	1%	1	–	–
Other employees	43%	32	45%	33
Overall workforce	47%	35	53%	39

The Board had targeted to achieve and had achieved at least 3% (2) of female Directors, 1% (1) of female senior management and 34% (25) of female employees of the Group and considers that the above current gender diversity is satisfactory.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

Pursuant to the code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2025, the positions of chairman and chief executive officer of the Company are held by different persons. Mr. Li Qiang acted as the Chairman and Mr. Cong Yu acted as the Chief Executive Officer of the Company.

BOARD COMMITTEES

The Board has established three committees, namely audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee") and nomination committee (the "Nomination Committee"), each overseeing and being responsible for affairs in different aspects of the Company. All Board committees of the Company are established with defined written terms of reference.

The written terms of reference for each Board committee are in compliance with the GEM Listing Rules and they are posted on the respective websites of the Stock Exchange and the Company.

Audit Committee

The Board has established the Audit Committee. It currently comprises three independent non-executive Directors, namely Ms. Shen Yan (Chairlady), Ms. Huo Qiwei and Mr. Bai Rongxu. None of the members of the Audit Committee is a former partner of the auditor of the Company.

The principal duties of the Audit Committee are to assist the Board in reviewing the financial information, overseeing the Company's financial reporting system, risk management, internal control systems and relationship with external auditor, and arrangements to enable employees of the Company to raise concerns under the protection of confidentiality about possible improprieties in financial reporting, internal control or other matters of the Company.

Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant laws, regulations and rules are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

During the year ended 31 December 2025, the Audit Committee held four meetings for the purposes of reviewing the interim and annual financial results and reports and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, and the other matters in accordance with the Audit Committee's written terms of reference. The Group's audited annual results for the year ended 31 December 2025 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Board has established the Remuneration Committee. It currently comprises two executive Directors and three independent non-executive Directors, namely Ms. Shen Yan (Chairlady), Mr. Cong Yu, Mr. Chen Biao, Ms. Huo Qiwei and Mr. Bai Rongxu. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management and approval on the terms of executive Directors' service contracts; and establishing a formal and transparent procedure for developing remuneration policy and to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the year ended 31 December 2025, the Remuneration Committee held two meetings to review and make recommendation to the Board on the remuneration packages of the Directors and other related matters in accordance with the Remuneration Committee's written terms of reference.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the member(s) of the senior management by band for the year ended 31 December 2025 is set out below:

Remuneration band	Number of individual
HK\$1,000,000 to HK\$2,000,000	1

Further particulars regarding Directors' emoluments are set out in note 11 to the consolidated financial statements.

Nomination Committee

The Board has established the Nomination Committee. It currently comprises two executive Directors and three independent non-executive Directors, namely Ms. Shen Yan (Chairlady), Mr. Cong Yu, Mr. Shi Guangrong, Ms. Huo Qiwei and Mr. Bai Rongxu. The primary functions of the Nomination Committee include reviewing the Board's structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

According to the Nomination Policy of the Company, appointments of Board members will be made on a merit basis and candidates will be considered against objective criteria. The selection criteria used in assessing the suitability of a candidate include:

- the candidate's academic background and qualifications (including professional qualifications, skills and knowledge which are relevant to the Company's business and corporate strategy);
- the candidate's relevant experience in the industry;
- the candidate's character and integrity;
- the candidate's willingness and capacity to devote adequate time in discharge of a Director's duties;
- whether the candidate can contribute to the Board a diversity of perspectives;
- Where the candidate is proposed to be appointed as an independent non-executive Director whether the candidate is in compliance with the criteria of independence under the GEM Listing Rules; and
- any other factors as may be determined by the Board from time to time.

CORPORATE GOVERNANCE REPORT

In terms of nomination procedures, any Board member may nominate or invite a candidate for appointment as a Director to be considered by the Nomination Committee. The Nomination Committee will then evaluate the personal profile of the candidate based on the selection criteria set out above, undertake due diligence in respect of such candidate and make recommendation for the Board's consideration and approval. For nomination of independent non-executive Director, the Nomination Committee will also assess the candidate's independence in accordance with the CG Code and the GEM Listing Rules. For re-appointment of retiring Directors, the Nomination Committee will review the candidate's overall contribution and performance (including the candidate's attendance at Board committee meetings, Board meetings and general meetings, his/her level of participation and performance on the Board), and make recommendations to the Board and Shareholders for re-election at general meetings.

During the year ended 31 December 2025, the Nomination Committee held two meetings to review and make recommendation to the Board on the retirement by rotation of Directors in the 2024 AGM and other related matters in accordance with the Nomination Committee's written terms of reference.

AUDITOR'S REMUNERATION

The remuneration in respect of audit and non-audit services provided by the auditor, Forvis Mazars CPA Limited, to the Group in the year ended 31 December 2025 are as follows:

	Fees payable HK\$'000
Statutory audit services	1,700
Non-audit services (mainly reporting accountant's work in connection with the notifiable transactions)	150
	<hr/> 1,850

COMPANY SECRETARY

The Company Secretary is Dr. Liu Wei. He has taken not less than 15 hours of relevant professional trainings to update his skills and knowledge during the year ended 31 December 2025.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

The Directors acknowledge their responsibility for the preparation of consolidated financial statements of the Group for the year ended 31 December 2025, which give a true and fair view of the financial position of the Group on a going concern basis. Statements of Directors' responsibilities for preparing the consolidated financial statements and external auditor's reporting responsibilities are set out in the "Independent Auditor's Report".

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective systems of risk management and internal control, which include financial, operational and compliance controls, to safeguard the Group's assets and Shareholders' interests, as well as for reviewing the effectiveness of such systems. Sound and effective systems of risk management and internal control are designed to identify and manage the risk of failure to achieve business objectives.

The risk management and internal control systems have been designed to operate proactively to ensure that principal risks are not only identified, measured and monitored but also mitigated. The risk management process is embedded into the day-to-day operations of the Group and is an on-going process carried out by everyone in the Group.

Key procedures are being established and implemented to ensure that there are appropriate and effective risk management and internal control systems are as follows:

- (a) setting core values and beliefs which form the basis of the Group's overall risk philosophy and appetite;
- (b) having an organisational structure in place with defined lines of responsibility and delegation of authority which hold individuals accountable for their risk management and internal control responsibilities;
- (c) imposing an organisational structure which provides necessary information flow for risk analysis and management decision-making;
- (d) imposing budgetary and management accounting controls to efficiently allocate resources and providing timely financial and operational performance indicators to manage business activities and risks;
- (e) ensuring effective financial reporting controls to record complete, accurate and timely accounting and management information; and
- (f) expanding the roles and responsibilities of the Audit Committee to include the review of risk management and internal control systems.

During the year ended 31 December 2025, the Board, through efforts of the Audit Committee, oversees the Group's risk management and internal control systems on an ongoing basis and has conducted an annual review of the effectiveness of the Group's risk management and internal control systems covering aspects of the Group's financial, operational, compliance controls and risk management functions. The Board has considered that the Group's risk management and internal control systems are effective and adequate. The Group reviews its risk management and internal control systems on an annual basis.

Procedures and internal controls for investments of the Group

The Group's investment timeframes are not fixed, while acquisition and disposal are primarily determined by the market environment. The purpose of investing in digital assets is primarily for capital appreciation, while the purpose of investing in listed and unlisted equity securities is to achieve earnings in the form of capital appreciation as well as income from interest and dividends from these listed and unlisted companies in Hong Kong, the PRC or any other countries where such investment is considered profitable. Cryptocurrencies are held for long term appreciation, with holdings adjusted as market conditions dictate. Financial instruments are held for both long term appreciation and short term investment gains.

CORPORATE GOVERNANCE REPORT

The Group's trading activities are governed by an approved investment strategy aimed at achieving capital appreciation while managing risk effectively. The primary objectives include maximising risk-adjusted returns through diversification and limiting exposure to market volatility. Risk management measures, such as setting stop-loss limits at which the Company will determine sell the investment to prevent further losses and diversifying investment across various digital assets and securities, are integral to safeguarding investments. Investments are executed on long term and short term horizons depending on market opportunities, with long term positions focused on growth potential and short term trades used to capture market movements. Regular monitoring, reporting to senior management and periodic review by the Board support effective oversight and control.

Key internal control and risk management procedures being established and implemented for ongoing monitoring of the investments of the Group are as follows:

- (a) Limiting the Group's cryptocurrency portfolio to mainstream cryptocurrencies (BTC and ETH) and major stablecoins to reduce volatility and liquidity risk;
- (b) Capping total investment position/portfolio of each digital asset and other financial instrument (including listed and unlisted equity securities) at no more than 10% of the Group's total assets at the time of making the investment;
- (c) Setting stop loss benchmarks, and pre-defined levels for profit-taking based on the book value of the investment to better monitor the profits while still enabling potential gains as the price increases and trailing stops in bull markets to lock in profits, with consideration of historical performance, industry trend, business goals and the market sentiment;
- (d) Conducting regular assessments of the investment portfolio to evaluate performance against benchmarks and objectives, and adjusting asset allocations based on market trends and economic conditions, following a systematic approach that includes analysing individual investment metrics, such as return on investment and volatility with consideration of macroeconomic factors and scenario analysis to evaluate potential risks and rewards. Based on these insights, the investment strategy is adjusted as needed, with findings documented and reported to the responsible personnel to facilitate informed decision-making and ensure alignment with the Company's objectives;
- (e) Conducting due diligence to ensure informed decision-making, including not limited to business valuation and financial analysis, before making any investment;
- (f) Following the reporting and approval procedures of the Group for acquisitions and disposals of investments. For each specific transaction, the accounting department of the Company will do preliminary review on size of the proposed acquisition or disposal. If the proposed acquisition or disposal of investment reaches the reporting threshold, which was determined with reference to the size tests result of the proposed acquisition or disposal pursuant Chapter 19 of the GEM Listing Rules, the accounting department shall report to the senior management for approval. The senior management shall report the same to the Board if the proposed transaction is identified to constitute a notifiable transaction under Chapter 19 of the GEM Listing Rules so that the proposed transaction shall be considered and approved in a Board meeting;
- (g) Selecting opportune timing of purchase based on performance and pricing of the cryptocurrency market, and the assessment on market trends, the type of cryptocurrency to be purchased, price ranges based on the average price over the past twelve months, timing of purchase influenced by macro-level policies, including market policies towards cryptocurrencies, and the suitability of the trading platform;

CORPORATE GOVERNANCE REPORT

- (h) Forming a specialised supervisory team for digital assets investments to: (i) review and approve each digital asset transaction; (ii) monitor daily the performance of the cryptocurrencies held by the Group; and (iii) conduct monthly assessments of the risk levels of the cryptocurrency portfolio of the Group;
- (i) Approving equity investments (listed and unlisted) decisions guided by expected returns and potential business synergies;
- (j) Implementing ongoing monitoring and risk management measures to monitor cryptocurrency investments include (i) weekly reporting on investment portfolio to cover the units holding of the cryptocurrencies and market values, and weekly fluctuation; (ii) quarterly impairment assessment compared with the market price; (iii) controls tests on wallets that have not been used for 6 months; (iv) annual summary on the cryptocurrency's movements; (v) annual impairment assessment on the crypto-mining machines; (vi) timely updates on the register of the crypto-trading exchanges and wallets held by the Company; and (vii) closely monitoring the regulatory changes, news updates or regulatory crackdown (e.g. U.S. Securities and Exchange Commission lawsuits, bans in certain countries) and the preference of the markets on cryptocurrencies; and
- (k) Implementing ongoing monitoring and risk management measures to monitor financial instrument investments include (i) weekly reporting on investment portfolio to cover the shares of listed securities held by the Company and their market values; (ii) monthly updates on the month-end values in financial statements; (iii) monthly review on the performance of the investment fund; (iv) interim financial review on unlisted private equity; (v) quarterly/interim review on business updates of unlisted private equity; (vi) business valuation on unlisted private equity every 6 months (if necessary) and 12 months; (vii) closely monitoring the Federal Reserve System policies (i.e. any interest rates impact stocks or bonds); and (viii) monitoring the macroeconomic conditions for the impact on the stock (i.e. unemployment rate, inverted yield curve).

During the year ended 31 December 2025, the Company's two executive Directors, Mr. Cong Yu and Mr. Chen Biao, together with the Financial Controller, oversees the Group's investment activities, conducted annual reviews of the Group's internal control and risk management procedures related to these investments. Details of the internal control and risk management procedures implemented for the Group's investments are set out in the Company's announcement dated 12 December 2025. The Board considers that the Group's internal control and risk management procedures for investments are effective and adequate.

Procedures and internal controls for the handling and dissemination of inside information

The Group has complied with the relevant applicable requirements of the SFO and the GEM Listing Rules in respect of dissemination of inside information. The Group has disclosed inside information to the public as soon as reasonably practicable. Before the information is fully disclosed to the public, the Group ensures that the information is kept strictly confidential. The Group is committed to ensuring that information contained in announcements and other public disclosures are not false or misleading as to a material fact or as a result of the omission of a material fact by presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

The annual report and interim report offer comprehensive information to the Shareholders on operational and financial performance whereas AGM provide a forum for the Shareholders to exchange views directly with the Board. The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board.

According to the Bye-laws, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting (the "SGM") to be called by the Board for the transaction of any business specified in such requisition. The requisition must be lodged with the registered office of the Company. The written requisition (i) must state the purposes of the SGM, and (ii) must be signed by the requisitionists and deposited at the principal place of business of the Company in Hong Kong for attention of the Board or the Company Secretary, and may consist of several documents in like form, each signed by one or more requisitionists. Such meeting shall be held within two (2) months after the deposit of such requisition. Such requisitions will be verified by the Company's branch share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will inform the Board to convene a SGM by serving sufficient notice to all Shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

As regards to proposing a person for election as a Director, please refer to the procedures as set out in the Bye-laws on the respective websites of the Stock Exchange and the Company.

Shareholders may send written enquiries or requests in respect of their rights to the principal place of business of the Company in Hong Kong and for the attention of the Company Secretary.

INVESTOR RELATIONS

The Company establishes different communication channels with investors to update the latest business development and financial performance including the publication of interim and annual reports, the publish and posting of notices, announcements and circulars on the websites of the Stock Exchange and the Company in order to maintain a high level of transparency, and to ensure there is no selective disclosure of inside information.

The Company has developed a shareholders' communication policy. The policy aims to promote effective communication with Shareholders and other stakeholders, encourage Shareholders to engage actively with the Company, and enable Shareholders to exercise their rights as shareholders effectively. The Board reviewed the implementation and effectiveness of the communication policy during the reporting period, and was satisfied with the results.

CORPORATE GOVERNANCE REPORT

NON-COMPLIANCE WITH THE GEM LISTING RULES

During the period between 3 January 2024 and 5 March 2025 (the “Relevant Period”), the Company conducted a series of acquisitions and disposals of cryptocurrencies in open market that, on standalone basis or when aggregated, constituted notifiable transactions under Chapter 19 of the GEM Listing Rules. The Company published announcements on 20 March 2024, 7 October 2024, 31 December 2024 and 5 March 2025 in respect of certain cryptocurrency transactions during the Relevant Period that constituted discloseable transactions under Chapter 19 of the GEM Listing Rules.

In relation to the transactions of cryptocurrencies conducted during the Relevant Period, (a) certain transactions constituted major transactions in aggregated basis, where the Company did not publish announcements or sought shareholders’ approval for the transactions; (b) certain transactions constituted discloseable transactions in standalone or aggregated basis, where the Company did not published announcements on the transactions; and (c) certain transactions constituted a discloseable transaction in aggregated basis, where the Company delayed the announcement of the transactions. (collectively the “Non-compliance Incidents”). Details and reasons of the Non-compliance Incidents are set out in the Company’s announcement dated 12 December 2025.

The Company acknowledges that the above Non-compliance Incidents constituted breaches of Chapter 19 of the GEM Listing Rules.

The Non-compliance Incidents were mainly caused by (i) the Company’s deviation in understanding on the GEM Listing Rules in respect the aggregation of transactions as the Company had understood that the size tests of the cryptocurrency transactions should be calculated based on a pair basis, so that only transactions for same type of conversion are required to be aggregated; and (ii) to a lesser extent, the inadvertent omission by the accounting staff of the Company to rely on outdated size tests to verify the transaction or by the authorised dealer of the Company who made pre-order of cryptocurrency transactions but did not report the same to the finance department of the Company. The Company emphasises that all of the Non-compliance Incidents were unintentional.

CORPORATE GOVERNANCE REPORT

Remedial Actions for the Non-compliance Incidents

With the view to preventing future occurrences of similar non-compliance incidents, the Group has further strengthened the internal control of the Company. In particular:

- (a) The Company engaged Beijing Xinghua Caplegend CPA Limited, who is an Independent Third Party, as the external internal control advisor to review the existing internal control policies and provide recommendations on the rectification of deficiencies identified. The key findings and recommendations of the internal control advisor, as well as the Company's responses to the recommendations, are set out in the Company's announcement dated 12 December 2025.
- (b) The senior management of the Company (including executive Director Mr. Chen Biao and the Financial Controller of the Company) conducted, with the assistance of the internal control advisor, a comprehensive review on the Company's internal control policies for identifying and reporting notifiable transactions. Based on the advice of the internal control advisor, the Company revised and adopted newly revised cryptocurrency investment policies.
- (c) The Company prepared and frequently updated the reporting threshold on at least a weekly basis, and enhanced day-to-day information exchange and communication between the relevant staff, so as to avoid the recurrence of such similar incident. In any event, the Company has conducted size tests calculation every time prior to entering into a transaction.
- (d) The Company strengthened the coordination and reporting arrangements for notifiable transactions among the various departments of the Company, including the business department, accounting department, as well as the management of the Company and the Board. Subject to the review conducted by the internal control advisor, the Company took several steps to enhance its handling of cryptocurrency transactions, including (i) establishing clear protocols to define notifiable transactions and developing standard operating procedures for reporting requirements under Chapter 19 of the GEM Listing Rules; (ii) conducting regular training sessions to ensure all employees understood their responsibilities and the importance of timely reporting; (iii) establishing cross-departmental task forces to oversee cryptocurrency transactions to facilitate communication and collaboration among teams; (iv) conducting periodic audits and compliance checks to ensure adherence to established protocols and relevant GEM Listing Rules; and (v) creating templates and guidelines for reporting to unify the reporting system across different departments and minimise misunderstandings.
- (e) The Group issued relevant guidance and training materials, in particular on notifiable transactions under the GEM Listing Rules, to the relevant departments and employees of the Group. The Group also arranged training sessions to the Directors, senior management, the senior staff of the finance and operation departments as well as newcoming staff on compliance requirements covering topics including notifiable transactions, connected transaction, continuing obligations and inside information, so as to improve the standard of corporate governance and operating management of the Company. In addition, the Company has implemented ongoing training sessions for relevant departments and employees annually to regularly refresh staff knowledge of GEM Listing Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

This Environmental, Social and Governance (“ESG”) Report (the “Report”) is presented by Yuxing InfoTech Investment Holdings Limited (the “Company”) together with its subsidiaries (collectively, the “Group”). This Report serves the purpose of summarising the ESG initiatives, plans and performance of the Group, as well as demonstrating the Group’s commitment towards sustainable development.

REPORTING PERIOD

Unless otherwise stated, the Report presents the Group’s ESG performance for the year ended 31 December 2025 (the “Reporting Period” or “FY2025”).

REPORTING SCOPE

The Report covers the principal places of operations and business scope of the Group which represent the Group’s major source of revenue and business operations that are more relevant to the environment, society and governance. The operations that will be covered includes:

- Shenzhen Headquarters
- Beijing office (“Beijing Office”)
- Zhongshan factory¹ (“Zhongshan Factory”)
- Hong Kong office (“Hong Kong Office”)
- the United States of America (“the US”) office² (“US Office”)

Notes:

1. In 2019, the Zhongshan Factory outsourced the entire production process to contractors, and the Zhongshan Factory is mainly responsible for monitoring the external contractors’ performance. Therefore, the Report covers the information about daily operations in the office of the factory only.
2. Covers the information about electricity consumption and manpower resources of the office and data centre.

REPORTING PRINCIPLES

The Report has been prepared in compliance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) under Appendix C2 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

According to the ESG Reporting Guide, the following reporting principles were applied during the preparation of the Report:

Materiality: A materiality assessment was conducted through questionnaire surveys targeted at internal and external stakeholder representatives to identify material issues of the Group’s operations. By gathering the feedback of various stakeholder groups, the Group can have a better understanding of their concerns and expectations of the Group’s sustainable development. For more information, please refer to the sections headed “Stakeholder Engagement” and “Materiality Assessment”.

Quantitative: To measure the effectiveness of ESG-related policies, the Group has adopted the ESG Reporting Guide, relevant guidelines published by the Stock Exchange and other international organisations, in measuring and presenting quantitative environmental and social key performance indicators (“KPIs”). Details of the standards used are described in the relevant sections of the Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Balance: The information in the Report mainly comes from internal statistical reports, documents and communication documents in 2025. To provide an unbiased picture of the Group's performance, the Group disclosed both its achievements and room for improvement in fair disclosure regarding ESG.

Consistency: Since 2016, the Group has reported in accordance with the ESG Reporting Guide issued by the Stock Exchange. The Report adheres to a consistent set of reporting standards, methodologies for calculating data and presentation of KPIs to allow meaningful comparisons of related data over time. If there are any changes that may affect the comparison with previous reports, the Group has added remarks to the corresponding content of the Report.

FEEDBACK

The Group values feedback from its stakeholders. If you have any questions or suggestions regarding the Report or the Group's performance in sustainable development, please feel free to contact the Group at ir@yuxing.com.hk.

BOARD STATEMENT ON ESG

Governance for Sustainability and Sustainability Strategy

The Group regards the principles of integrity and transparency, strict self-discipline, mutual trust and highly accountable as the core of its corporate culture. Upholding integrity as its foundational value, the Group operates with honesty and truthfulness, a commitment that has always formed the bedrock of its corporate culture. The Group is always innovative that empowers it to seize amid past challenges, so that its business is continuously and firmly growing.

The board of Directors (the "Board") of the Group understands that alignment with the Group's sustainability commitments is fundamental to the ongoing development and expansion of its business. The Group upholds the "green" operating concepts, while shaping its efforts to generate positive impacts on society and the environment while creating lasting value for all stakeholders. The Group has established clear objectives on sustainable development based on its core value and culture. The Group's sustainable development goals and implementation status are presented in the relevant section of this Report.

The Group's Chief Executive Officer and executive Directors assume full responsibility for sustainability management. They are equipped with appropriate technical capabilities, experience, and adequate knowledge on ESG and their management duties are delegated to various departments and units which are responsible for managing important sustainability issues and monitoring emerging trends, so as to help the Group to seize all opportunities that can enhance the Group's sustainable development performance. Across all business operations, different areas and levels of management are responsible for tracking and achieving the Group's sustainability performance and goals, reviewing the stakeholder feedback, collecting ESG data and information, in order to prepare the Report to be reported to and approved by the Board. This Report has been confirmed by the management and approved by the Board on 25 March 2026.

In addition, in order to effectively access the Group's sustainable development performance, the Group has established a sound internal control and risk management framework, with ongoing internal control and audit supervision to mitigate operational risks. The Group has established an Internal Audit system in accordance with relevant regulations. Through systematic and standardised methods, the Group reviews and evaluates within various departments of their operating activities and target achievement, the establishment and implementation of internal control, the utilisation of resources, etc.. It also provides management with relevant analysis, recommendations, assistance and supervision to facilitate the diligent discharge of their responsibilities. During the Reporting Period, the Board has conducted an annual review of the Group's risk management and the effectiveness of internal control systems, including compliance controls across financial, ESG and other aspects, to safeguard the Group's assets against unauthorised use or disposition, and to protect the interests of the Group and the Shareholders as a whole, so as to ensure that the above topics are incorporated into the Group's strategy, and lead the Group to formulate and achieve long-term strategies and goals. Where appropriate, external advisors would be engaged to provide expertise and professional advice for the ESG management process.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

The Group employs a diverse range of communication channels to actively listen to its stakeholders' views at the ESG aspects and communicate with them on various ESG issues on an ongoing basis. The Group firmly believes that listening to the opinions of various stakeholders helps the Group to objectively and comprehensively assess its ESG performance. The Group is committed to maintaining proactive communication with its key stakeholders, ensuring that their concerns are duly recognised and addressed, thereby to establish appropriate and open communication mechanisms to maintain communication with each of them:

Major Stakeholders	Expectations and Concerns	Communication Channels
Investors	<ul style="list-style-type: none">• Transparency of information• Return on investment• Protection of rights and interests	<ul style="list-style-type: none">• Periodic investor meetings• Annual general meetings• Emails• Investor mailbox and announcements
Customers	<ul style="list-style-type: none">• Transparency of information• Product quality• Opinion and compliant handling	<ul style="list-style-type: none">• After-sales service hotlines• Complaint-handling by staff of the Service Department
Employees	<ul style="list-style-type: none">• Benefit and compensation• Equal opportunity• Health and safety	<ul style="list-style-type: none">• Employment and employee benefit systems• Trainings
External contractors	<ul style="list-style-type: none">• Fulfilment of integrity• Mutual benefit• Joint development	<ul style="list-style-type: none">• Open and transparent procurement polices established through email and meetings
Community and the public	<ul style="list-style-type: none">• Coordinated community development	<ul style="list-style-type: none">• The Group's website

The Group aims to collaborate with its stakeholders to improve its ESG performance and create greater value for the wider community continuously.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

The three steps the Group takes to prepare for the materiality assessment:

Step One: Identification of Material Issues

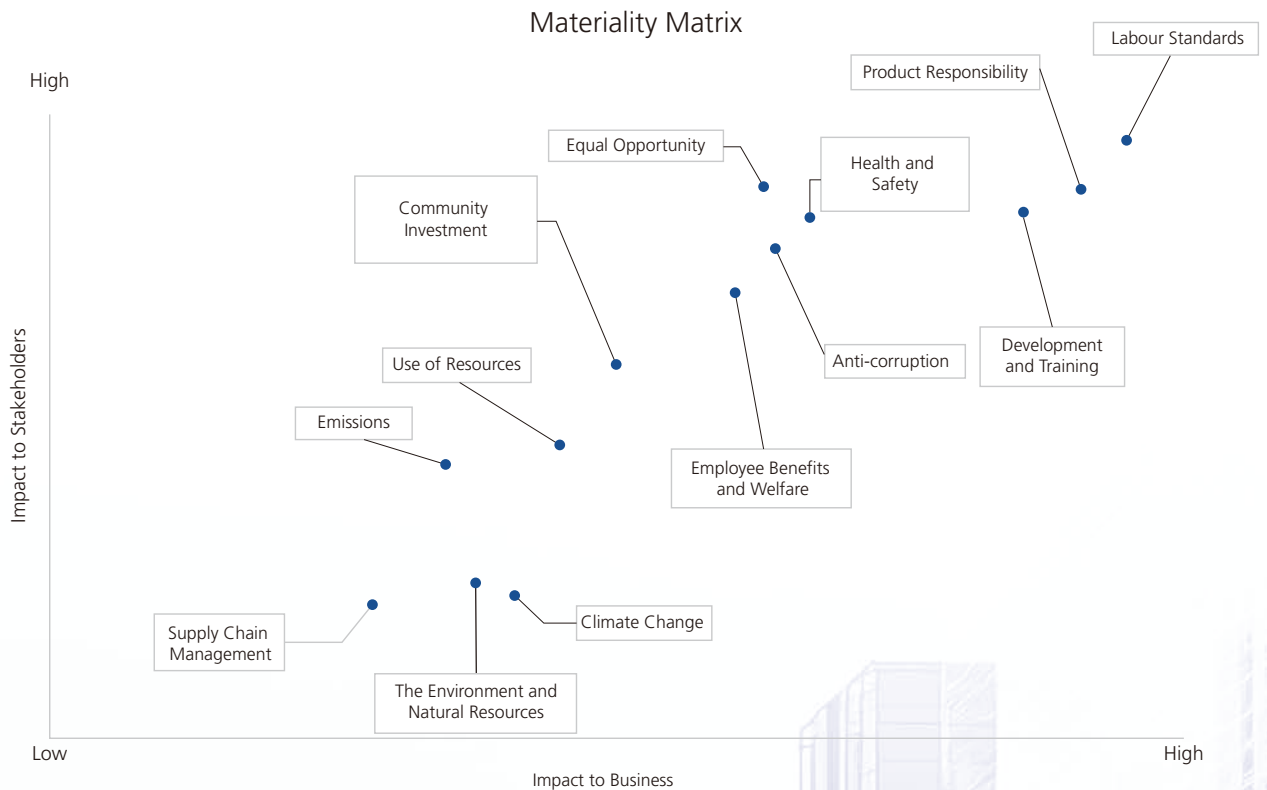
With reference to the ESG Reporting Guide issued by the Stock Exchange and combining factors such as comprehensive company development strategies, industry development trends, supervision and capital market requirements etc., to identify the economic, environmental and social implications of the Group's business, and potential material issues that may affect the assessment and decision-making of stakeholders.

Step Two: Determination of Material Issues

The Group collects feedbacks from internal and external stakeholder representatives through online questionnaire to understand the priorities of each stakeholder's concerns and reviews the potential material issues and prioritises them according to their impacts on the Group's ESG development and on the stakeholders to map the matrix.

Step Three: Confirmation and Review

Management and ESG reporting members are responsible for reviewing and confirming the assessment results.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As the core business and ESG strategy of the Group is consistent with that of last year, to ensure comparability of the data disclosed, the Group also adopted the materiality matrix of 2024: The Group will continuously improve the ESG performance to meet the expectation of stakeholders. In the future, the Group will continue and expand stakeholder engagement to enhance the materiality analysis, and will collect a diverse range of stakeholders' views through various activities.

Topics of High Materiality

- Labour Standards
- Health and Safety
- Development and Training
- Product Responsibility
- Equal Opportunity
- Anti-corruption

Topics of Moderate Materiality

- Employee Benefits and Welfare
- Use of Resources
- Community Investment
- Emissions

Topics of Less Materiality

- Supply Chain Management
- The Environment and Natural Resources
- Climate Change

A. ENVIRONMENTAL

Environmental Protection

Objectives

Regularly monitor key environmental parameters and conduct periodic reviews of production plans to minimise associated environmental impacts. Assess the Group's climate change strategy and develop a comprehensive sustainable development plan to identify, evaluate, and address relevant physical and transition risks and opportunities.

The Group is fully committed to supporting all governmental initiatives to implement the 14th Five-Year Plan and the "carbon neutrality" policy, thereby contributing to global climate objectives in collaboration with other enterprises in China. The Group seeks to strike an optimal balance between business expansion and environment protection – meets the needs of business expansion without compromising the environment. The Group has long been committed to environmental protection management projects, requiring external contractors to attain international environmental certifications such as the ISO 14001 Environmental Management System. These efforts encompass holistic environmental assessments, full compliance with applicable laws and regulations, thorough inspection of raw materials and chemical substances, evaluation of energy resource utilisation and the safety of environmental facilities – all designed to minimise environmental impacts, advance sustainable development, and create a healthier living environment for future generations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A1. Emissions

The Group has directed its employees to embed environmentally responsible principles into their daily work through the implementation of its “Environmental Policy.” During the Reporting Period, the Group has continued to develop and refine its environmental management strategy, with particular focus on addressing key challenges such as climate change, water scarcity, pollution, and the depletion of natural resources. In alignment with global emission reduction trends, the Group actively minimises the generation of emissions, including exhaust gases, greenhouse gases (GHGs), sewage, and solid waste in its daily operations. Additionally, the Group remains committed to exploring innovative technologies and developing new products to continually enhance its environmental performance, thereby fulfilling the Group’s responsibilities as a corporate citizen.

The Group adheres strictly to all laws and regulations related to pollutant emissions in the regions where it operates. It complies strictly to the rules and regulations stated in the “Environmental Protection Law of the People’s Republic of China”, “Directory of National Hazardous Wastes” and “Water Law of the People’s Republic of China”. With reference to their guidelines, the Group has implemented a series of environmental protection policies and measures and has worked for continuous improvement of the environmental protection system. During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations that has a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

In the Zhongshan Factory, the Group mandates that all external contractors strictly follow all the rules and regulations on environmental protection and ensures the reduction of emission and pollution on the basis of emission compliance while improving the management level of pollution control. The Group regularly monitors and reviews its contractors to ensure they are in compliance with the requirements on environmental protection.

Exhaust Gas Emissions

Air pollutants emitted by automobiles are the primary source of pollution caused by the Group. To address this, the Group regularly arranges for its vehicles to be tested by vehicle inspection centers, in order to ensure that the exhaust gas emitted by its vehicles meets safety standards.

Moreover, for long-distance domestic business travel within China, the Group actively promotes the use of public transportation, like the China High Speed Railway, to reduce the amount of carbon dioxide emissions from automobile.

The performance of exhaust gas emissions is summarised below:

Type of exhaust gas ³	Unit	2025	2024
Nitrogen oxides (“NOx”)	kg	3.34	3.20
Sulphur oxides (“SOx”)	kg	0.06	0.07
Particulate matter (“PM”)	kg	0.24	0.24

Note:

3. The calculation of exhaust gas emissions was based on “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GHG Emissions

The Group recognises the critical importance of regularly assessing and monitoring its various greenhouse gas (GHG) emission sources to effectively evaluate the performance of its environmental protection measures. The Group's GHG emissions primarily originate from fuel used for operating vehicles and air conditioning (Scope 1), purchased electricity consumed by offices (Scope 2), and business air travel (Scope 3). To further reduce carbon emissions from non-essential business travel, the Group has implemented the following measures:

- | | |
|--|--|
| Business travel reduction | <ul style="list-style-type: none"> Promotes environmentally responsible communication practices among employees, including the substitution of long-distance travel for in-person meetings with video and phone conferences to reduce the frequency of business travel. Enforces stricter protocols for travel expense reimbursement at the Zhongshan Factory, requiring prior approval for all proposed travel to avoid unnecessary business trips. |
| Support procurement from local suppliers | <ul style="list-style-type: none"> Under situation in compliance with hardware and software conditions (such as cost, quality, directives on restrictions on the use of certain harmful substances in electrical and electronic equipments (RoHS), technology and services, and environmental protection, etc.), the Group actively encourages external contractors to prioritise sourcing products from local suppliers, with the aim to reduce the transportation distance of goods and hence the emissions of exhaust gases and GHG. |

The significant increase in GHG emissions is primarily attributed to the expansion of including electricity consumption from our US-based data center. The performance of GHG emissions is summarised below:

Indicators ⁴	Units	2025	2024
Direct GHG emissions (Scope 1)	tCO ₂ e	10.77	12.14
Energy indirect GHG emissions (Scope 2)	tCO ₂ e	357.80	15.51
Other indirect GHG emissions (Scope 3)	tCO ₂ e	24.39	37.31
Total GHG emissions	tCO ₂ e	392.96	64.96
Total GHG emissions intensity ⁵	tCO ₂ e/employee	5.31	0.91

Due to the change of scope, the Group has set a target to reduce GHG emissions intensity by 5% by 2030 using 2025 as the baseline year.

Notes:

- The calculation was based on Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), the "Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting by Power Generation Industry for 2023-2025" issued by the Ministry of Ecology and Environment of the People's Republic of China and the "2023 Sustainability Report" released by CLP Holdings.
- As at 31 December 2025, the Group had a total of 74 employees in Shenzhen Headquarters, Beijing Office, Hong Kong Office, Zhongshan Factory and US Office (as at 31 December 2024: 71). These data are also used for calculating other intensity data.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Scope 1 Emission Calculation Method

Scope 1 greenhouse gas emissions are calculated using the emission factor method. The emission factor represents the amount of greenhouse gas emissions per unit of activity level for fossil fuels consumption.

Emission Calculation Formula:

EGHG = AD x EF x GWP	
EGHG	Greenhouse gas emissions, measured in tons of carbon dioxide equivalent (tCO ₂ e)
AD	Greenhouse gas activity data, fossil fuel consumption from company-owned vehicles
EF	Greenhouse gas emission factor
GWP	Global warming potential value. Since only carbon dioxide emissions are measured in this instance and no other greenhouse gas categories are involved, the value is 1

Scope 2 Emission Calculation Method

Scope 2 emissions primarily originate from purchased electricity, calculated using the emission factor method.

Emission Calculation Formula:

E = AD x EF	
E	Carbon dioxide emissions from the electricity generation process correspond to purchased electricity, measured in tons of carbon dioxide equivalent (tCO ₂ e)
AD	Purchased electricity during the accounting and reporting year
EF	Greenhouse gas emission factor

Scope 3 Emission Calculation Method

Scope 3 greenhouse gas emission category accounted for is business travel.

Emission Calculation Formula:

E = AD x EF	
E	Greenhouse gas emissions, measured in tons of carbon dioxide equivalent (tCO ₂ e)
AD	Distance of business travel during the accounting and reporting year
EF	Greenhouse gas emission factor

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Waste Management

Hazardous Waste

The Group's four operational locations are office-based. Given the nature of its business activities, no hazardous waste is generated from the operations of these offices. Therefore, disclosure on hazardous waste produced and reduction targets are not applicable.

Nevertheless, the Group remains deeply concerned about its external contractors' environmental management across the product life cycle such as procurement, production and disposal after use. The Group actively seeks to reduce overall waste volumes and uphold its corporate social responsibilities in this regard. In particular, the Zhongshan Factory encourages its external contractors to manage any hazardous waste in full compliance with applicable legal requirements.

Non-hazardous Waste

Non-hazardous waste generated primarily consists of general office waste, such as office paper, courier bags, and packaging boxes. Given the relatively small volume of such waste, its impact on the Group's overall sustainable development is minimal. Therefore, no relevant data records have been disclosed based on the principle of materiality. Thus, no quantitative target has been set on non-hazardous waste reduction.

The Group is dedicated to formulating waste and resource management strategies. Apart from minimising the use of raw materials and developing green production technologies, the Group also categorises waste materials for more effective management in accordance with national laws such as the "Prevention and Control of Environmental Pollution of Solid Waste" and the "Administrative Measures for Urban Living Garbage", in order to implement the waste recycling "3R" principle (i.e. Reduction, Reuse and Recycling) to reduce disposal costs. Additionally, the Group aims to conduct or participate in annual activities to raise employee awareness and engagement, to achieve the ultimate goal of "fully classified, zero waste" in its waste management practices.

The Group also continues to actively promote green office practices and encourages employees to adopt the 3R principle, fostering environmental protection as a self-aware behavior among staff. This includes: (1) Waste Reduction (Reduce): printing on both sides of paper to reduce consumption; (2) Reuse: reusing wastepaper by printing on the other side of previously used sheets; and (3) Recycle: proper classification and clean recycling of materials.

A2. Use of Resources

As a responsible corporation, the Group upholds the operational philosophy of "priority in conservation, governance at source." As detailed in Aspect A1, the Group has implemented an "Environmental Policy" to manage resource use, aiming to achieve conservation and minimise negative environmental impacts in its business operations. The Group encourages the adoption of energy-efficient, high-performance and environmentally friendly construction equipment, machinery and office supplies that comply with national and industry standards. Accordingly, the Group has implemented suitable measures to improve resource utilisation efficiency and constantly update the latest environmental information to optimise existing services. This commitment ensures the prevention of different forms of pollution from production and reduces potential environmental risks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy Conservation

The Group's energy consumption primarily derives from the fuel combustion from vehicles and electricity for offices. In addition to the aforementioned measures taken, the Group employs various strategies to conserve electricity and mitigate ecological damage. Below are some of the Group's efforts in being environmentally sustainable:

- | | |
|----------------------------------|--|
| Use of power-saving lighting | • The Beijing Office and Zhongshan Factory are using LED lighting. |
| Regular check-up and maintenance | • Regular repair and maintenance works are conducted for the office equipment to keep the equipment in low consumption and highly efficient condition. |
| Promoting energy conservation | • Regularly educate the employees on and promote energy saving practices. All employees are taught to turn off electronics that are not in-use or before going off work, in order to make energy-saving a habit in their work routine. |

The significant increase in energy consumption is primarily attributed to the expansion of including electricity consumption from our US-based data center.

Due to the change of scope, the Group has set a target to reduce energy consumption intensity by 5% by 2030 using 2025 as the baseline year.

The performance of the Group's energy consumption is summarised below:

Types of energy ⁶	Units ⁷	2025	2024
Direct energy consumption			
Gasoline consumption by mobile sources	kWh	39,256.72	44,234.79
Consumption intensity	kWh/employee	530.49	623.03
Indirect energy consumption			
Power consumption of facility	kWh	758,787.06	32,298.00
Consumption intensity	kWh/employee	10,253.88	454.90
Total energy consumption			
Total energy consumption	kWh	798,043.78	76,532.79
Total energy consumption intensity	kWh/employee	10,784.38	1,077.93

Notes:

- Energy data are converted to kWh with reference to lower calorific values.
- The unit conversion method of energy consumption data is based on the "Energy Statistics Manual" issued by the International Energy Agency.

Looking forward, the Group will continue to work towards its objective to minimise its environmental impacts by seeking ways to increase energy efficiency.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Water Management

The Group has not encountered any issues with its water sources and faces no difficulties in water supply during its daily operations. Water is sourced through the municipal water supply system and is primarily used for office and domestic purposes. There is no self-contained underground water or water from other natural sources.

To protect precious water resources, the Group strives to minimise water consumption in its business operations. Water-saving labels have been placed in visible locations in washrooms, canteens, and restrooms to remind staff to conserve water. Any water leaks or ageing equipment identified are promptly repaired or replaced by dedicated personnel.

The Group has set a target to reduce water consumption intensity by 2% by 2027 using 2024 as the baseline year. To achieve this target, the Group will identify solutions to minimise water consumption.

The performance of the Group's water consumption is summarised below:

	Unit	2025	2024
Water consumption	m ³	72.27	84.00
Water consumption intensity	m ³ /employee	0.98	1.18

Use of Packaging Material

The Shenzhen Headquarters, Beijing Office, and Zhongshan Factory are dedicated solely to office functions and therefore do not involve the production of packaging materials for finished products. Nevertheless, the Group advocates the avoidance of excessive packaging and encourages external contractors to integrate sustainable packaging principles into their design processes during product development. This approach minimises the environmental impact of products throughout their life cycles. Additionally, the Group prioritises green production technologies during material sourcing and production processes.

A3. The Environment and Natural Resources

To fulfil its due corporate social responsibilities, the Group has established green office policies and management measures under the abovementioned "Environmental Policy". These initiatives actively embed environmental responsibility into daily operations, thereby minimising adverse impacts on the environment and reducing the consumption of natural resources, while promoting environmental protection across various aspects of the supply chain.

Environmental Management

A comprehensive environmental management system serves as the foundation for the Group's commitment to green development. In addition to strictly abiding by environmental laws and regulations, the Group is also committed to promoting green operations and development. The Group actively encourages close cooperation with external contractors to promote the environmental awareness, and requires the external contractors to fully formulate and complete assessment of the ISO 9001 Quality Management System and ISO 14001 Environmental Management System based on their actual operating conditions. Through effective enforcement and implementation, this jointly achieved the Group's sustainable development goals.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Paperless Offices

The Group places significant emphasis on minimising resource consumption across its office premises to ensure minimal environmental impact from its operations. The Group is committed to promoting sustainable office practices and encourages employees to adhere to the 3R principle (Reduce, Reuse, Recycle). This initiative aims to instill a culture of environmental responsibility and awareness among all staff members:

1. Waste Reduction (Reduce): print on both sides to reduce consumption of paper, use energy-saving office equipment, and carry out environmentally friendly procurement;
2. Reuse: reuse wastepaper, print on the other side of the used paper; and
3. Recycle: proper classification and clean recycling.

In daily operation, the Group promotes the greater use of electronic files, replacing printed documents with digital formats. This also includes the use of the CloudHub OA electronic approval system to maximise the adoption of paperless office practices and facilitate resource sharing. The adoption of online operations has been further accelerated following the outbreak of the pandemic.

In addition, the Shenzhen Headquarters, Beijing Office, and Hong Kong Office have introduced potted plants to improve indoor air quality and create a more sustainable workspace. The Group also displays energy conservation notices and reminders throughout office areas to heighten employees' environmental awareness and promote energy-saving habits, such as switching off lights and computers in their respective areas before leaving on the day.

Promoting Environmental Awareness

The Group remains steadfast in its commitment to environmental protection and training throughout its supply chain. To ensure that employees integrate the Group's environmental protection philosophy into their daily work, all new hires undergo comprehensive training in environmental sustainability. Furthermore, the Group encourages employees to actively engage in designing energy conservation and consumption reduction programmes, with the goal of enhancing environmental awareness among all staff members.

Ecological Conservation

The Group upholds its commitment to environmental protection, with particular focus on preserving biodiversity, minimising its carbon footprint, and fostering awareness of climate change. Since its founding, the Group has upheld a strict policy of "Saying No to Shark Fin.", ensuring that no dishes containing shark fin are served at any company-organised meals or events.

A4. Climate Change

In the context of the global climate change crisis, the impact on both livelihoods and the economy has become a critical concern. Consequently, the Group conducts regular assessments and reviews of climate-related risks to its business operations. To address these challenges, the Group has established a "Climate Change Policy" to identify and respond to both physical and transitional risks associated with climate change. This policy incorporates sustainable practices designed to mitigate associated financial risks.

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Physical Risks

Acute Risks

The Zhongshan Factory, one of the Group's key operational sites, is particularly vulnerable to typhoons. Intensified natural disasters could cause short-term disruptions to business activities, potentially resulting in direct adverse effects on revenue. To minimise such interruptions, the Group performs routine inspections of window conditions. Prior to extreme weather events, such as typhoons, windows are securely closed, and the Group strictly follows guidance from local authorities to implement appropriate precautionary measures. It is believed that by making adequate preparations for extreme weather events, the potential fiscal impact can be minimised.

Chronic Risks

Certain climate changes, such as reduced annual rainfall, could adversely impact employees' health and operational efficiency. This could lead to higher medical costs and necessitate adjustments to work schedules. The Group is committed to implementing appropriate policies and health and safety measures for its employees as needed to address these challenges.

Transition Risks

Increasingly stringent environmental regulations governing operations, products, and services are driving up compliance and product development costs for the Group.

To avoid cost increments, non-compliance fines or reputational risks due to delayed responses, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate and is prepared to alert the top management when necessary. The Group has adopted various energy-saving and emission-reduction initiatives and maintains full compliance with applicable environmental laws. Internal systems and standards are promptly updated to advance energy efficiency and emission reductions, thereby lowering environmental impacts while ensuring regulatory adherence and preserving operational capacity.

B. SOCIAL

Employment and Labour Practices

Objectives

- Provide employees with comprehensive support and cultivate strong relationships with employees
- Foster an environment for continuous learning and encourage employees to pursue career development in the Group
- Respect the labour rights and human rights of all employees, maintain high ethical standards, clearly specify human resources management policies, and promote an inclusive culture within the Group
- Promote healthy and safe workplaces, ensure zero fatal accidents in the workplaces

The success of the Group's business is underpinned by the unwavering dedication and committed contributions of all employees. Recognising that the recruitment, retention, and development of talent are essential for maintaining market competitiveness, the Group has established a series of employment policies to ensure fair and equitable treatment of all employees. The Group prioritises the well-being of its workforce and actively encourages its suppliers to fulfil their corporate social responsibilities.

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B1. Employment

The Group is deeply committed to protecting the health, safety, rights, and overall well-being of its employees by creating a supportive workplace that fosters professional growth and supports work-life balance. From the recruitment stage onwards, the Group consistently refines and enhances its employment practices in alignment with local legislation, fostering a workplace culture characterised by equal opportunities, diversity, and adherence to regulatory requirements to protect and promote the welfare of its employees. Adhering strictly to the relevant labour laws such as the “Labour Law of the People’s Republic of China,” “Labour Contract Law of the People’s Republic of China,” and the “Employment Ordinance of Hong Kong,” the Group upholds principles of respect and fairness in its treatment of all employees.

Throughout the Reporting Period, the Group complied with local laws and regulations pertaining to compensation, recruitment, advancement, termination, working hours, leave entitlements, equal opportunities, diversity, anti-discrimination, as well as employee benefits and welfare. No significant labour disputes disrupting normal business operations and penalties for any violations of applicable laws and regulations were reported.

As at 31 December 2025, the Group had a total of 74 employees including the executive Directors and senior management (as at 31 December 2024: 71). The following table sets out the Group’s number of employees and distribution by gender, age group, geographical region and employment type.

Indicators ⁸	As at 31 December 2025	As at 31 December 2024
Total	74	71
By gender		
Male	39	39
Female	35	32
By age group		
18–24	–	–
25–34	12	13
35–44	16	23
45–54	23	18
55–64	18	16
≥65	5	1
By geographical region		
Mainland China	46	48
Hong Kong, the PRC	25	22
Elsewhere	3	1
By employment category		
Full-time	74	71

Note:

- The calculation was based on “How to prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs” issued by the Stock Exchange.

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The Group's monthly average turnover rate⁹ for the Reporting Period was 0.34% (FY2024: 2.86%). The following table sets out the Group's monthly average turnover rate by gender, age group and geographical region:

Turnover Rate ¹⁰	2025	2024
By gender		
Male	0.43%	4.08%
Female	0.24%	1.42%
By age group		
18-24	–	8.33%
25-34	–	1.56%
35-44	0.52%	4.29%
45-54	–	3.43%
55-64	0.90%	0.49%
≥65	–	2.96%
By geographical region		
Mainland China	0.36%	3.39%
Hong Kong, the PRC	0.33%	1.80%

Notes:

9. The calculation method of monthly average turnover rate is the average of monthly turnover rate in the year.
- The calculation method of monthly turnover rate: (total number of departures in each month ÷ number of employees at the end of the month) × 100%.
10. The calculation method of monthly average turnover rate by category is the average of monthly turnover rate by category in the year.
- The calculation method of monthly turnover rate by category: (number of departures in the category in the month ÷ number of employees at the end of the month in the category of the month) × 100%.

Equal Opportunity, Diversity and Inclusion

The Group is committed to cultivating an inclusive and discrimination-free workplace, providing equal opportunities to all employees regardless of gender, age, nationality, religion, sexual orientation, or physical ability, while extending fair consideration to all job applicant. In accordance with the "Labour Law of the PRC," the "Labour Contract Law of the PRC," and the "Employment Ordinance of Hong Kong," the Group has established relevant systems and methods, such as the "Management Regulations on Prohibiting Discrimination" and "Human Resources Management Procedures." The Group adheres to the principles of fairness, equality, and transparency in its recruitment processes, employing outstanding talent through diversified channels. All employment-related decisions – covering hiring, remuneration, benefits, bonuses, promotions, and terminations – are determined solely on the basis of educational qualifications, professional expertise, and individual performance. The Group enforces a zero-tolerance policy towards discrimination based on race, skin color, social status, place of birth, nationality, religion, disability, gender, sexual orientation, trade union membership, political stance, or age.

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To support employees' ongoing professional growth and career aspirations, the Group has established a comprehensive performance evaluation system and promotion framework that integrates targeted training programmes. These initiatives create a solid career development platform, promoting a positive cycle of talent cultivation, deployment, and selection. Through this approach, the Group strengthens the foundation for its long-term sustainable development while offering meaningful opportunities and incentives for employees' personal and career advancement.

Protection of Rights and Interests

To ensure competitive and equitable remuneration, the Group regularly refines and strengthens its compensation policies and systems. In compliance with local laws and regulations, the Group gets involved in employment contracts with its employees to safeguard their legal rights and interests, establish medical insurance policies, and ensure that minimum wage standards are met. Employees are entitled to benefits such as paid holidays, sick leave, work-related injury leave, and maternity leave, in accordance with legal requirements.

The Group also operates a structured annual salary adjustment process that incorporates market benchmark data, overall business results, individual role responsibilities, and performance evaluation outcomes. Through this approach, employees benefit from remuneration packages that remain fair and market-competitive.

Welfare provisions are designed in strict adherence to the "Social Insurance Law of the People's Republic of China," the "Occupational Injury Insurance Regulations," and other relevant standards. The Group makes full statutory contributions to social insurances, provides required leave and holiday entitlements, and offers extended paternity and maternity leave beyond legal minimums. Employees at the Shenzhen Headquarters, Beijing Office, and Zhongshan Factory are enrolled in the complete package of five social insurances and one housing fund – covering pension, medical, work-related injury, unemployment, and maternity insurance, together with the housing provident fund.

For terminations, the Group follows a strict and compliant procedure aligned with national legislation. The Group may terminate employment contract with an employee who involves in serious dereliction of duty or severe violation of national laws and regulations or the Group's rules and regulations, in that case, the Group will initiate compensation and retirement procedures (including the payment of compensation, indemnity and planned retirement arrangements) in accordance with the "Labour Law of the People's Republic of China", "Labour Contract Law of the People's Republic of China", "Employees' Compensation Ordinance of Hong Kong" as well as other related laws and regulations.

Employee Communication

Employee cohesion plays a pivotal role in driving the Group's long-term progress, while open and effective communication with staff forms the bedrock of smooth operations. To this end, the Group has established mechanisms to gather employee feedback and actively listen to their opinions and suggestions. Employees are encouraged to express their views through various channels, including opinion boxes, email, phone, WeChat, and other platforms. The Group promptly addresses issues of high concern to employees, ensuring their interests are safeguarded.

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B2. Health and Safety

The Group places high priority on safety and proactively implements effective measures to mitigate safety risks. It has put in place a comprehensive safety management framework that includes systematic hazard identification, risk assessment, and control measures. Additionally, the Group has established a “Health and Safety Policy” that outlines the necessary health and safety requirements for its operations. These policies are formulated in compliance with relevant laws and regulations, such as the “Production Safety Law of the People’s Republic of China,” the “Law of the People’s Republic of China on the Prevention and Treatment of Occupational Diseases,” and the “Fire Protection Law of the People’s Republic of China,” with the aim of minimising and controlling potential occupational safety and health hazards in business operations.

During the reporting period, the Group was not aware of any non-compliance with health and safety-related laws and regulations that would have a significant impact on its operations. The Group did not experience any accidents or complaints that had a material adverse effect on its operations, nor was it subjected to any penalties for violations of applicable laws and regulations.

Health Protection

To allow employees to focus on their work, the Group, in addition to offering various insurance benefits and retirement funds in accordance with legal requirements, also provides annual subsidies for employees to visit professional health checkup centers for medical examinations. Additional medical insurance coverage further supports employees’ well-being both at work and in their personal lives.

Safety Management of Workplace

Maintaining a safe workplace is a key focus for the Group, which has established strict internal requirements in alignment with the “Work Safety Law of the People’s Republic of China,” the “Fire Protection Law of the People’s Republic of China,” and the “Fire Services Ordinance of Hong Kong.” These internal requirements include:

1. The layout of the workplace should be reasonable, kept clean and tidy;
2. The aisles should be flat and unblocked with adequate lighting; and
3. Fire facilities must be installed, and fire extinguishers must be put in the workplace.

These measures are integral to fostering a safe and secure working environment.

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Security Awareness Training

The Group provides structured training programmes that cover occupational health topics, real-life case studies, and fire evacuation procedures to ensure employees are well-prepared for emergencies. Various channels – such as notice boards and internal digital platforms – are used to build safety awareness. These same channels share timely alerts about incidents and key information on health, safety, and environmental matters. Regular updates are also sent through the intranet and email, keeping everyone informed and helping to foster a strong safety culture.

The Group has consistently aimed to achieve zero fatal accidents in its workplaces. Over the past three years, including the Reporting Period, there have been no work-related fatalities and no lost days due to work injuries. This underscores the Group's success in actively promoting occupational health and safety.

B3. Development and Training

In today's rapidly evolving technological landscape, the Group recognises that ongoing access to new knowledge and skills is vital for sustaining competitive advantage. To reflect its strong commitment to continuous development, the Group has implemented the "Employees Training Management System." This system highlights the importance of developing a core of well-trained individuals whose enhanced performance will contribute to the Group's overall success. The Group actively promotes a culture of lifelong learning among employees, enhancing team effectiveness and individual professionalism. These efforts not only drive sustained organisational performance but also reinforce the foundations for long-term sustainable development. Comprehensive training and development programmes are provided to deepen employees' expertise in operational and safety practices, create clear pathways for career progression, and strengthen employee engagement and retention.

Induction Training

To facilitate the swift integration of new hires, the Group's human resources department delivers structured onboarding training upon joining. This programme introduces essential topics, including the Group's history, corporate culture, business philosophy, internal policies and procedures, core operational knowledge, safety protocols, and employee benefits. The goal is to build a strong understanding of roles and the workplace environment, enabling new employees to contribute effectively from the outset.

Vocational Skills Training

To nurture a proficient professional and technical workforce, the Group offers extensive career development opportunities designed to advance employees' specialised knowledge, skills, and competencies. The Group actively supports and subsidises participation in external programs, such as professional certification courses, workshops, and seminars. These initiatives aim to elevate overall professional standards and individual capabilities, empowering talented employees to excel and advance in tandem with the Group's growth.

To strengthen compliance awareness, the Group launched the 2025 Compliance Training Programme, which broadens the scope of training and extends coverage to a wider target audience. In addition, the Group has established specific objectives to enhance operational efficiency and raise cybersecurity awareness in relation to the business applications of artificial intelligence through targeted staff training initiatives. A substantial proportion of the training hours during the Reporting Period was delivered via self-learning modules, contributing to noticeable year-on-year fluctuations in the reported training metrics compared with the previous year.

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During the Reporting Period, the percentage of employees trained¹¹ was 37.84%, and the average training hours was 21.86 hours¹². The following table sets out the breakdown of trained full-time employees and average training hours completed per full-time employee by gender and employee category:

	Breakdown of employees trained ¹³		Average training hours ¹⁴	
	2025	2024	2025	2024
By gender				
Male	61%	55%	22.72	1.37
Female	39%	45%	20.91	1.34
By employee category				
Senior management	61%	19%	51.11	2.39
Middle management	21%	17%	72.50	1.82
Supervisors	14%	17%	39.45	1.69
General staff	4%	47%	3.13	0.98

Notes:

11. The calculation method of the percentage of employees trained: (total number of employees trained at the end of reporting period ÷ the total number of employees at the end of reporting period) × 100%.
12. The calculation method of the average training hours: the total number of training hours at the end of the reporting period ÷ the total number of employees at the end of the reporting period.
13. The calculation method of the percentage of employees who received training by category: (the number of employees trained in the specified category at the end of the reporting period ÷ the total number of employees who received training at the end of the reporting period) × 100%.
14. The calculation method of the average training hours completed per employee by category: the total training hours of employees in the specified category at the end of the reporting period ÷ the total number of employees in the specified category at the end of the reporting period.

B4. Labour Standards

The Group strictly prohibits all forms of forced or compulsory labour, including involuntary overtime, in full compliance with the "Employment Ordinance of Hong Kong" and the "Labour Law of the People's Republic of China". During the Reporting Period, no instances of non-compliance with laws and regulations relating to the prevention of child or forced labour were identified. In the event of any detected non-compliance, the Group would immediately suspend the relevant activities, conduct a comprehensive investigation, and report to the appropriate authorities as required.

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Child Labour Prevention

The Group maintains a zero-tolerance policy towards child labour, supported by internal frameworks such as the “Management Regulations on Child Labour” and “Underage Worker and Human Resources Management Procedures”. In accordance with the “Regulations of the PRC on Special Protection of Under-age Workers”, the “Employment Ordinance of Hong Kong”, and applicable regulations in other jurisdictions, the Group rigorously verifies applicants’ identity documents at multiple stages – during recruitment, position approval, and onboarding – to ensure accurate confirmation of age and nationality.

Forced Labour Prevention

Fully respecting employees’ rights to freedom of employment, resignation, overtime arrangements, and movement, the Group operates in strict accordance with the “Labour Contract Law of the People’s Republic of China” and the “Employment Ordinance of Hong Kong”. The employment contracts of the Group adhere to local laws and regulations, clearly outlining the rights and responsibilities of both parties to safeguard employees’ entitlements. These contracts explicitly prohibit any form of forced labour, ensure that all work is undertaken voluntarily, and forbid practices such as servitude, bonded labour, corporal punishment, detention, or threats of violence.

Operating Practices

Objectives

- Comply with the policies and codes established by the Group. Report the case in a transparent way and take early corrective measures if necessary
- Conduct business with integrity, comply with all relevant and applicable laws and regulations within its operational frameworks
- Innovative product design to enhance user experience with improved quality, safety and environmental/health benefits
- Comply with all applicable regulations on data protection and cybersecurity and minimise the risk of business disruption from cyberattacks
- Suppliers are required to comply with all aspects of the Group’s environmental standards, including work processes, products or services, child labour, basic human rights, working conditions, compensation, occupational health and safety, and business ethics
- Only cooperate with suppliers and business partners who adhere to the requirements of the Group

The Group is dedicated to becoming the most trusted enterprise and a moral leader in the industry. We provide products and services in a fair and responsible manner, expanding our business in accordance with laws and regulations while prioritising a people-oriented approach, integrity, business ethics, and environmental protection. The Group adheres to the highest quality and safety standards to deliver high-quality and reliable products and services to our customers. Through continuous innovation and tailored solutions, the Group seeks to build and maintain enduring customer confidence. Ensuring that suppliers share and uphold the Group’s sustainability principles remains fundamental to realising this vision.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B5. Supply Chain Management

Reliable partnerships with suppliers are fundamental to the sustained growth and success of the Group's business. Suppliers represent a key stakeholder group, playing a vital role in value creation and maintaining close collaboration with the Group. The Group currently works with nine principal suppliers, six of which are based in Mainland China and three in Hong Kong. The Group is committed to building and nurturing long-term relationships with its suppliers. To facilitate effective cooperation and support supplier development, the Group has implemented a flexible procurement framework tailored to the diverse requirements of its supply chain.

Appointment of Contractor

The Group maintains a rigorous and transparent supplier admission process to ensure fair and equal opportunities for all prospective contractors. Before engaging any supplier, comprehensive audits are conducted to assess their capabilities in quality assurance, environmental performance, and occupational health and safety. The Group also performs regular reviews and evaluations of supplied materials to verify continued compliance with required standards and to uphold consistent excellence. Suppliers who fail to meet the Group's standards will be removed from the "List of Recognised Suppliers". During the Reporting Period, all suppliers were engaged under the standardised practices.

External Contractor Management

The Group places immense importance to the safety of all external contractors' operators. For outsourced business activities, the Group mandates that its external contractors enhance their monitoring and management practices. Contractors are encouraged to establish comprehensive safety management protocols and designate dedicated safety supervisors. Through regular safety training sessions and periodic inspections, the Group ensures that critical safety information and potential hazards are clearly communicated. The Group further provides supervision and guidance to help contractors enhance their safety performance and achieve effective implementation of safety measures.

In terms of product assurance, the Zhongshan Factory of the Group will use different agreements to control the product quality delivered by each external contractor, such as the most commonly used "RoHS Agreement". At the same time, the Group requires that external contractors must pass the certification assessment related to ISO 9001 and ISO 14001, which ensure that their management system and environmental protection policies are up to standard and are align with the Group's sustainable development goals.

These requirements apply across multiple dimensions of external contractor operations to mitigate supply chain risks. Their primary objective is to ensure that final products not only fully comply with applicable laws and regulations but also meet customer expectations and requirements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Sustainable Supply Chain

As a responsible corporate, the Group collaborates with its contractors to mitigate the environmental and social impacts of business operations. To reduce carbon emissions and energy use associated with transportation, the Group prioritises qualified local suppliers that meet its software and hardware standards. When selecting local suppliers, the Group adopts centralised procurement practices to consolidate deliveries and optimises routing to lower vehicle emissions. In addition, when purchasing or upgrading operational equipment, the Group refers to energy labelling schemes to select high-efficiency models wherever feasible, thereby improving overall energy management.

Under the “Green Procurement Regulatory Policy”, the Group integrates sustainability considerations into its procurement and outsourcing process and requires suppliers to meet basic standards. For example, all suppliers are required to abide by the sustainability principles, and to ensure that their full-time and temporary employees, suppliers and sub-suppliers confirm and comply with the requirements of the relevant policies.

B6. Product Responsibility

The Group is highly aware of enhancing the health and safety performance of products and services as it is crucial to long-term business development. In countries where the products are being produced by the Group’s external contractors and sold by the Group, the Group and external contractors strictly comply with the laws and regulations. This includes adherence to the “Work Safety Law of the People’s Republic of China,” the “Special Equipment Safety Law of the People’s Republic of China,” and regulations in the regions where customers are located. These measures ensure that products meet all legal standards in operational regions while fulfilling customer expectations, thereby upholding superior product quality.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations that have a significant impact on the Group, regarding product health and safety, advertising, labelling and privacy matters relating to products and services provided.

Quality Management

Rigorous quality oversight is applied by the Group across every stage of production, from raw material receipt to final product dispatch. Specialised staff are assigned to external contractors’ sites to monitor quality controls and confirm compliance with defined standards. Production operators at these facilities are required to perform diligent checks to avoid releasing any non-compliant items. All incoming materials undergo inspection under “Management Regulations on Routine Inspection and Verification Inspection”, verifying that components from external contractors meet applicable international and local standards before proceeding to volume production.

During the Reporting Period, the Group did not encounter any significant product quality issues that resulted in health and safety incidents, fines, product recall orders, or other penalties imposed by the Chinese government or other regulatory authorities, and therefore, recall procedures were not applicable.

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Customer Services

Achieving high levels of customer satisfaction is fundamental to the Group's ongoing success. Continuous improvements are pursued across all operations to consistently exceed customer expectations. Free maintenance coverage is extended for 13 to 36 months after purchase, complemented by round-the-clock response support during the warranty term. Effective management of after-sales services has strengthened customer confidence and ensured products deliver on promised performance. The Reporting Period saw no significant complaints about products or services.

Intellectual Property Rights

Proprietary products and production technologies represent critical intangible assets for the Group's operations. Full protection of these assets is ensured through compliance with relevant legislation, including the Patent Law and Trademark Law of the People's Republic of China, alongside research and development agreements with employees. According to the "Non-Disclosure Agreement" agreed between the Group and the employees, employees must preserve the confidentiality of the Group's technologies and trade secrets and are expressly barred from any plagiaristic activities during or after their employment.

Customer Data Protection

Stringent protocols govern the handling and security of customer intellectual property information and associated documents, consistent with the internally issued "Non-Disclosure Agreement." Confidential documents are managed and stored by a designated department to ensure their security. Unauthorised duplication, personal retention, or removal of such documents from company premises by employees is strictly prohibited.

Fair Business Practices

Ethical standards guide all advertising activities, with any factual inaccuracies in claims, descriptions, or explanations expressly forbidden. Sales and promotional materials are developed in complete accordance with applicable laws and industry guidelines, guaranteeing that content is accurate, equitable, reasonable, and free from misleading elements, thus protecting consumer interests. These standards are compulsory and binding for every employee. Thorough pre-release reviews of all advertisements and promotional items are conducted to prevent misrepresentations and support informed customer decision-making.

B7. Anti-corruption

The Group highly values the integrity of its business engagements. The Group strictly adheres to the rules and regulations in the "Anti-Unfair Competition Law of the People's Republic of China" as well as all ordinances against bribery, extortion or blackmailing, fraud and money-laundering. During the Reporting Period, the Group was not aware of any incidents of non-compliance with relevant laws and regulations concerning bribery, extortion, fraud and money laundering. There were no concluded legal cases regarding corrupt practices brought against the issuer or its employees.

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To strengthen corporate governance, the Group implements robust internal control and audit supervision measures to mitigate operating risks. An internal audit system has been established in accordance with relevant regulations, laws, and internal rules, including the “Audit Law of the People’s Republic of China”, the “Fundamental Management System under Regulations of the Auditing Department regarding Internal Audit Work,” and the “Prevention of Bribery Ordinance of Hong Kong”. Internal audit is an independent consultation, evaluation, control and supervision activity carried out within the Group. Through systematic and standardised methods, the Group reviews and evaluates the operational activities, target achievement, internal control implementation, and resource utilization across various departments. It also provides relevant analysis, recommendations and assists in supervising management personnel to perform their duties with due diligence.

Independent external auditors are also engaged to conduct financial and compliance reviews. These third-party professionals verify the accuracy and legitimacy of the Group’s financial records, confirming full adherence to statutory requirements and maintaining transparency and impartiality in operations. The Group consistently upholds its fundamental principles of fair trade and ethical business conduct.

Comprehensive “Whistle-blowing Policy” enables employees and other stakeholders to report suspected misconduct or illegal activities confidentially and securely. Whistle-blower identities are strictly protected, and verified violations are handled through established disciplinary processes. Cases involving corruption or illegality are promptly escalated to the appropriate judicial authorities.

Key policies – including the “Anti-corruption and Bribery Policy” and “Whistle-blowing Policy” – together with guidance on corporate integrity, employee ethics, and anti-corruption frameworks for listed companies, are shared with employees and Directors at least once a year. Continuous efforts are made to build awareness through training on ethical practices and anti-corruption measures. Directors and staff periodically participate in anti-corruption training to strengthen their understanding of relevant laws and develop practical skills for preventing corruption. During the Reporting Period, no dedicated anti-corruption training sessions were held.

B8. Community Investment

The Group established the “Community Investment Policy” during the Reporting Period to provide clear guidance on charitable contributions. It continually assesses the wider effects of its activities on local economies, environments, and communities. The Group is committed to deploying its resources, influence, and technological capabilities to foster local job creation and deliver meaningful benefits to nearby communities. During the Reporting Period, the Group contributed RMB 20,000 to support the “Antai Industry Research Fund” at Shanghai Jiao Tong University Antai College of Economics and Management. Moving forward, the Group will remain dedicated to its corporate social responsibilities and continue to participate actively in community initiatives.

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Mandatory Disclosure Requirements		Sections
Governance Structure		Board Statement on ESG
Reporting Principles		Reporting Principles
Reporting Boundary		Reporting Scope
Subject Areas, Aspects, General Disclosures and KPIs		
Description		Section/Statement
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A1. Emissions
KPI A1.1	The types of emissions and respective emissions data.	A1. Emissions – Exhaust Gas Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1. Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1. Emissions – Waste Management – Hazardous Waste (N/A – explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1. Emissions – Waste Management – Non-hazardous Waste (N/A – explained)
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Protection; A1. Emissions – GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection; A1. Emissions – Waste Management – Non-hazardous Waste

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**Subject Areas,
Aspects, General
Disclosures and KPIs**

	Description	Section/Statement
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A2. Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	A2. Use of Resources – Energy Conservation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A2. Use of Resources – Water Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2. Use of Resources – Energy Conservation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A2. Use of Resources – Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A2. Use of Resources – Use of Packaging Material (N/A – explained)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	A3. The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3. The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	A4. Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	A4. Climate Change

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Subject Areas, Aspects, General

Disclosures and KPIs	Description	Section/Statement
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	B1. Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	B1. Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	B1. Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	B2. Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B2. Health and Safety – Security Awareness Training
KPI B2.2	Lost days due to work injury.	B2. Health and Safety – Security Awareness Training
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B2. Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Subject Areas,
Aspects, General
Disclosures and KPIs**

	Description	Section/Statement
Aspect B3: Development and Training		
General Disclosure	<p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p><i>Note:</i> Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	B3. Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	B3. Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	B3. Development and Training
Aspect B4: Labour Standards		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child and forced labour.</p>	B4. Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	B4. Labour Standards – Child Labour Prevention; Forced Labour Prevention
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	B4. Labour Standards

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General

Disclosures and KPIs	Description	Section/Statement
Aspect B5: Supply Chain management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B5. Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	B5. Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	B5. Supply Chain Management – Appointment of Contractor
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5. Supply Chain Management – External Contractor Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5. Supply Chain Management – Sustainable Supply Chain
Aspect B6: Product Responsibility		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	B6. Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6. Product Responsibility – Quality Management (N/A – explained)
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	B6. Product Responsibility – Customer Services
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	B6. Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	B6. Product Responsibility – Quality Management
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B6. Product Responsibility – Customer Data Protection

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Subject Areas,
Aspects, General
Disclosures and KPIs**

Description **Section/Statement**

Aspect B7: Anti-corruption

General Disclosure	Information on:	B7. Anti-corruption
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	

relating to bribery, extortion, fraud and money laundering.

KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	B7. Anti-corruption
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KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B7. Anti-corruption
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KPI B7.3	Description of anti-corruption training provided to directors and staff.	B7. Anti-corruption
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Aspect B8: Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B8. Community Investment
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KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B8. Community Investment
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KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	B8. Community Investment
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INDEPENDENT AUDITOR'S REPORT

for v/s mazars

**TO THE SHAREHOLDERS OF
YUXING INFOTECH INVESTMENT HOLDINGS LIMITED**
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Yuxing InfoTech Investment Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 77 to 171, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matters identified in our audit are summarised as follows:

Key audit matter

How the matter was addressed in our audit

Fair value of investment properties

As at 31 December 2025, investment properties held by the Group were stated at fair value of HK\$978,809,000.

Our key procedures in relation to management's estimation of the fair value of investment properties included:

Significant estimation and judgement are required by management to determine the fair value of the investment properties which is significant to the consolidated financial statements, including the determination of valuation techniques and the selection of financial inputs in the model. Therefore, it is considered as key audit matter. Management has engaged independent professional valuers whose work has been relied on in the estimation of the fair value of the investment properties.

- Understanding and evaluating management's key controls over the fair value assessment process;
- Evaluating the competence, capabilities and objectivity of the independent professional valuers;
- Assessing the appropriateness of the work of the independent professional valuers for valuation of investment properties by making enquiries on the bases of valuation and obtaining corroborative evidence on the input data; and
- Considering the relevance and reasonableness of key assumptions and methods used, and the relevance and accuracy of the source data used.

Relevant disclosures are made in notes 2, 4, 7 and 17 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matters identified in our audit are summarised as follows: *(Continued)*

Key audit matter

How the matter was addressed in our audit

Impairment in respect of loans receivable

As at 31 December 2025, the Group had loans receivable amounting to HK\$23,352,000. Loss allowance for expected credit losses ("ECL") amounting to HK\$219,239,000 has been provided on loans receivable.

Management estimates the lifetime or 12-month loss allowances for loans receivable based on internal credit rating which reflect credit risk characteristics with reference to the credit loss experience, ageing of overdue receivables, debtors' repayment history and financial position, and an assessment of both the current and forecast general economic conditions.

Significant degree of management judgement was involved in evaluating the ECL of the Group's loans receivable as at 31 December 2025. Management has engaged independent professional valuer whose work has been relied on in the estimation of the ECL of loans receivable.

Relevant disclosures are made in notes 2, 4, 6(a) and 26 to the consolidated financial statements.

Our key procedures in relation to management's impairment assessment on loans receivable included:

- Reviewing and testing the Group's credit control policy over grant and extension of loans and monitoring of principal and interest repayments according to the terms as stipulated in the loan agreements;
- Understanding and assessing the appropriateness of management's methodology for identifying internal credit rating of loans receivable which reflects the credit risk characteristics;
- Evaluating the competence, capabilities and objectivity of the independent professional valuer;
- Evaluating the independent professional valuer's basis and judgement in determining ECL on loans receivable, including the identification of credit-impaired loans receivable, assessment of significant increase in credit risk on loans receivable and the basis of estimated loss rates applied on each debtor;
- Examining the information used by the independent professional valuer to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information; and
- Assessing the expected future cash flows, including assumptions in respect of the realisable value of collaterals.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matters identified in our audit are summarised as follows: *(Continued)*

Key audit matter

How the matter was addressed in our audit

Impairment in respect of trade and other receivables

As at 31 December 2025, the Group had trade receivables and other receivables (net of loss allowances) amounting to HK\$29,745,000 and HK\$359,321,000 respectively. Loss allowance for ECL amounting to HK\$33,211,000 and HK\$39,588,000 has been provided on trade receivables and other receivables respectively.

Loss allowances for trade and other receivables are based on management's estimate of the lifetime ECL for trade receivables and lifetime or 12-month ECL for other receivables respectively which is estimated by taking into account the credit loss experience, ageing of overdue receivables, debtors' repayment history and financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. Management has engaged independent professional valuer whose work has been relied on in the estimation of the ECL of certain significant other receivables.

Relevant disclosures are made in notes 2, 4, 6(a) and 27 to the consolidated financial statements.

Our key procedures in relation to management's impairment assessment on trade and other receivables included:

- Understanding the Group's credit control policy over trade and other receivables;
- Assessing whether items in the trade receivables ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with the relevant sales invoices on a sample basis;
- Understanding and assessing the appropriateness of management's methodology for identifying internal credit rating of other receivables which reflects the credit risk characteristics;
- Evaluating the competence, capabilities and objectivity of the independent professional valuer;
- Evaluating the independent professional valuer's basis and judgement in determining ECL on certain significant other receivables, including the identification of credit-impaired other receivables, assessment of significant increase in credit risk on other receivables and the basis of estimated loss rates applied on each debtor;
- Examining the information used by the independent professional valuer to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information; and
- Assessing the reasonableness of management's loss allowance estimates on trade and other receivables by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matters identified in our audit are summarised as follows: *(Continued)*

Key audit matter

How the matter was addressed in our audit

Fair value of financial assets at fair value through profit or loss – Unlisted equity securities other than equity securities traded in Over-the-Counter market in the United States

As at 31 December 2025, certain unlisted equity securities held by the Group were classified as financial assets at fair value through profit or loss and measured at fair value of HK\$159,401,000.

Significant estimation and judgement are required by management to determine the fair value of the unlisted equity securities, including the determination of valuation techniques and the selection of financial inputs in the model.

Management has relied on the valuation performed by the independent professional valuers in the estimation of the fair value of the unlisted equity securities.

Relevant disclosures are made in notes 2, 4, 7 and 22 to the consolidated financial statements.

Our key audit procedures in relation to management's estimation of the fair value of unlisted equity securities included:

- Understanding and evaluating management's key controls over the fair value assessment process;
- Evaluating the competence, capabilities and objectivity of the independent professional valuers;
- Assessing the appropriateness of the work of the independent professional valuers by making enquiries on the bases of valuation and obtaining corroborative evidence on the input data; and
- Considering the relevance and reasonableness of key assumptions and methods used, and the relevance and accuracy of the source data used.

OTHER INFORMATION

The Directors of the Company are responsible for the other information. The other information comprises the information included in the 2025 Annual Report of the Company but does not include the consolidated financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

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

The directors of the Company (the "Directors") are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the 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. This report is made solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

Forvis Mazars CPA Limited

Certified Public Accountants

Hong Kong, 25 March 2026

The engagement director on the audit resulting in this independent auditor's report is:

Fung Shiu Hang

Practising Certificate number: P04793

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Revenue	9	68,792	189,035
Cost of sales		(43,348)	(123,054)
Gross profit		25,444	65,981
Other revenue and net income	9	26,284	72,625
Distribution and selling expenses		(1,708)	(8,292)
General and administrative expenses		(109,760)	(121,578)
Other operating expenses		(2,277)	(34,924)
Net changes in fair value of investment properties	17	(7,652)	2,850
Loss allowance on loans receivable	6(a)	(342)	(20,793)
Loss allowance on trade and other receivables, net	6(a)	(10,068)	(12,544)
Loss from operations	10	(80,079)	(56,675)
Finance costs	13	(445)	(549)
Gain on disposal of interests in an associate		8	–
Share of results of associates	21	(3,465)	(836)
Loss before tax		(83,981)	(58,060)
Income tax credit/(expenses)	14	19,423	(3,956)
Loss for the year		(64,558)	(62,016)
Loss attributable to:			
Owners of the Company		(64,213)	(61,970)
Non-controlling interests		(345)	(46)
		(64,558)	(62,016)
Loss per share	16	HK\$	HK\$
– Basic		(0.03)	(0.02)
– Diluted		(0.03)	(0.02)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Loss for the year	(64,558)	(62,016)
Other comprehensive income/(loss):		
Items that are reclassified or may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	5,475	(3,439)
Total other comprehensive income/(loss) for the year (net of tax)	5,475	(3,439)
Total comprehensive loss for the year	(59,083)	(65,455)
Total comprehensive loss attributable to:		
Owners of the Company	(58,738)	(65,409)
Non-controlling interests	(345)	(46)
	(59,083)	(65,455)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Investment properties	17	978,809	133,132
Property, plant and equipment	18	65,158	63,255
Lease receivables	19	3,983	–
Right-of-use assets	20	71,151	74,408
Interests in associates	21	15,087	10,779
Deposits paid	27	4,484	7,454
Prepayments for construction	27	6,266	12,626
Financial assets at fair value through profit or loss	22	205,213	215,085
		1,350,151	516,739
CURRENT ASSETS			
Cryptocurrencies	24	85,449	140,539
Inventories	25	9,142	6,083
Loans receivable	26	23,352	29,081
Trade and other receivables	27	378,316	372,209
Financial assets at fair value through profit or loss	22	4,161	1,503
Income tax recoverable		561	547
Pledged bank deposits	36	200	200
Cash and bank balances		35,498	34,809
		536,679	584,971
Assets classified as held-for-sale	28	–	850,200
		536,679	1,435,171
CURRENT LIABILITIES			
Trade and other payables	29	259,332	265,164
Dividend payables		31	31
Bank and other loans	30	22,189	2,952
Lease liabilities	20	3,313	2,261
		284,865	270,408
NET CURRENT ASSETS		251,814	1,164,763
TOTAL ASSETS LESS CURRENT LIABILITIES		1,601,965	1,681,502
NON-CURRENT LIABILITIES			
Deferred tax liabilities	14	12,046	31,436
Income tax payable		6,192	6,192
Lease liabilities	20	7,391	8,455
		25,629	46,083
NET ASSETS		1,576,336	1,635,419
EQUITY			
Share capital	32	62,193	62,193
Reserves	33	1,518,081	1,576,819
Equity attributable to owners of the Company		1,580,274	1,639,012
Non-controlling interests		(3,938)	(3,593)
TOTAL EQUITY		1,576,336	1,635,419

These consolidated financial statements on pages 77 to 171 were approved and authorised for issue by the Board on 25 March 2026 and signed on its behalf by:

Li Qiang
Director

Cong Yu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserves HK\$'000	Contributed surplus HK\$'000	Property revaluation reserves HK\$'000	Translation reserves HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1 January 2024	62,193	280,057	8,668	234,621	84,992	8,333	4,203	1,022,637	1,705,704	(4,826)	1,700,878
Loss for the year	-	-	-	-	-	-	-	(61,970)	(61,970)	(46)	(62,016)
Other comprehensive loss:	-	-	-	-	-	(3,439)	-	-	(3,439)	-	(3,439)
Exchange differences arising on translation of the foreign operations	-	-	-	-	-	(3,439)	-	-	(3,439)	-	(3,439)
Total other comprehensive loss	-	-	-	-	-	(3,439)	-	-	(3,439)	-	(3,439)
Total comprehensive loss for the year	-	-	-	-	-	(3,439)	-	(61,970)	(65,409)	(46)	(65,455)
Transaction with owners:	-	-	-	-	-	-	-	-	-	-	-
<i>Change in ownership interest</i>	-	-	-	-	-	-	(1,283)	-	(1,283)	1,279	(4)
Changes in ownership interests in a subsidiary that do not result in a loss of control (note 31)	-	-	-	-	-	-	(1,283)	-	(1,283)	1,279	(4)
Total transactions with owners	-	-	-	-	-	-	(1,283)	-	(1,283)	1,279	(4)
As at 31 December 2024 and as at 1 January 2025	62,193	280,057	8,668	234,621	84,992	4,894	2,920	960,667	1,639,012	(3,593)	1,635,419
Loss for the year	-	-	-	-	-	-	-	(64,213)	(64,213)	(345)	(64,558)
Other comprehensive income:	-	-	-	-	-	5,475	-	-	5,475	-	5,475
Exchange differences arising on translation of the foreign operations	-	-	-	-	-	5,475	-	-	5,475	-	5,475
Total other comprehensive income	-	-	-	-	-	5,475	-	-	5,475	-	5,475
Total comprehensive income/(loss) for the year	-	-	-	-	-	5,475	-	(64,213)	(58,738)	(345)	(59,083)
As at 31 December 2025	62,193	280,057	8,668	234,621	84,992	10,369	2,920	896,454	1,580,274	(3,938)	1,576,336

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES			
Loss before tax		(83,981)	(58,060)
Adjustments for:			
Share of results of associates		3,465	836
Interest income		(864)	(2,053)
Interest expenses		445	549
Dividend income		(15)	(444)
Depreciation of right-of-use assets		6,553	6,508
Depreciation of property, plant and equipment		11,290	45,791
Net changes in fair value of investment properties		7,652	(2,850)
(Loss)/Gain on lease modification		57	(41)
Gain on disposal of property, plant and equipment		(239)	(1,097)
Fair value loss/(gain) on financial assets at fair value through profit or loss under non-current assets		9,872	(30,489)
Gain on disposal of subsidiaries		(10)	–
Gain on disposal of interest in an associate		(8)	–
Impairment loss on property, plant and equipment		–	39,310
Loss allowance on loans receivable		342	20,793
Loss allowance on trade and other receivables, net		10,068	12,544
OPERATING (LOSS)/PROFIT BEFORE CHANGES IN WORKING CAPITAL			
		(35,373)	31,297
Decrease in lease receivables		775	–
Decrease/(increase) in cryptocurrencies		55,090	(29,828)
(Increase)/decrease in inventories		(3,086)	26,409
(Increase)/decrease in trade and other receivables		(12,018)	65,258
Increase in financial assets and liabilities at fair value through profit or loss		(2,658)	(8,072)
Decrease in trade and other payables		(3,559)	(75,128)
CASH (USED IN)/GENERATED FROM OPERATIONS			
		(829)	9,936
Income tax paid, net		(302)	(2,795)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES			
		(1,131)	7,141
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(13,070)	(9,319)
Purchase of investment properties		(218)	(1,273)
Purchase of property, plant and equipment sold in finance lease agreement, net of tax		(5,839)	–
Proceed from disposal of property, plant and equipment		281	8,616
Purchase of financial assets at fair value through profit or loss under non-current assets		–	(18,000)
Decrease/(increase) in prepayment for construction		6,360	(11,987)
Acquisition of interests in associates		(7,584)	(8,639)
Proceeds from disposal of interest in an associate		32	–
Interest received		947	1,305
Grant of new loans receivable		(7,514)	(2,950)
Repayment of loans receivable		12,818	2,950
Dividend received		15	444
Proceeds from disposal of subsidiaries		10	–
NET CASH USED IN INVESTING ACTIVITIES			
		(13,762)	(38,853)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
FINANCING ACTIVITIES			
New bank and other loans raised	34	19,325	–
Principal elements of lease payments		(3,193)	(3,110)
Repayment of bank loans		(88)	(11,085)
Net cash outflow from changes of ownership interests in a subsidiary that does not result in loss of control	31	–	(4)
Interest paid		(445)	(549)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		15,599	(14,748)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		706	(46,460)
CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD		35,009	81,877
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(17)	(408)
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD		35,698	35,009
Analysis of the balances of cash and cash equivalents:			
Cash at bank and in hand	(a)	35,498	34,809
Pledged bank deposits with maturity less than three months	(b)	200	200
		35,698	35,009

Notes:

- (a) At the end of the reporting period, cash at bank earned interest at floating rates based on daily bank deposit rates.
- (b) At the end of the reporting period, bank deposits of HK\$200,000 (2024: HK\$200,000) were pledged to secure a loan facility which had an original maturity of less than three months and therefore have been classified as cash equivalents in the consolidated statement of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Yuxing InfoTech Investment Holdings Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares (the “Shares”) are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The addresses of the registered office and principal places of business of the Company are disclosed in the “Corporate Information” section of this annual report.

The principal activity of the Company is investment holding. The principal activities of the Company’s principal subsidiaries are detailed in note 41. The Company and its subsidiaries are herein collectively referred to as the “Group”.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Companies Ordinance, Cap. 622 of the Laws of Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing The listing of Securities on GEM of the Stock Exchange.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements except for the adoption of the following revised HKFRS Accounting Standard that is relevant to the Group and effective from the current year.

Adoption of revised HKFRS Accounting Standard

The Group has applied, for the first time, the following revised HKFRS Accounting Standard:

Amendments to HKAS 21	Lack of Exchangeability
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Amendments to HKAS 21: Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

A summary of the principal accounting policies adopted by the Group is set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment properties and financial assets at fair value through profit or loss ("FVPL"), which are measured at fair value as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented separately from owners of the Company, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis.

Allocation of total comprehensive income

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

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost; and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost.

The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented within these notes, an investment in subsidiary is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates

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

The Group's investment in associate is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held-for-sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Assets classified as held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Assets classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for investment properties, which are continued to be measured in accordance with the Group's other accounting policies.

Property, plant and equipment

Property, plant and equipment, other than construction in progress and freehold land, are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Construction in progress and freehold land are stated at cost, which comprises the cost of acquisition, cost of construction and borrowing costs, if applicable, less any identified impairment loss.

The cost of construction in progress will not be depreciated until they are completed and ready for intended use and are transferred to a specific category of property, plant and equipment when the construction is completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, other than construction in progress and freehold land, over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method at the following rates. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Buildings	3% – 4% or over the relevant lease term, whichever is shorter
Data centre facilities	13% – 20%
Leasehold improvements	5% – 33% or over the relevant lease term, whichever is shorter
Office equipment, furniture and fixtures	10% – 33%
Plant and machinery	10% – 20%
Motor vehicles	10% – 33%
Cryptocurrency mining machines	20%

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

If a property occupied by the Group as an owner-occupied property becomes an investment property measured at fair value, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment” up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation surplus or deficit. At the date of change in use, the revaluation surplus is recognised in profit or loss to the extent of impairment loss previously recognised in profit or loss, with the remaining surplus recognised in other comprehensive income as property revaluation reserves within equity. At the date of change in use, the revaluation deficit is recognised in other comprehensive income to reduce the property revaluation reserves to the extent of the amount previously recognised in property revaluation reserves, with the remaining deficit recognised in profit or loss.

After the date of change in use, the property revaluation reserves are derecognised upon the disposal of investment property.

Investment properties

Investment properties are land and/or building that are held by owner or lessee, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment properties is based on a valuation by independent valuers who hold a recognised professional qualification and have recent experience in the locations and the category of properties being valued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Research and development costs

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. When the asset is available for use, the capitalised development costs are amortised on a straight-line basis over a period which reflects the pattern in which the related economic benefits are recognised.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire; or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset; or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

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. 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 the financial asset to the extent of its continuing involvement and an associated liability for the amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("FVOCI"); (iii) equity investment measured at FVOCI; or (iv) FVPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and measurement (Continued)

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its 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 at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include cash and bank balances, pledged bank deposits, trade and other receivables and loans receivable.

2) Financial assets at FVPL

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading and designated upon initial recognition, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which includes any dividend or interest earned on financial assets. Dividend or interest income is presented separately from fair value gain or loss.

Financial assets are classified as held for trading if they are (i) acquired principally for the purpose of selling in the near future; (ii) part of a portfolio of identified financial instruments that the Group manages together and have a recent actual pattern of short-term profit-taking on initial recognition; or (iii) derivatives that are not financial guarantee contracts or not designated and effective hedging instruments.

The Group's financial assets mandatorily measured at FVPL include listed and unlisted equity securities and a private investment fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expired.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables and bank and other loans. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost and lease receivables to which the impairment requirements apply in accordance with HKFRS 9. At each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items (Continued)

Measurement of ECL (Continued)

Where ECL is measured on a collective basis, the financial instruments are grouped on the following bases of shared credit risk characteristics:

- (i) past due information
- (ii) nature of instrument
- (iii) nature of collateral
- (iv) industry of debtors
- (v) geographical location of debtors
- (vi) external credit risk ratings

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument meets any of the following criteria:

- (i) 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); or
- (ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, 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.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument 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. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets and other items (Continued)

Low credit risk

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Simplified approach of ECL

For trade receivables, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

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

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

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof, based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due. Any recovery made is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

Cryptocurrencies

Cryptocurrencies, including stable coins, are stated at the lower of cost and net realisable value. Cost, which comprises depreciation of the cryptocurrency mining machines and all costs of purchases and, where appropriate, other costs that have incurred in mining the cryptocurrencies, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Cryptocurrencies are derecognised when the Group disposes of them through its trading activities or when the Group otherwise loses control and, therefore, access to the economic benefits associated with ownership of the cryptocurrencies ceases.

When cryptocurrencies are sold, the carrying amount of cryptocurrencies is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of cryptocurrencies to net realisable value and all losses of cryptocurrencies are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of cryptocurrencies is recognised as a reduction in the amount of cryptocurrencies recognised as an expense in the period in which the reversal occurs.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Rental income under operating lease is recognised when the properties/facilities are let out and on the straight line basis over the lease terms.

Dividend income from investments is recognised when the Group's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The Group is engaged in sale and distribution of information home appliances ("IHA") and complementary products.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers within HKFRS 15 (Continued)

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) 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.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Sale of IHA and complementary products are recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Contract liabilities

Within the context of HKFRS 15, if a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group shall present the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in the currency of Hong Kong dollars ("HKD"), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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

- (a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- (b) Income and expenses for each statement of profit or loss are translated at average exchange rate;
- (c) All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;
- (d) On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;
- (e) On the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and
- (f) On all other partial disposals, which includes partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, right-of-use assets and deposits paid for non-current assets may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impairment of other assets *(Continued)*

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, (i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale), are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. 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.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group accounts for each lease component within a lease contract as a lease separately. 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.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessee (Continued)

The right-of-use asset is initially measured at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, 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, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful life of the right-of-use asset as set out below:

Buildings	1 to 10 years
Leasehold land	Over the lease term
Leasehold properties	3% or over the lease term, whichever is shorter

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

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

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessee (Continued)

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification:

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.
- (b) the Group determines the lease term of the modified contract.
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

As lessor – finance lease

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. The Group applies the derecognition and impairment requirements in HKFRS 9 to the net investment in the finance lease.

The Group accounts for a modification to a finance lease as a separate lease if both:

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a modification to a finance lease that is not accounted for as a separate lease, the Group accounts for the modification as follows:

- (a) if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group:
 - (i) accounts for the lease modification as a new lease from the effective date of the modification; and
 - (ii) measures the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification.
- (b) otherwise, the Group applies the requirements of HKFRS 9.

As lessor – operating lease

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payment for the new lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Employee benefits

Short-term employee benefits

Salaries, annual bonuses and paid annual leave are accrued in the year in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to Mandatory Provident Fund Scheme (the “MPF”) in Hong Kong are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Contributions to the retirement benefit schemes in the People’s Republic of China (the “PRC”), which are calculated on certain percentages of the applicable payroll costs in accordance with the statutory requirements prescribed by the relevant legal authorities, are recognised as an expense in profit or loss when employees have rendered services entitling them to the contributions.

Contributions to the voluntary retirement plans adopted in the United States are calculated based on a maximum of 6% of the eligible employees’ salaries, and are recognised as an expense in profit or loss as incurred. The assets of the pension fund are held separately from those of the Group in funds under the control of trustees.

Long service payments

The Group’s net obligation in respect of long service payments (“LSP”) under the Employment Ordinance (the “EO”) is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the parent of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

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

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

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

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

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FUTURE CHANGES IN HKFRS ACCOUNTING STANDARDS

At the date of authorisation of these consolidated financial statements, the HKICPA has issued a number of new/revised HKFRS Accounting Standards that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Annual Improvements to HKFRS Accounting Standards	<i>Volume 11¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity²</i>
HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to HKAS 21	<i>Translation to Hyperinflationary Presentation Currency²</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>

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

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

³ The effective date to be determined

The directors of the Company (the "Directors") are in the process of assessing the possible impact on the future adoption of the new/revised HKFRS Accounting Standards, but are not yet in a position to reasonably estimate their impact on the Company's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Fair value of investment properties

In assessing the fair value of investment properties, the Group obtains the valuation of the investment properties provided by the independent professional qualified valuers. As described in note 7, the valuation techniques applied by the independent professional qualified valuers for the investment properties have been discussed with the Directors. The Directors review the valuations performed by the independent professional qualified valuers and use their estimation to determine whether valuation techniques applied are appropriate to the circumstances of the Group.

Changes in the key assumptions and the methods used could affect the reported fair value of investment properties in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Fair value of unlisted equity securities other than equity securities traded in the Over-the-Counter market in the United States

In assessing the fair value of unlisted equity securities other than equity securities traded in the Over-the-Counter market in the United States, the Group obtains the valuation of the unlisted equity securities provided by the independent professional qualified valuers. The valuation techniques applied by the independent professional qualified valuers for the unlisted equity securities have been discussed with the Directors. The Directors review the valuations performed by the independent professional qualified valuers, and use their estimation to determine whether valuation techniques applied are appropriate to the circumstances of the Group. Changes in the key assumptions and the methods used could affect the reported fair value of unlisted equity securities in the consolidated financial statements.

Useful lives and impairment of property, plant and equipment and right-of-use assets

The Directors review the economic useful lives and depreciation method of property, plant and equipment at the end of each reporting period, through careful consideration with regards to expected usage, wear-and-tear and potential technical obsolescence to usage of the assets.

In determining whether an item of property, plant and equipment or right-of-use assets is impaired or the event previously causing the impairment no longer exists, the Directors have to assess whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. If any such indication exists, the recoverable amounts of the asset would be determined by reference to value in use and fair value less costs of disposal. Value in use is determined using the discounted cash flow method while fair value less cost of disposal is determined by the estimated resale value of the assets less cost of estimated disposal.

Deferred tax liabilities

At the end of the reporting period, deferred tax liabilities of HK\$12,046,000 (2024: HK\$31,436,000) were provided for, in relation to the PRC land appreciation tax and corporate income tax ("CIT") and United States Federal and State Income Tax arising from revaluation of property, plant and equipment transferred to investment properties and revaluation of investment properties for investment properties situated in the PRC and United States respectively. No deferred tax liabilities in relation to the withholding tax on the distribution of retained profits of the PRC subsidiaries have been provided for as the Group is able to control the timing of reversal of the temporary differences and those profits are not to be remitted out of the PRC in the foreseeable future. Further details are set out in note 14.

Deferred tax assets

As at 31 December 2025, no (2024: no) deferred tax asset has been recognised on the tax losses from the PRC subsidiaries and from the Company and the Hong Kong subsidiaries of HK\$200,361,000 (2024: HK\$220,333,000) and HK\$760,164,000 (2024: HK\$638,392,000) respectively due to unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient profits or taxable temporary differences will be available in the future. In cases there are changes in facts and circumstances which result in revision of future taxable profits estimation, a material recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such recognition takes place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Loss allowance for ECL

The Group's management estimates the loss allowance for financial assets at amortised cost, including trade and other receivables, loans receivable and lease receivables by using various inputs and assumptions including risk of default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables, loans receivable and lease receivables.

The Group has engaged an independent professional qualified valuer for valuation of ECL for loans receivable and certain significant other receivables. The valuation techniques applied by the independent professional qualified valuer for ECL for loans receivable and certain significant other receivables have been discussed with the Directors. The Directors review the valuation performed by the independent professional qualified valuer and use their estimation to determine whether valuation techniques applied are appropriate to the circumstances of the Group. Changes in assumptions could affect the reported carrying amount of loans receivable and other receivables in the consolidated financial statements.

If the ECL rates on the trade receivables over 9 months past due had been 10% (2024: 10%) higher/lower at the end of the reporting period, with all other assumptions held constant, the loss allowance would be increased/decreased by HK\$4,574,000 (2024: HK\$3,916,000) respectively.

Details of the key assumptions and inputs used in estimating ECL are set out in note 6(a).

Discount rates for calculating lease liabilities – as lessee

The Group uses the lessee's incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discounts rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Critical judgement made in applying accounting policies

Cryptocurrencies

During the years ended 31 December 2025 and 2024, the Group received and held cryptocurrencies generated from the cryptocurrency mining machines, as well as purchases from the market. In the process of developing and applying an accounting policy for cryptocurrencies, management of the Group noted that there are no HKFRS Accounting Standards that specifically apply to the accounting treatment for cryptocurrencies held by the Group.

Management has considered the guidance in HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (“HKAS 8”) concerning how the Group should develop its accounting policy under such circumstances. In accordance with HKAS 8, reference was made to the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practice to the extent that these do not conflict with the requirements of the HKFRS Accounting Standards.

Based on literature issued by staff of the International Accounting Standards Board and the HKICPA respectively and with reference to HKAS 2 “Inventories”, which defines an inventory as an asset held-for-sale in the ordinary course of business, management considers that cryptocurrencies held by the Group satisfy the elements of the definition of an inventory and therefore has determined that cryptocurrencies, including stable coins held by the Group, should be accounted for in the same manner as inventories are accounted for under HKAS 2.

Classification of leases – as lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date which involves the overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. As part of the assessment, the Group considers all the relevant factors including the contractual terms and the circumstances of the contractual parties to determine the substance of the transaction.

5. CAPITAL MANAGEMENT

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders of the Company (“Shareholders”), issue new Shares, return capital to Shareholders, raise new debt financing or sell assets to reduce debt.

Meanwhile, the Group monitors its capital structure using a gearing ratio which is calculated as total debts divided by the total equity. For this purpose, the Group defines debt as total debts (which includes bank and other loans, trade and other payables, dividend payables, income tax payable, deferred tax liabilities and lease liabilities).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. CAPITAL MANAGEMENT *(Continued)*

The gearing ratio as at 31 December 2025 and 2024 was as follows:

	Note	2025 HK\$'000	2024 HK\$'000
Current liabilities:			
Trade and other payables	29	259,332	265,164
Dividend payables		31	31
Bank and other loans	30	22,189	2,952
Lease liabilities	20	3,313	2,261
		284,865	270,408
Non-current liabilities:			
Deferred tax liabilities	14	12,046	31,436
Income tax payable		6,192	6,192
Lease liabilities	20	7,391	8,455
		25,629	46,083
Total debts		310,494	316,491
Total equity		1,576,336	1,635,419
Gearing ratio		19.7%	19.4%

The higher gearing ratio of the Group as at 31 December 2025 was primarily due to obtaining of additional loans during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to price risk arising from its equity investments in other entities and movements in its own equity share price.

These risks are mitigated by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, bank balances, pledged bank deposits, loans receivable and lease receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of loss allowance, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Group has limited credit risk with its money deposited in financial institutions and securities brokers, which are leading and reputable and are assessed as having low credit risk. The Group has not suffered any significant losses arising from the non-performance by these parties in the past and management does not expect this position to change in the future.

Trade receivables

In respect of trade receivables, the Group normally grants its customers an average credit period from 30 days to 180 days (2024: 30 days to 180 days). Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors with balances that are more than three months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

At the end of the reporting period, the Group had a concentration of credit risk as 65.8% (2024: 24.7%) and 99.7% (2024: 95.4%) of the total trade receivables was due from the Group's largest debtor and the five largest debtors respectively.

The Group's customer base consists of a wide range of clients and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past three years and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There were no change in the estimation techniques or significant assumptions made during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables (Continued)

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix is summarised below:

	2025			Credit-impaired
	Expected loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	
Not past due	0%-1%	3,399	23	No
Less than 3 months past due	0%-1%	3,535	46	No
3 months to 6 months past due	0%-1%	3,888	46	No
6 months to 9 months past due	0%-44%	6,396	1,415	No
9 months to 1 year past due	44%	6,600	2,871	Yes
1 year to 2 years past due	85%	20,325	16,918	Yes
Over 2 years past due	57%-100%	18,813	11,892	Yes
		62,956	33,211	

	2024			Credit-impaired
	Expected loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	
Not past due	–	10,364	–	No
Less than 3 months past due	0%-49%	8,567	1,387	No
3 months to 6 months past due	49%	2,750	1,387	Yes
6 months to 9 months past due	49%	2,750	1,387	Yes
9 months to 1 year past due	49%	3,667	1,849	Yes
1 year to 2 years past due	0%-49%	21,239	7,982	Yes
Over 2 years past due	49%-100%	14,655	9,028	Yes
		63,992	23,020	

The Group does not hold any collateral over trade receivables as at 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Trade receivables (Continued)

As at 31 December 2025, the Group recognised loss allowance of HK\$33,211,000 (2024: HK\$23,020,000) on the credit-impaired trade receivables. The movement in the loss allowance for trade receivables is summarised below:

	2025 HK\$'000	2024 HK\$'000
At beginning of the reporting period	23,020	16,407
Increase in allowance	10,191	6,613
At end of the reporting period	33,211	23,020

Loans receivable, other receivables and lease receivables

At the end of the reporting period, the Group had a concentration of credit risk in respect of loans receivable, other receivable and lease receivables as 72.7% (2024: 68.9%) of total loans receivable before loss allowance was due from two (2024: two) independent third parties; 66.3% (2024: 76.5%) of total other receivables before loss allowance was due from one (2024: one) independent third party; and 100% (2024: N/A) of total lease receivables was due from Chengdu Ganluhai (as defined in note 17 to the consolidated financial statements).

In estimating the ECL of loans receivable and in determining whether there is a significant increase in credit risk since initial recognition and whether the loans receivable are credit-impaired, management has engaged an independent professional qualified valuer whose work has been relied on in the estimation of the ECL for loans receivable. The Group has taken into account the historical actual credit loss experience on the debtors and the financial position of the counterparties by reference to, among others, their management or audited accounts, legal advice on claims from customers, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

In estimating the ECL of other receivables, management has engaged an independent professional qualified valuer whose work has been relied on in the estimation of the ECL of certain significant other receivables. The Group has taken into account the historical actual credit loss experience, adjusted for general economic conditions and prospects of the industry in which the counterparties operate and various external sources of actual and forecast economic information such as information published by economic expert reports and financial analysts adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Loans receivable, other receivables and lease receivables (Continued)

In estimating the ECL of lease receivables and in determining whether there is a significant increase in credit risk since initial recognition, and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience, adjusted for forward-looking factors that is specific to the debtor and general economic conditions of the industry in which the counterparty operates, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of lease receivables to be insignificant after taking into account the financial position and credit quality of the counterparty. There was no change in the estimation techniques or significant assumptions made during the year.

The Group does not hold any collateral over lease receivables as at 31 December 2025 (2024: N/A).

The gross carrying amounts of loans receivable, by credit risk rating grades, are as follows:

Internal credit rating	Expected loss rate	2025	Gross carrying amount HK\$'000
		ECL	
Performing	0%-13%	12-months	8,780
Underperforming (not credit-impaired)	–	Lifetime	–
Not performing (credit-impaired)	85%-100%	Lifetime	233,811
Write off (credit-impaired)	–	N/A	–
At end of the reporting period			242,591

Internal credit rating	Expected loss rate	2024	Gross carrying amount HK\$'000
		ECL	
Performing	9%	12-months	14,167
Underperforming (not credit-impaired)	–	Lifetime	–
Not performing (credit-impaired)	83%-100%	Lifetime	233,811
Write off (credit-impaired)	–	N/A	–
At end of the reporting period			247,978

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Loans receivable, other receivables and lease receivables (Continued)

As at 31 December 2025, the Group recognised loss allowance of HK\$219,239,000 (2024: HK\$218,897,000) on loans receivable. The movement in the loss allowance for loans receivable during the year is summarised below:

	2025 HK\$'000	2024 HK\$'000
At beginning of the reporting period	218,897	198,104
Increase in allowance, net	342	20,793
At end of the reporting period	219,239	218,897

The movement of the loss allowance on loans receivable, by measurement basis of ECL, is as follows:

	2025 Lifetime ECL			Total HK\$'000
	12-month ECL HK\$'000	Not credit- impaired HK\$'000	Credit- impaired HK\$'000	
At beginning of the reporting period	1,325	–	217,572	218,897
(Decrease)/Increase in allowance	(500)	–	842	342
At end of the reporting period	825	–	218,414	219,239

	2024 Lifetime ECL			Total HK\$'000
	12-month ECL HK\$'000	Not credit- impaired HK\$'000	Credit- impaired HK\$'000	
At beginning of the reporting period	655	32,557	164,892	198,104
Changes in internal credit rating	–	(32,557)	32,557	–
Increase in allowance	670	–	20,123	20,793
At end of the reporting period	1,325	–	217,572	218,897

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Loans receivable, other receivables and lease receivables (Continued)

The gross carrying amounts of other receivables, by credit risk rating grades, are as follows:

Internal credit rating	Expected loss rate	2025	Gross carrying amount HK\$'000
		ECL	
Performing	0%-1%	12-month	129,332
Underperforming (not credit-impaired)	5%	Lifetime	227,061
Not performing (credit-impaired)	38%-100%	Lifetime	41,435
Write off (credit-impaired)	–	N/A	–
At end of the reporting period			397,828

Internal credit rating	Expected loss rate	2024	Gross carrying amount HK\$'000
		ECL	
Performing	0%-1%	12-month	128,147
Underperforming (not credit-impaired)	5%	Lifetime	221,470
Not performing (credit-impaired)	38%-100%	Lifetime	41,375
Write off (credit-impaired)	–	N/A	–
At end of the reporting period			390,992

As at 31 December 2025, the Group recognised loss allowance of HK\$39,588,000 (2024: HK\$39,675,000) on other receivables. The movement in the loss allowance for other receivables during the year is summarised below:

	2025 HK\$'000	2024 HK\$'000
At beginning of the reporting period	39,675	33,787
(Reversal of)/Provision for impairment loss	(123)	5,931
Exchange realignment	36	(43)
At end of the reporting period	39,588	39,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Loans receivable, other receivables and lease receivables (Continued)

The movement of the loss allowance on other receivables, by measurement basis of ECL, is as follows:

	2025			Total HK\$'000
	12-month ECL HK\$'000	Not credit- impaired HK\$'000	Credit- impaired HK\$'000	
At beginning of the reporting period	102	11,116	28,457	39,675
Increase/(Decrease) in allowance	247	(441)	71	(123)
Exchange realignment	–	–	36	36
At end of the reporting period	349	10,675	28,564	39,588

	2024			Total HK\$'000
	12-month ECL HK\$'000	Not credit- impaired HK\$'000	Credit- impaired HK\$'000	
At beginning of the reporting period	–	4,083	29,704	33,787
Increase/(Decrease) in allowance	102	7,033	(1,204)	5,931
Exchange realignment	–	–	(43)	(43)
At end of the reporting period	102	11,116	28,457	39,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Loans receivable, other receivables and lease receivables (Continued)

The gross carrying amount of total lease receivables, by credit risk rating grades, are as follows:

Internal credit rating	Expected loss rate	2025	Gross carrying amount HK\$'000
		ECL	
Performing	0%	12-month	5,064
Underperforming (not credit-impaired)	–	Lifetime	–
Not performing (credit-impaired)	–	Lifetime	–
Write off (credit-impaired)	–	N/A	–
			5,064

(b) Liquidity risk

In management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group has unutilised bank borrowing facilities of HK\$69,823,000 (2024: HK\$68,596,000) at the end of the reporting period to meet liquidity needs.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates prevailing at the end of the reporting period) and the earliest dates the Group is required to pay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

Specifically, bank loans with a repayment on demand clause are included in the earliest period that the Group is required to repay regardless of the probability of the banks choosing to exercise their rights at the end of the reporting period. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

		2025					
		Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-derivative financial liabilities							
Trade and other payables	29	238,462	238,462	237,923	450	69	20
Dividend payables		31	31	31	-	-	-
Bank and other loans	30	22,189	22,189	22,189	-	-	-
Lease liabilities	20	10,704	11,604	3,578	8,026	-	-
		271,386	272,286	263,721	8,476	69	20

		2024					
		Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-derivative financial liabilities							
Trade and other payables	29	249,104	249,104	248,321	386	397	-
Dividend payables		31	31	31	-	-	-
Bank and other loans	30	2,952	2,952	2,952	-	-	-
Lease liabilities	20	10,716	11,862	2,569	2,091	4,116	3,086
		262,803	263,949	253,873	2,477	4,513	3,086

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

The amounts repayable under loan agreements that include a clause that gives lenders the unconditional right to call loans at any time are classified under the "within one year or on demand" bracket. In this regard, term loans from banks of HK\$864,000 (2024: HK\$952,000) (note 30) at the end of the reporting period have been so classified even though the Directors do not expect that lenders would exercise their rights to demand repayment and thus these borrowings (including the aggregate principal and interest cash outflows) would be repaid according to the following schedule as set out in the loan agreements:

	2025 HK\$'000	2024 HK\$'000
Term loans from banks, including interest, with a repayment on demand clause		
Within one year	113	114
More than one year but less than two years	113	114
More than two years but less than five years	338	342
Over five years	404	522
	968	1,092

(c) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's secured interest-bearing borrowings, bank balances and pledged bank deposits. Bank balances and interest-bearing borrowings with floating interest rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group has not entered into significant hedging activities to hedge against the exposure to interest rate risk. The Group closely monitors its interest rate exposure and the level of interest-bearing borrowings, in consideration of economic atmosphere and the strategies of the Group.

At the end of the reporting period, if interest rates had been 100 basis points higher or lower (but on condition that interest rate would not fall below zero) and all other variables were held constant, the Group's net loss would be decreased by HK\$580,000 (2024: HK\$382,000) or increased by HK\$207,000 (2024: HK\$109,000) respectively.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of next annual reporting period. The analysis is performed on the same basis for 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk

The Group has transactional currency exposure. Such exposure arises from trading and investing transactions denominated in a currency other than the functional currency of an operating unit to which they relate. The Group's exposure to foreign currency risk principally arises from changes in exchange rate of United States dollars ("USD") and Renminbi ("RMB") against HKD. The management considers that the Group has limited exposure to foreign currency risk of USD against HKD since the relevant exchange rate has remained relatively stable.

The Group is exposed to foreign exchange risk since the Group's certain financial assets at FVPL and bank balances were denominated in RMB. The Group has not entered into significant hedging activities to hedge against the exposure to foreign exchange risk because the main operations of the subsidiaries of the Group are conducted in their functional currency. The Group monitors currency risk exposure of RMB and will consider hedging significant exposure should the need arise.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in HKD, translated using the spot rate at the end of the reporting period.

	Exposure to foreign currency	
	2025 RMB HK\$'000	2024 RMB HK\$'000
Financial assets at FVPL	75,003	86,627
Cash and bank balances	374	1,535
Net exposure	75,377	88,162

At the end of the reporting period, if RMB had been 4% (2024: 2%) strengthened/weakened against HKD while all other variables were held constant, the Group's net loss would be decreased/increased by HK\$3,015,000 (2024: HK\$1,763,000) respectively.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group's exposure to currency risk for all financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes in foreign currency represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of next annual reporting period. The analysis is performed on the same basis for 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS *(Continued)*

(e) Price risk

The Group is exposed to price risk arising from investments in equity securities classified as FVPL (note 22). For the Group's equity securities investments and money market funds that are publicly traded, the fair value is determined with reference to quoted market prices.

Financial assets at FVPL

At the end of the reporting period, if the quoted market price of equity securities had been 29% (2024: 17%) higher/lower while all other variables held constant, the Group's net loss would be decreased/increased by HK\$2,462,000 (2024: HK\$3,710,000) due to change in the fair value of equity securities which were stated at FVPL.

At the end of the reporting period, if the quoted price for equity securities traded in the Over-the-Counter market in the United States had been 12% (2024: 12%) higher/lower while all other variables held constant, the Group's net loss would decreased/increased by HK\$3,267,000 (2024: HK\$2,823,000) due to change in the fair value of the unlisted equity securities which were stated at FVPL.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to the exposure to price risk in existence at that date. It is also assumed that the fair values of the Group's investments would change in accordance with the historical correlation with the relevant stock market index or other relevant risk variables and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables. The analysis is performed on the same basis for 2024.

7. FAIR VALUE MEASUREMENTS

In the opinion of the Directors, the carrying amounts of financial assets approximate their fair values.

The following presents the assets measured at fair value or required to disclose their fair value in these consolidated financial statements on a recurring basis at 31 December 2025 across the three levels of the fair value hierarchy defined in HKFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. FAIR VALUE MEASUREMENTS *(Continued)*

Assets measured at fair value on a recurring basis

	Note	2025			
		Carrying amount HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Investment properties	17	978,809	–	72,033	906,776
Financial assets at FVPL	22	209,374	20,520	29,453	159,401

	Note	2024			
		Carrying amount HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Investment properties	17	133,132	–	77,516	55,616
Financial assets at FVPL	22	216,588	26,134	23,522	166,932
Investment properties classified as held-for-sale	28	850,200	–	–	850,200

During the years ended 31 December 2025 and 2024, there was no transfer between Level 1 and Level 2, or transfers into or out of Level 3 fair value measurements.

The Group's policy is to recognise transfers into and out of Level 3 as of the end of the reporting period or the date of the event or change in circumstances that caused the transfer, if applicable.

Valuation techniques and inputs in Level 2 fair value measurement

(a) *Investment properties*

The investment properties situated in the PRC of HK\$72,033,000 (2024: HK\$77,516,000) were revalued by Roma Appraisals Limited, an independent professional qualified valuer, on the market value basis using direct comparison approach.

(b) *Financial assets at FVPL: Private investment fund*

As at 31 December 2025, the fair value of a private investment fund of HK\$2,222,000 (2024: Nil) which principally invested in overseas and PRC listed securities was valued based on the net asset value of each fund unit quoted by the investment manager.

(c) *Financial assets at FVPL: Unlisted equity securities*

Included in financial assets at FVPL are unlisted equity securities of HK\$27,231,000 (2024: HK\$23,522,000) traded in the Over-the-Counter market in the United States. The fair value of the unlisted equity securities is determined with the broker quotes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. FAIR VALUE MEASUREMENTS *(Continued)*

Movements in Level 3 fair value measurements

The details of the movements of the recurring fair value measurements categorised as Level 3 are shown as follows:

	Investment properties HK\$'000	Financial assets at FVPL HK\$'000	Investment properties classified as held-for-sale HK\$'000
As at 1 January 2024	52,527	121,528	850,200
Additions	1,254	18,000	–
Exchange realignment	(1,015)	–	–
Net changes in fair value recognised in profit or loss	2,850	27,404	–
As at 31 December 2024 and as at 1 January 2025	55,616	166,932	850,200
Additions	218	–	–
Exchange realignment	1,390	–	–
Transfer from assets classified as held-for-sale to investment properties	850,200	–	(850,200)
Construction rectification	(331)	–	–
Net changes in fair value recognised in profit or loss	(317)	(7,531)	–
As at 31 December 2025	906,776	159,401	–

Valuation techniques and inputs in Level 3 fair value measurement

(a) *Financial assets at FVPL: Unlisted equity securities*

The fair value of one of the unlisted equity securities without an active market classified in Level 3 amounting to HK\$84,398,000 (2024: HK\$77,911,000) was valued by Fairdex Valuation Advisory Limited (2024: Fairdex Valuation Advisory Limited), an independent professional qualified valuer, using direct comparison approach with unobservable inputs. The significant unobservable input used in the fair value measurement is the enterprise-value-to-revenue ratio of 11.141 (2024: 11.211).

As at 31 December 2025, if the expected enterprise-value-to-revenue ratio had been 10% (2024: 10%) higher/lower while all other variables were held constant, the Group's net loss would be decreased/increased by HK\$14,449,000 (2024: HK\$14,503,000) respectively.

The fair value of certain other unlisted equity securities without an active market classified in Level 3 amounting to HK\$75,003,000 (2024: HK\$86,627,000) was valued by Peak Vision Appraisals Limited (2024: Peak Vision Appraisals Limited), an independent professional qualified valuer, using income approach with unobservable inputs. The significant unobservable input used in the fair value measurement is the discount rate for calculating the present value of future earnings of 19.9% (2024: 20.2%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. FAIR VALUE MEASUREMENTS *(Continued)*

Valuation techniques and inputs in Level 3 fair value measurement *(Continued)*

(a) *Financial assets at FVPL: Unlisted equity securities (Continued)*

As at 31 December 2025, if the expected discount rate had been 10% (2024: 10%) higher/lower while all other variables were held constant, the Group's net loss would be increased by HK\$30,482,000 (2024: HK\$29,978,000) or decreased by HK\$41,145,000 (2024: HK\$39,924,000) respectively.

As at 31 December 2024, the fair value of the rest of unlisted equity securities without an active market classified in Level 3 amounting to HK\$2,394,000 was valued by Peak Vision Appraisals Limited, an independent professional qualified valuer, using income approach with unobservable inputs. The significant unobservable input used in the fair value measurement was the discount rate for calculating the present value of future earnings of 22.1%.

As at 31 December 2024, if the expected discount rate had been 10% higher/lower while all other variables were held constant, the Group's net loss would be increased by HK\$559,000 or decreased by HK\$735,000 respectively.

(b) *Investment properties situated in the PRC*

The investment properties situated in the PRC of HK\$56,576,000 (2024: HK\$55,616,000) were revalued by MOSS Valuation & Advisory Limited (2024: MOSS Valuation & Advisory Limited), an independent professional qualified valuer, by using the discounted cash flow approach. Discounted cash flow approach analyses the cash flow and income generation ability over a projection period of 12 years of the investment properties. The net operating income was discounted to the present value as at 31 December 2025 with an appropriate discount rate. The property is assumed to be disposed at the end of the projection period and the projected disposal consideration (terminal value) is discounted to the present value as at 31 December 2025 which is also considered in the cash flow analysis to formulate the reasonable market value. Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurement, are as follows:

Valuation techniques	Unobservable input	Range
Discounted cash flow approach	Discount rate	8.25% (2024: 7.50%)
	Terminal capitalisation rate	8.75% (2024: 8.00%)

(c) *Investment properties situated in the United States*

The fair value of investment properties situated in the United States (2024: situated in the United States and classified as held-for-sale) of HK\$850,200,000 (2024: HK\$850,200,000) at 31 December 2025 was revalued by Roma Appraisals Limited, an independent professional qualified valuer (2024: by the Directors), on the market value basis using direct comparison approach. The significant unobservable inputs used in the fair value assessment as at 31 December 2025 is the average adjusted unit price on gross floor area of US\$1,372 (2024: US\$1,372) per square feet.

As at 31 December 2025, if the overall adjustments on the average adjusted unit price on gross floor area has been 5% (2024: 5%) higher/lower while all other variables were held constant, the Group's net loss would be decreased/increased by HK\$42,510,000 (2024: HK\$42,510,000) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. SEGMENT INFORMATION

Information reported to executive Directors and chief executive officer of the Company, being the chief operating decision-makers, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's reportable segments under HKFRS 8 are as follows:

- IHA: Sale and distribution of IHA and complementary products and provision of ancillary services
- Internet data centre ("IDC"): Development, construction, operation, mergers and acquisitions, and leasing of properties and facilities used by IDC
- Investing: Investing in digital assets and financial instruments
- Leasing: Leasing out of properties

The other operations segment of the Group mainly consists of trading in miscellaneous goods, the provision of cloud computing services and the development of mobile app social platform.

For the purpose of assessing the performance of the operating segments and allocating resources between segments, the executive Directors assess segment profit or loss before tax without allocation of interest income from bank deposits, unallocated other income and administrative expenses, finance costs and share of results of associates and the basis of preparing such information is consistent with that of the consolidated financial statements.

All assets are allocated to reportable segments other than head office's bank balances and other unallocated financial and corporate assets which are managed on a group basis. All liabilities are allocated to reportable segments other than unallocated head office and corporate liabilities which are managed on a group basis.

Inter-segment sales transactions are charged at prevailing market rates. There was no change in the estimation techniques or significant assumptions made during the year. The accounting policies of the reporting segments are the same as the Group's accounting policies as described in note 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. SEGMENT INFORMATION *(Continued)*

Business segments

An analysis of the Group's segment revenue, segment results and segment assets and liabilities by the reportable segments are as follows:

For the year ended 31 December 2025

	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
REVENUE							
Sale of goods	46,078	-	-	-	-	-	46,078
Lease of properties and facilities used by IDC	-	22,714	-	-	-	-	22,714
OTHER REVENUE AND NET INCOME/(LOSS)	846	645	11,025	12,783	(34)	(12)	25,253
NET CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	-	-	-	(7,652)	-	-	(7,652)
Segment revenue	46,924	23,359	11,025	5,131	(34)	(12)	86,393
RESULTS							
Segment results	3,480	(14,824)	9,488	(548)	(20,625)	-	(23,029)
Unallocated net income							876
Interest income from bank deposits							155
Loss allowance on loans receivable							(342)
Reversal of loss allowance on other receivables							123
Other unallocated corporate expenses							(57,862)
Loss from operations							(80,079)
Finance costs							(445)
Gain on disposal of interest in an associate							8
Share of results of associates							(3,465)
Loss before tax							(83,981)
Income tax credit							19,423
Loss for the year							(64,558)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

As at 31 December 2025

	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
ASSETS							
Segment assets	23,486	917,764	317,411	155,691	211,804	–	1,626,156
Unallocated corporate assets	–	–	–	–	–	260,674	260,674
Consolidated total assets							1,886,830
LIABILITIES							
Segment liabilities	19,510	16,278	106,248	16,636	7,851	–	166,523
Unallocated corporate liabilities	–	–	–	–	–	143,971	143,971
Consolidated total liabilities							310,494
OTHER INFORMATION							
Capital expenditures							
– Property, plant and equipment	4	11,778	–	1,141	63	84	13,070
– Right-of-use assets	1,024	–	–	–	532	1,802	3,358
– Investment properties	–	–	–	218	–	–	218
Depreciation							
– Property, plant and equipment	18	9,601	1	336	437	897	11,290
– Right-of-use assets	536	–	–	337	467	5,213	6,553
Loss allowance on loans receivable	–	–	–	–	–	342	342
Loss allowance on trade receivables	–	10,191	–	–	–	–	10,191
Reversal of loss allowance on other receivables	(108)	–	–	–	–	(15)	(123)
Reversal of write-down of inventories, net	(167)	–	–	–	–	–	(167)
Gain on conversion/disposal of cryptocurrencies	–	–	(19,957)	–	–	–	(19,957)
Foreign exchange losses/(gains), net	713	–	–	–	–	(712)	1
Net fair value (gains)/losses on financial assets at FVPL	(31)	–	8,772	–	–	–	8,741

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

For the year ended 31 December 2024

	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
REVENUE							
Sale of goods	134,235	-	-	-	-	-	134,235
Lease of properties and facilities used by IDC	-	54,800	-	-	-	-	54,800
OTHER REVENUE AND NET (LOSS)/INCOME	(187)	308	57,005	13,072	3	(21)	70,180
NET CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES	-	-	-	2,850	-	-	2,850
Segment revenue	134,048	55,108	57,005	15,922	3	(21)	262,065
RESULTS							
Segment results	(15,603)	23,674	23,449	10,220	(18,426)	-	23,314
Unallocated net income							1,901
Interest income from bank deposits							544
Loss allowance on loans receivable							(20,793)
Loss allowance on other receivables							(5,931)
Other unallocated corporate expenses							(55,710)
Loss from operations							(56,675)
Finance costs							(549)
Share of results of associates							(836)
Loss before tax							(58,060)
Income tax expense							(3,956)
Loss for the year							(62,016)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

As at 31 December 2024

	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
ASSETS							
Segment assets	27,907	77,102	381,596	156,901	213,310	–	856,816
Assets classified as held-for-sale	–	850,200	–	–	–	–	850,200
Unallocated corporate assets	–	–	–	–	–	244,894	244,894
Consolidated total assets							1,951,910
LIABILITIES							
Segment liabilities	27,358	26,753	98,595	20,204	4,843	–	177,753
Unallocated corporate liabilities	–	–	–	–	–	138,738	138,738
Consolidated total liabilities							316,491
OTHER INFORMATION							
Capital expenditures							
– Property, plant and equipment	13	–	7,800	829	134	543	9,319
– Right-of-use assets	472	–	–	–	766	10,062	11,300
– Investment properties	–	–	–	1,273	–	–	1,273
Depreciation							
– Property, plant and equipment	36	9,607	34,210	536	450	952	45,791
– Allocated to cost of cryptocurrencies	–	–	(10,402)	–	–	–	(10,402)
– Right-of-use assets	1,004	–	–	339	375	4,790	6,508
Impairment loss on property, plant and equipment	–	–	39,310	–	–	–	39,310
Loss allowance on loans receivable	–	–	–	–	–	20,793	20,793
Loss allowance on trade receivables	1,815	4,798	–	–	–	–	6,613
Loss allowance on other receivables	–	–	–	–	–	5,931	5,931
Reversal of write-down of inventories, net	(270)	–	–	–	–	–	(270)
Gain on conversion/disposal of cryptocurrencies	–	–	(57,182)	–	–	–	(57,182)
Foreign exchange losses/(gains), net	360	–	(9)	–	(2)	(150)	199
Net fair value gains on financial assets at FVPL	(116)	–	(38,170)	–	–	–	(38,286)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group operates in the following principal geographical areas: the PRC, Hong Kong, Australia, Republic of the Congo, the United States and other overseas markets in both 2025 and 2024.

The following tables set out information about the geographical location of (a) the Group's revenue and non-current assets other than financial assets at FVPL and interests in associates; and (b) other revenue and net income/(loss) other than unallocated net income and interest income from bank deposits. The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the physical location of the assets. The geographical location of other revenue and net income/(loss) is based on the location at which other revenue and net income/(loss) is generated.

(a) Revenue and non-current assets

	Revenue		Non-current assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
The PRC	12,796	32,027	149,350	149,455
Hong Kong	21,390	29,268	77,610	91,952
Australia	25,206	82,921	–	–
The United States <i>(note 28)</i>	3,314	34,800	862,097	9,578
Other overseas markets	6,086	10,019	40,794	39,890
	68,792	189,035	1,129,851	290,875

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(b) *Other revenue and net income/(loss)*

	2025					Consolidated HK\$'000
	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	
The PRC	818	645	–	12,515	(34)	13,944
Hong Kong	28	–	11,025	102	–	11,155
Other overseas market	–	–	–	154	–	154
	846	645	11,025	12,771	(34)	25,253

	2024					Consolidated HK\$'000
	IHA HK\$'000	IDC HK\$'000	Investing HK\$'000	Leasing HK\$'000	Other operations HK\$'000	
The PRC	(914)	308	–	13,013	3	12,410
Hong Kong	727	–	96,315	38	–	97,080
Laos	–	–	(26,784)	–	–	(26,784)
Republic of the Congo	–	–	(12,526)	–	–	(12,526)
	(187)	308	57,005	13,051	3	70,180

Information about major customers

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

	2025 HK\$'000	2024 HK\$'000
Customer A (IHA segment)	25,206	82,291
Customer B (IDC segment)	19,400	20,000
Customer C (IHA segment)	12,695	31,497
Customer D (IDC segment)	–*	34,800
	57,301	168,588

* This customer individually contributed less than 10% of the total revenue for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. REVENUE, OTHER REVENUE AND NET INCOME

	2025 HK\$'000	2024 HK\$'000
Revenue		
Sale of goods (<i>Note (a)</i>)	46,078	134,235
Rental income from IDC properties and facilities	22,714	54,800
	68,792	189,035
Other revenue		
Dividend income from listed securities	15	444
Interest income from net investment under finance leases	241	–
Rental income from investment properties	12,026	12,396
Interest income calculated using the effective interest method:		
Interest income from bank deposits	155	544
Interest income from loans receivable	468	1,509
	12,905	14,893
Other net income		
Consultancy income	594	54
Foreign exchange losses, net	(1)	(199)
Net fair value (losses)/gains on financial assets at FVPL	(8,741)	38,286
Impairment loss on property, plant and equipment	–	(39,310)
Gain on disposal of property, plant and equipment	239	1,097
Loss on utilisation of cryptocurrencies	(1)	(11)
Gain on conversion/disposal of cryptocurrencies (<i>Note (b)</i>)	19,957	57,182
Gain on disposal of a subsidiary	10	–
Sundry income	1,322	633
	13,379	57,732
	26,284	72,625

Notes:

- (a) The revenue from contracts with customers for sale of goods within HKFRS 15 is based on fixed price and recognised at a point in time.
- The amount of revenue recognised for the year ended 31 December 2025 that was included in the contract liabilities at the beginning of the year is HK\$4,740,000 (2024: HK\$9,693,000).
- (b) Gain on conversion/disposal of cryptocurrencies of HK\$19,957,000 (2024: HK\$57,182,000) is arrived at sales proceeds of HK\$187,567,000 (2024: HK\$244,131,000) net of cost of cryptocurrencies of HK\$167,610,000 (2024: HK\$186,949,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. LOSS FROM OPERATIONS

Loss from operations has been arrived at after charging/(crediting):

	2025 HK\$'000	2024 HK\$'000
Auditor's remuneration		
– Audit services	1,700	1,700
– Non-audit services	150	210
– Other audit services	429	–
Depreciation of property, plant and equipment*	11,290	45,791
– Allocated to cost of cryptocurrencies	–	10,402
Depreciation of right-of-use assets	6,553	6,508
Cost of inventories	31,189	105,438
Loss/(Gain) on lease modifications	57	(41)
Gain on disposal of property, plant and equipment	(239)	(1,097)
Reversal of write-down of inventories, net	(167)	(270)
Research and development costs (excluding staff costs)	16,510	12,079
Direct operating expenses arising from investment properties that generating rental income from:		
– Leasing of IDC properties (included in cost of sales)	7,368	8,943
– Leasing of other investment properties (included in other operating expenses)	1,499	1,257
Staff costs (including Directors' emoluments (note 11)):		
Salaries and allowances#	39,867	40,091
Retirement benefits scheme contributions#	2,345	2,792
Severance payment#	12	16,551
Total staff costs	42,224	59,434

* Depreciation of property, plant and equipment included depreciation of IDC facilities of HK\$9,581,000 (2024: HK\$9,581,000) recognised as cost of sales for the year.

Staff costs included salaries and allowances, severance payment and retirement benefits scheme contributions for research and development staff of HK\$5,093,000, HK\$Nil and HK\$718,000 respectively (2024: HK\$8,448,000, HK\$8,838,000 and HK\$1,005,000 respectively) recognised as general and administrative expenses for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the nine (2024: nine) Directors were as follows:

Name of Director	Qualifying services				Total HK\$'000
	Other services in connection with the management of the affairs				
	Directors' fee HK\$'000	Salaries, allowances and other benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement benefits scheme contributions HK\$'000	
<i>Executive Directors</i>					
Mr. Li Qiang	-	1,300	1,800	65	3,165
Mr. Cong Yu	-	3,003	3,000	150	6,153
Mr. Shi Guangrong	-	930	-	33	963
Mr. Zhu Jiang	-	691	-	21	712
Mr. Chen Biao	-	845	950	160	1,955
<i>Independent Non-Executive Directors</i>					
Ms. Shen Yan	120	-	-	-	120
Ms. Dong Hairong (Note (a))	44	-	-	-	44
Ms. Huo Qiwei	120	-	-	-	120
Mr. Bai Rongxu (Note (b))	40	-	-	-	40
Total for 2025	324	6,769	5,750	429	13,272
<i>Executive Directors</i>					
Mr. Li Qiang	-	1,300	-	65	1,365
Mr. Cong Yu	-	3,003	1,200	150	4,353
Mr. Gao Fei (Note (c))	-	800	-	40	840
Mr. Shi Guangrong	-	930	-	46	976
Mr. Zhu Jiang	-	691	-	21	712
Mr. Chen Biao	-	743	950	80	1,773
<i>Independent Non-Executive Directors</i>					
Ms. Shen Yan	120	-	-	-	120
Ms. Dong Hairong (Note (a))	120	-	-	-	120
Ms. Huo Qiwei	120	-	-	-	120
Total for 2024	360	7,467	2,150	402	10,379

Notes:

- (a) Ms. Dong Hairong resigned on 12 May 2025.
- (b) Mr. Bai Rongxu was appointed on 1 September 2025.
- (c) Mr. Gao Fei resigned on 30 August 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. DIRECTORS' EMOLUMENTS *(Continued)*

During the years ended 31 December 2025 and 2024, no emolument was paid by the Group to any Director as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emolument during both years.

There were no loans, quasi-loans or other dealings in favour of the Directors that were entered into or subsisted during the years ended 31 December 2025 and 2024.

The Directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a Director or a connected entity of the Director had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the years ended 31 December 2025 and 2024.

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the year, three (*2024: three*) Directors are included in the five highest paid individuals of the Group. Details of Directors' emoluments are set out in note 11 above. The emoluments of the remaining two (*2024: two*) highest paid individuals, who are employees of the Group, are as follows:

	2025 HK\$'000	2024 HK\$'000
Basic salaries, allowances and other benefits in kind	3,005	2,517
Discretionary bonuses	1,200	1,450
Retirement benefits scheme contributions	18	18
	4,223	3,985

The emoluments of the above two (*2024: two*) highest paid individuals fell within the following bands:

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

During the years ended 31 December 2025 and 2024, no emolument was paid by the Group to the above highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Borrowing costs for bank and other loans	94	327
Imputed interest expenses on lease liabilities	351	222
	445	549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. INCOME TAX (CREDIT)/EXPENSES

The taxation (credited)/charged to profit or loss represents:

	2025 HK\$'000	2024 HK\$'000
Current tax		
PRC corporate income tax	257	455
Hong Kong Profits Tax	45	–
	302	455
Deferred taxation		
Benefits of tax losses recognised	(9,061)	–
Origination and reversal of temporary differences	(10,664)	3,501
	(19,725)	3,501
(Credit)/Charge for the year	(19,423)	3,956

Hong Kong Profits Tax has been provided at the rate of 16.5% on certain subsidiaries' estimated assessable profits arising from Hong Kong during the year. Hong Kong Profits Tax has not been provided for remaining subsidiaries of the Group and the Company as these entities neither generate any assessable profit from Hong Kong nor its estimated assessable profits for the year ended 31 December 2025 were wholly absorbed by unrelieved tax losses brought forward from previous years.

For the year ended 31 December 2024, Hong Kong Profits Tax had not been provided as the Group neither generated any assessable profit from Hong Kong nor its estimated assessable profits for the year were wholly absorbed by unrelieved tax losses brought forward from previous years.

The income tax provision in respect of operations in the PRC is calculated at the CIT rate of 25% on the estimated assessable profits for 2025 and 2024 based on existing legislation, interpretations and practices in respect thereof. Certain subsidiaries of the Company have been designated as "Small-Scale and Low-Profit Enterprises" which are charged at the effective preferential CIT rates of 5% or 10% (2024: 5% or 10%) respectively on condition that the annual taxable income was no more than RMB1.0 million or between RMB1.0 million to RMB3.0 million for 2025 and 2024 respectively.

The operation of the Group in the United States is subject to the United States Federal and State Income Tax. For the years ended 31 December 2025 and 2024, the United States Federal and State Income Tax has not been provided as the Group did not generate any assessable profit in the United States.

Under the United States domestic tax laws, a foreign person is subject to 30% income tax on the gross amount of certain United States-source (non-business) income. Withholding tax has not been provided for the years ended 31 December 2025 and 2024 because no interest income was charged to the subsidiary during both years.

The operation of the Group in Germany is subject to the Germany Corporate Tax and Municipal Trade Tax. For the years ended 31 December 2025 and 2024, the Germany Corporate Tax and Municipal Trade Tax has not been provided as the Group did not generate any assessable profit in Germany.

The Group has investment properties situated in the PRC and the United States which are stated at fair value. Deferred taxes are recognised on changes in fair value of investment properties in the PRC and the United States taking into account the PRC land appreciation tax and CIT payable for the investment properties located in the PRC or the Federal and the State Income Tax payable for the investment properties located in the United States upon sales of those investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. INCOME TAX (CREDIT)/EXPENSES *(Continued)*

Reconciliation of tax (credit)/expenses

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(83,981)	(58,060)
Tax at a weighted average rate of 20.7% (2024: 19.9%) applicable to the jurisdictions concerned	(17,364)	(11,550)
Tax effect of non-deductible expenses	1,730	21,569
Tax effect of non-taxable income	(8,683)	(18,567)
Tax effect of share of results of associates	572	138
Tax effect of utilisation of tax losses not previously recognised	(2,916)	(214)
Tax effect of unrecognised tax losses and temporary differences	17,768	13,134
Tax effect of reversal of deferred taxation	(1,650)	–
Tax effect of recognition of previously unrecognised deferred tax assets	(9,061)	–
Others	181	(554)
Tax (credit)/expenses for the year	(19,423)	3,956

Recognised deferred tax assets and liabilities

The movements for the year in the Group's deferred tax assets and liabilities are as follows:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
At beginning of the reporting period	–	–	(31,436)	(28,261)
Exchange realignment	–	–	(335)	326
Credit/(Charge) in profit or loss	–	–	19,725	(3,501)
At end of the reporting period	–	–	(12,046)	(31,436)

Recognised deferred tax assets and liabilities at the end of the reporting period represent the following:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Revaluation of property, plant and equipment upon transfer to investment properties	–	–	(35,633)	(35,122)
Revaluation of investment properties	–	–	(18,872)	(22,696)
Depreciation allowances	–	–	–	–
Tax losses	42,459	26,382	–	–
Deferred tax assets/(liabilities)	42,459	26,382	(54,505)	(57,818)
Offsetting	(42,459)	(26,382)	42,459	26,382
Net deferred tax liabilities	–	–	(12,046)	(31,436)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. INCOME TAX (CREDIT)/EXPENSES *(Continued)*

Unrecognised deferred tax assets arising from

	2025 HK\$'000	2024 HK\$'000
Deductible temporary differences	58	2,446
Tax losses	960,525	858,725
	960,583	861,171

At 31 December 2025, the Group had unrecognised deferred tax assets of HK\$181,684,000 (2024: HK\$166,205,000) in respect of the tax losses and other temporary differences. As it is not probable that future taxable profits will be available against which the deductible temporary differences and the unused tax losses of the Group can be utilised, deferred tax assets have not been recognised. The deductible temporary differences do not expire under the current tax legislation.

The expiry of unrecognised tax losses are as follows:

	2025 HK\$'000	2024 HK\$'000
Tax losses without expiry date	760,164	638,392
Tax losses expiring on 31 December 2030	11,226	–
Tax losses expiring on 31 December 2029	30,915	33,161
Tax losses expiring on 31 December 2028	30,584	31,556
Tax losses expiring on 31 December 2027	93,876	94,137
Tax losses expiring on 31 December 2026	33,760	38,464
Tax losses expiring on 31 December 2025	–	23,015
	960,525	858,725

The profits earned by the PRC subsidiaries from 1 January 2008 onwards would be subject to withholding tax if they are distributed. In the opinion of the Directors, all undistributed profits are expected to be retained in the PRC subsidiaries and associates and not to be remitted out of the PRC in the foreseeable future. Accordingly, no provision for deferred tax has been made. As at 31 December 2025 and 2024, deferred tax liabilities on retained profits earned by the PRC subsidiaries and associates are amounted to HK\$Nil.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

16. LOSS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
Loss attributable to owners of the Company	(64,213)	(61,970)
	2025 '000	2024 '000
Issued ordinary Shares at 1 January and 31 December	2,487,705	2,487,705
Weighted average number of ordinary Shares for basic loss per Share	2,487,705	2,487,705
Weighted average number of ordinary Shares for diluted loss per Share	2,487,705	2,487,705
	HK\$	HK\$
Loss per Share:		
– Basic	(0.03)	(0.02)
– Diluted (<i>Note</i>)	(0.03)	(0.02)

Note:

Diluted loss per Share was the same as the basic loss per Share as there were no dilutive potential ordinary Shares in existence during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. INVESTMENT PROPERTIES

	Note	2025 HK\$'000	2024 HK\$'000
At fair value			
At beginning of the reporting period		133,132	131,870
Additions		218	1,273
Construction rectification		(331)	–
Transfer from assets classified as held-for-sale	28	850,200	–
Net changes in fair value		(7,652)	2,850
Exchange realignment		3,242	(2,861)
At end of the reporting period		978,809	133,132

As at 31 December 2025, the carrying amounts of the investment properties held under medium-term leases and situated in the PRC and held as freehold and situated in the United States were HK\$128,609,000 (2024: HK\$133,132,000) and HK\$850,200,000 (2024: HK\$Nil) respectively.

During the years ended 31 December 2025 and 2024, one of the Group's investment properties situated in the PRC were leased to Chengdu Wuhou Ganluhai Tibetan Hospital Co., Ltd* (成都武侯甘露海藏醫院有限公司) ("Chengdu Ganluhai") with a term of three years commencing from 1 August 2023 to 31 July 2026 at a monthly rent of RMB368,000 (tax inclusive) for the first term year, RMB379,000 (tax inclusive) for the second term year and RMB390,000 (tax inclusive) for the third term year. Chengdu Ganluhai is indirectly owned as to 43.29% by Mr. Cong Yu, a substantial Shareholder, the chief executive officer of the Company and an executive Director, and as to 8.79% by Ms. Feng Yaping, the spouse of Mr. Cong Yu. Details of the related party transactions are set out in note 39(a).

The valuation techniques of investment properties are disclosed in note 7.

Commitments under operating leases – as lessor

The Group leases certain of its properties to third parties and a related party under operating leases, which have an initial non-cancellable lease term of one to fifteen years (2024: one to fifteen years). The leases do not include any purchase, termination and extension options.

These properties are exposed to residual value risk. The lease contracts, as a result, impose a restriction that, unless approval is obtained from the Group as lessor, the properties can only be used by the lessees. The lessees are also required to keep the properties in a good state of repair and return the properties in their original condition at the end of the leases.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of investment properties:

	2025 HK\$'000	2024 HK\$'000
Year 1	5,349	8,061
Year 2	1,910	3,788
Year 3	570	868
Year 4	438	1
Year 5	184	1
After Year 5	8	10
Undiscounted lease payments to be received	8,459	12,729

* English name for identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress	Data centre facilities	Freehold land	Buildings held for own use	Leasehold improvements	Office equipment, furniture and fixtures	Plant and machinery	Motor vehicles	Cryptocurrency mining machines	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reconciliation of carrying amounts										
- year ended 31 December 2024										
At beginning of the reporting period	-	38,324	17,649	3,732	11,434	1,876	109	396	73,184	146,704
Additions	-	7,800	-	-	829	229	-	461	-	9,319
Disposals	-	(7,466)	-	-	-	(33)	(1)	(19)	-	(7,519)
Depreciation	-	(9,915)	-	(161)	(1,109)	(545)	(15)	(172)	(33,874)	(45,791)
Impairment loss	-	-	-	-	-	-	-	-	(39,310)	(39,310)
Exchange realignment	-	-	-	-	(113)	(29)	(1)	(5)	-	(148)
At end of the reporting period	-	28,743	17,649	3,571	11,041	1,498	92	661	-	63,255
Reconciliation of carrying amounts										
- year ended 31 December 2025										
At beginning of the reporting period	-	28,743	17,649	3,571	11,041	1,498	92	661	-	63,255
Additions	11,778	-	-	-	1,141	151	-	-	-	13,070
Disposals	-	-	-	-	(40)	(2)	-	-	-	(42)
Depreciation	-	(9,581)	-	(161)	(890)	(493)	-	(165)	-	(11,290)
Exchange realignment	-	-	-	-	144	18	2	1	-	165
At end of the reporting period	11,778	19,162	17,649	3,410	11,396	1,172	94	497	-	65,158
As at 31 December 2024										
Cost	-	66,146	17,649	4,027	25,152	6,972	1,212	4,672	141,589	267,419
Accumulated depreciation and impairment losses	-	(37,403)	-	(456)	(14,111)	(5,474)	(1,120)	(4,011)	(141,589)	(204,164)
	-	28,743	17,649	3,571	11,041	1,498	92	661	-	63,255
As at 31 December 2025										
Cost	11,778	66,146	17,649	4,027	26,351	7,205	1,242	3,414	-	137,812
Accumulated depreciation and impairment losses	-	(46,984)	-	(617)	(14,955)	(6,033)	(1,148)	(2,917)	-	(72,654)
	11,778	19,162	17,649	3,410	11,396	1,172	94	497	-	65,158

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

During the year ended 31 December 2024, in view of the suspension of cryptocurrency mining activities from the second quarter of the year, the management had reviewed the carrying value of property, plant and equipment and determined that the recoverable amount of the cryptocurrency mining machines had declined below their carrying amount. Accordingly, the carrying value of the cryptocurrency mining machines had been reduced by HK\$39,310,000 to reflect this impairment loss. The recoverable amount of the cryptocurrency mining machines amounted to HK\$Nil was determined using the fair value less costs of disposal by reference to the market price of an active market. The fair value of the cryptocurrency mining machines was categorised as Level 2 measurement on the market value basis using direct comparison approach.

Sales prices of comparable cryptocurrency mining machines in term of hash-rate capacity, age and other relevant factors in close proximity adjusted for differences in key valuation attributes, such as market location were used to value the cryptocurrency mining machines, which were determined based on the management's expectations for the market performance and consistent with external sources of information. One of the key unobservable inputs used in this valuation approach was price per each unit of hash-rate capacity. A decrease in the price per each unit of hash-rate capacity would result in decrease in fair value measurement of the properties by the same percentage and vice versa.

During the year ended 31 December 2025, the cryptocurrency mining machines were fully written-off upon the cessation of cryptocurrency mining activities of the Group.

Commitments under operating lease – as lessor

The Group leases certain of its IDC facilities to a third party under operating lease, which has a non-cancellable lease term of 1 to 2 years. The lease does not include any purchase, termination and extension options.

These IDC facilities are exposed to residual value risk. The lease contract, as a result, imposes a restriction that, unless approval is obtained from the Group as lessor, the IDC facilities can only be used by the lessee. The lessee is also required to keep the IDC facilities in a good state of repair and return the IDC facilities in their original condition at the end of the lease.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of IDC facilities:

	2025 HK\$'000	2024 HK\$'000
Year 1	7,174	5,000
Undiscounted lease payments to be received	7,174	5,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. LEASE RECEIVABLES

The Group as lessor

	2025 HK\$'000	2024 HK\$'000
Lease receivables		
Under finance lease		
Net investment	5,064	–

Information about the Group's exposure to credit risks and loss allowance for lease receivables is included in note 6(a).

On 13 March 2025, the Group entered into a finance lease agreement (the "Finance Lease Agreement") with Chengdu Ganluhai to purchase and lease back certain machinery and equipment used in pharmaceutical production (the "Leased Assets"). In accordance with the Finance Lease Agreement, the Group agreed to purchase the Leased Assets at a consideration (before tax) of RMB5,960,000 (equivalent to HK\$6,512,000) and to lease the Leased Assets to Chengdu Ganluhai for a term of five years. Upon the expiration of the lease period, Chengdu Ganluhai may purchase back the Leased Assets from the Group at the consideration of nominal price of RMB100.

Below is a maturity analysis of lease payments receivable and the reconciliation of undiscounted lease payments to the net investment:

	2025 HK\$	2024 HK\$
Year 1	1,352	–
Year 2	1,352	–
Year 3	1,352	–
Year 4	1,352	–
Year 5	332	–
Undiscounted lease payments to be received	5,740	–
Less: unearned finance income	(676)	–
Net investment	5,064	–
Current portion (included in other receivables)	1,081	–
Non-current portion	3,983	–
	5,064	–

Income from finance lease during the year is analysed as follows:

	2025 HK\$'000	2024 HK\$'000
Finance income on net investment	241	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The movements of right-of-use assets and lease liabilities within HKFRS 16 during the years ended 31 December 2025 and 2024 are set out below:

	Right-of-use assets			Total HK\$'000	Lease liabilities HK\$'000
	Leasehold land HK\$'000	Leasehold properties HK\$'000	Premises and staff quarter HK\$'000		
At 1 January 2024	8,341	58,898	4,221	71,460	(4,262)
Additions	–	–	11,300	11,300	(11,300)
Depreciation of right-of-use assets	(339)	(3,003)	(3,166)	(6,508)	–
Imputed interest expenses on lease liabilities	–	–	–	–	(222)
Lease payments	–	–	–	–	3,332
Lease modification	–	–	(1,638)	(1,638)	1,679
Exchange realignment	(173)	–	(33)	(206)	57
At 31 December 2024 and at 1 January 2025	7,829	55,895	10,684	74,408	(10,716)
Additions	–	–	3,358	3,358	(3,358)
Depreciation of right-of-use assets	(337)	(3,003)	(3,213)	(6,553)	–
Imputed interest expenses on lease liabilities	–	–	–	–	(351)
Lease payments	–	–	–	–	3,544
Lease modification	–	–	(279)	(279)	222
Exchange realignment	192	–	25	217	(45)
At 31 December 2025	7,684	52,892	10,575	71,151	(10,704)
At 31 December 2024					
Current portion	–	–	–	–	(2,261)
Non-current portion	7,829	55,895	10,684	74,408	(8,455)
	7,829	55,895	10,684	74,408	(10,716)
At 31 December 2025					
Current portion	–	–	–	–	(3,313)
Non-current portion	7,684	52,892	10,575	71,151	(7,391)
	7,684	52,892	10,575	71,151	(10,704)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

The Group as lessee

The leasehold land of HK\$7,684,000 (2024: HK\$7,829,000) represents upfront payment for medium-term leasehold land situated in the PRC, which is amortised over the lease period of 45 years. At the end of the reporting period, the remaining lease term of the land was 23 years (2024: 24 years).

The interests in leasehold properties, which comprise leasehold lands and the buildings thereon (including the whole or part of undivided share in the underlying land), in Hong Kong of HK\$52,892,000 (2024: HK\$55,895,000) are held by the Group as the registered owner. Those property interests were acquired from the previous registered owners by making lump sum payments at the upfront. Except for the variable amounts to be charged by the government subsequently that are reviewed regularly with reference to a few factors such as the rateable values, there are no ongoing payments to be made under the terms of the land lease. At the end of the reporting period, the remaining lease term of the land were 22 to 23 years (2024: 23 to 24 years).

The leasehold properties were held for own use and were depreciated over the shorter of the lease term and the estimated useful life.

The Group leases various commercial premises, office premises and staff quarters for its daily operations with fixed lease payment terms. Lease terms range from one to ten years (2024: one to ten years).

Restrictions or covenants

Most of the leases impose a restriction that, unless approval is obtained from the lessor, the right-of-use asset can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those properties in a good state of repair and return the properties in their original condition at the end of the leases.

The Group has recognised the following amounts for the year:

	2025 HK\$'000	2024 HK\$'000
Lease payments:		
Short-term leases	331	582
Total cash outflow for leases	3,875	3,914

During the year ended 31 December 2025, lease expenses charged to profit or loss amounted to HK\$331,000 (2024: HK\$582,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. INTERESTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Unlisted shares, at cost	19,542	11,918
Share of results	(4,626)	(1,161)
Exchange realignment	171	22
At end of the reporting period	15,087	10,779

Details of the associates at the end of the reporting period are as follows:

Name of associates	Principal place of business and incorporation	Issued and paid-up capital	Proportion of issued share/ registered capital indirectly held by the Group		Principal activities
			2025	2024	
Hangzhou Chengli Moonlight Technology Company Limited* (杭州城里月光科技有限公司) (“Chengli Moonlight”)	PRC	RMB3,607,508	33.4%	33.4%	Provision of artificial intelligence (“AI”) technology and solution
YX Capital Model Limited (“YX Capital”)	HK	HK\$100,000	–	40%	Cross-border investing, funding, and talent recruitments
Shenzhen Guiyuan Tibetan Culture Media Company Limited* (深圳歸元藏文化傳媒有限公司) (“Shenzhen Guiyuan”)	PRC	RMB20,000,000	49%	49%	Marketing promotion and planning in the healthcare industry
Zhitong Yunhai Health Technology (Shenzhen) Company Limited* (智通雲海健康科技(深圳)有限公司) (“Zhitong Yunhai”)	PRC	RMB10,000,000	28%	–	Provision of non-medical health and wellness services, elderly and rehabilitation support, lifestyle and household services
Kuai Dian Yao Network Technology (Shenzhen) Company Limited* (快點交網絡科技(深圳)有限公司) (“Kuai Dian Yao”)	PRC	RMB5,000,000	45%	–	Conference and exhibition services, ticketing and translation services, advertising production and agency work, software and IT solutions, and online and technology-related sales

All of the above associates are accounted for using the equity method in the consolidated financial statements.

* English names for identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. INTERESTS IN ASSOCIATES *(Continued)*

During the year ended 31 December 2025, the Group disposed of its entire interests in YX Capital to an independent third party at a consideration of HK\$32,000, resulting in a gain on disposal of interests in an associate of HK\$8,000.

Fair Value of investments

As at 31 December 2025 and 2024, the associates are private companies and there are no quoted market price available for the investments.

Relationship with associates

Chengli Moonlight, a technology startup company in provision of entertainment application with AI technology and solution, allows the Group to penetrate the AI market through its technological know-how.

Shenzhen Guiyuan, a marketing promotion and planning service provider in the healthcare industry, is a strategic partner of the Group in investing activities in the healthcare industry.

Zhitong Yunhai, a non-medical health and wellness service provider, is a strategic partner of the Group in the healthcare industry.

Kuai Dian Yao, a provider of conference and exhibition service and IT solutions, is a strategic partner of the Group in the IT industry.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. INTERESTS IN ASSOCIATES *(Continued)*

Financial information of associates

Summarised financial information of each of the associates of the Group is set out below, which represents amounts shown in the associates' financial statements prepared in accordance with HKFRS Accounting Standards and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments:

	2025			
	Chengli Moonlight HK\$'000	Shenzhen Guiyuan HK\$'000	Zhitong Yunhai HK\$'000	Kuai Dian Yao HK\$'000
Gross amount				
Non-current assets	17	115	55	560
Current assets	2,105	23,545	10,844	3,883
Current liabilities	(2,008)	(6,720)	(74)	(194)
Equity	114	16,940	10,825	4,249
Reconciliation				
Gross amount of equity	114	16,940	10,825	4,249
Group's ownership interests	33.4%	49%	28%	45%
Group's share of equity	38	8,300	3,031	1,912
Gross amount				
Revenue	–	–	–	–
Loss for the year	(1,177)	(4,966)	(243)	(1,268)
Total comprehensive loss	(1,177)	(4,966)	(243)	(1,268)
Reconciliation				
Group's ownership interests	33.4%	49%	28%	45%
Group's share of results	(393)	(2,433)	(68)	(571)

No dividends were received from the Group's associates during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. INTERESTS IN ASSOCIATES *(Continued)*

Financial information of associates *(Continued)*

	Chengli Moonlight HK\$'000	2024 Shenzhen Guiyuan HK\$'000	YX Capital HK\$'000
Gross amount			
Non-current assets	24	–	–
Current assets	7,586	17,469	92
Current liabilities	(1,062)	–	(12)
Equity	6,548	17,469	80
Reconciliation			
Gross amount of equity	6,548	17,469	80
Group's ownership interests	33.4%	49%	40%
Group's share of equity	2,187	8,560	32
Gross amount			
Revenue	–	–	–
Loss for the year	(2,259)	(164)	(2)
Total comprehensive loss	(2,259)	(164)	(2)
Reconciliation			
Group's ownership interests	33.4%	49%	40%
Group's share of results	(754)	(81)	(1)

Contingent liabilities

At the end of the reporting period, there were no contingent liabilities incurred by the Group in relation to its interests in associates.

Capital commitment

At the end of the reporting period, the Group is committed to capital contribution to Shenzhen Guiyuan of RMBNil (equivalent to HK\$Nil) (2024: RMB1,800,000 (equivalent to HK\$1,944,000)) and RMB7,200,000 (equivalent to HK\$7,972,000) (2024: RMB Nil) for Zhitong Yunhai respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2025 HK\$'000	2024 HK\$'000
Equity securities listed in Hong Kong	(a)	20,072	25,716
Equity securities listed outside Hong Kong	(a)	448	418
Private investment fund	(b)	2,222	–
Unlisted equity securities	(c)	186,632	190,454
		209,374	216,588
Current portion		4,161	1,503
Non-current portion		205,213	215,085
		209,374	216,588

Notes:

- (a) The fair values of listed equity securities are based on quoted market prices in active markets at the end of the reporting period.
- (b) As at 31 December 2025, the fair value of the private investment fund of HK\$2,222,000 (2024: HK\$Nil) was valued based on the net asset value of each fund unit quoted by the investment manager. The valuation techniques and inputs applied for fair value measurement have been disclosed in note 7.
- (c) The investments in unlisted equity securities of companies incorporated in the Cayman Islands and Hong Kong of HK\$159,401,000 (2024: HK\$166,932,000) are not held for trading. The valuation techniques and inputs applied for fair value measurement have been disclosed in note 7.

As at 31 December 2025, the fair value of the unlisted equity securities of HK\$27,231,000 (2024: HK\$23,522,000) traded in the Over-the-Counter market in the United States is determined with the broker quotes. The fair value measurement have been disclosed in note 7.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. INVESTMENT PORTFOLIO

The Group's ten largest investments, including individual investments with value exceeding 5% of the Group's total assets, as at 31 December 2025 and 2024 with brief description of the investee companies as follows:

Stock code	Name of investee company	Note	Number of shares held	Effective shareholding interest	Acquisition cost HK\$'000	Fair value HK\$'000	2025	2025	2025	Classification of financial assets
							Accumulated unrealised holding gain/(loss) arising on revaluation from the date of acquisition to 31 December 2025 HK\$'000	Net gain/(loss) for the year ended 31 December 2025 HK\$'000	Dividend received for the year ended 31 December 2025 HK\$'000	
Listed equity securities										
0641	CHTC Fong's International Company Limited	(a)	1,176,000	0.11%	2,629	347	(2,282)	6	-	FVPL
1918	Sunac China Holdings Limited	(c)	250,000	*	469	59	(410)	(46)	-	FVPL
8137	Honbridge Holdings Limited	(d)	43,212,000	0.30%	58,395	18,582	(39,813)	(6,049)	-	FVPL
9988	Alibaba Group Holdings Limited	(e)	7,500	*	713	1,072	359	454	15	FVPL
LU	Lufax Holding Ltd (American depository shares)	(f)	22,500	*	9,427	448	(8,979)	30	-	FVPL
Private investment fund										
	Golden Future Capital Investment Ltd.	(g)	N/A	N/A	1,560	2,222	662	662	-	FVPL
Unlisted equity securities										
	APAL Holdings Limited	(h)	100,000,000	9.47%	78,000	84,398	6,398	6,487	-	FVPL
DIDIY	DiDi Global Inc. (American depository shares)	(i)	662,600	0.01%	12,729	27,231	14,502	3,709	-	FVPL
	HK Zxoud Limited	(j)	N/A	10%	11,800	-	(11,800)	(2,394)	-	FVPL
	Profound View Group	(k)	1,199	10.71%	66,000	75,003	9,003	(11,624)	-	FVPL

* The effective shareholding interest is below 0.01%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. INVESTMENT PORTFOLIO (Continued)

Stock code	Name of investee company	Note	Number of shares held	Effective shareholding interest	Acquisition cost	Fair value	2024			Classification of financial assets
							31 December 2024	Net gain/(loss) for the year ended 2024	Dividend received for the year ended 2024	
Listed equity securities										
0641	CHTC Fong's International Company Limited	(a)	1,176,000	0.11%	2,629	341	(2,288)	50	-	FVPL
0707	Asia Television Holdings Limited	(b)	2,106,000	0.19%	559	21	(539)	(29)	-	FVPL
1918	Sunac China Holdings Limited	(c)	250,000	*	469	105	(364)	37	-	FVPL
8137	Honbridge Holdings Limited	(d)	43,212,000	0.44%	58,395	24,631	(33,764)	9,074	-	FVPL
9988	Alibaba Group Holdings Limited	(e)	7,500	*	713	618	(95)	50	19	FVPL
LU	Lufax Holding Ltd (American depositary shares)	(f)	22,500	*	9,427	418	(9,009)	121	425	FVPL
Unlisted equity securities										
	APAL Holdings Limited	(h)	100,000,000	9.47%	78,000	77,911	(89)	28,161	-	FVPL
DIDIY	DiDi Global Inc. (American depositary shares)	(i)	662,600	0.01%	12,729	23,522	10,793	3,085	-	FVPL
	HK Xzoud Limited	(j)	N/A	10%	11,800	2,394	(9,406)	(5,143)	-	FVPL
	Profound View Group	(k)	1,199	10.71%	66,000	86,627	20,627	4,386	-	FVPL

The above investments represented in aggregate over 99% of the Group's investments in value. Apart from the ten largest investments listed above, the Group also held various other individual investments with values representing below 1% of the Group's total assets as at 31 December 2025 and 31 December 2024.

* The effective shareholding interest is below 0.01%.

Notes:

- (a) CHTC Fong's International Company Limited ("CHTC") was incorporated in Bermuda with limited liability, and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 0641). CHTC is principally engaged in manufacture and sale of dyeing and finishing machines, manufacture and sale of stainless-steel casting products and trading of stainless-steel supplies. For the year ended 31 December 2025, the audited consolidated profit attributable to owners of CHTC was HK\$4,202,000 (31 December 2024: loss of HK\$118,420,000) with basic and diluted earnings per share of HK0.38 cent (31 December 2024: loss per share of HK10.76 cents). As at 31 December 2025, its audited consolidated total equity attributable to the owners was HK\$1,046,627,000 (31 December 2024: HK\$1,043,706,000).
- (b) Asia Television Holdings Limited ("ATV") was incorporated in the Cayman Islands with limited liability, and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 0707). ATV is principally engaged in (i) processing, printing and sales of finished fabrics and subcontracting services and the trading of fabric and clothing business; (ii) money lending business; (iii) securities investment and brokerage services business; and (iv) media, cultural and entertainment business. For the year ended 31 December 2024, the audited consolidated loss attributable to owners of ATV was RMB120,100,000 (30 June 2024: RMB34,874,000 (unaudited)) with basic and diluted loss per share of RMB8.79 cents (30 June 2024: RMB3.19 cents). As at 31 December 2024, its audited consolidated total equity attributable to the owners was RMB429,964,000 (30 June 2024: RMB442,798,000 (unaudited)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. INVESTMENT PORTFOLIO (Continued)

Notes: (Continued)

- (c) Sunac China Holdings Limited (“Sunac”) was incorporated in the Cayman Islands with limited liability, and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 1918). Sunac is principally engaged in property development and investment, cultural and tourism city construction and operation, property management services and other services in the PRC. For the six months ended 30 June 2025, the unaudited consolidated loss attributable to owners of Sunac was RMB12,808,660,000 (30 June 2024: RMB14,957,186,000) with basic and diluted loss per share of RMB1.26 (30 June 2024: RMB1.79). As at 30 June 2025, its unaudited consolidated total equity attributable to the owners was RMB30,851,724,000 (31 December 2024: RMB40,521,108,000 (audited)).
- (d) Honbridge Holdings Limited (“Honbridge”) was incorporated in the Cayman Islands as an exempted company with limited liability, and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 8137). Honbridge is principally engaged in the exploration of mineral resources and the production of lithium batteries. For the six months ended 30 June 2025, the unaudited consolidated loss attributable to owners of Honbridge was HK\$32,562,000 (30 June 2024: HK\$42,484,000) with basic and diluted loss per share of HK0.27 cent (30 June 2024: HK0.44 cent). As at 30 June 2025, its unaudited consolidated total equity attributable to the owners was HK\$4,437,275,000 (31 December 2024: HK\$3,559,289,000 (audited)).
- (e) Alibaba Group Holding Limited (“Alibaba”) was incorporated in the Cayman Islands with limited liability, and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock Code: 9988). Alibaba is principally engaged in providing e-commerce and technology infrastructure services to merchants, brands, retailers, and businesses to market, sell, and operate using the Internet. For the six months ended 30 September 2025, the unaudited consolidated profit attributable to owners of Alibaba was RMB64,106,000,000 (30 September 2024: RMB68,143,000,000) with basic and diluted earnings per share of RMB3.45 and RMB3.34 (30 September 2024: RMB3.58 and RMB3.50), respectively. As at 30 September 2025, its unaudited consolidated total equity attributable to the owners was RMB1,032,495,000,000 (31 March 2025: RMB1,009,858,000,000 (audited)).
- (f) Lufax Holding Ltd (“Lufax”) was incorporated in the Cayman Islands with limited liability, and its American depository shares (“ADS”) (each representing two ordinary shares) are listed on the New York Stock Exchange (Stock Code: LU). Lufax is principally engaged in offering financial products to small and micro businesses as a financial services empowering institution in the PRC. For the year ended 31 December 2024, the audited consolidated loss attributable to owners of Lufax was RMB3,870,620,000 (30 June 2024: RMB1,662,535,000 (unaudited)) with basic and diluted loss per ADS of RMB5.54 (30 June 2024: RMB2.90). As at 31 December 2024, its audited consolidated total equity attributable to the owners was RMB81,772,702,000 (30 June 2024: RMB81,032,909,000 (unaudited)).
- (g) GoldenFuture Capital Investment Ltd. (“GoldenFuture Fund”) is a Cayman Islands exempted limited company, which invests in listed companies in major global financial markets, primarily in the United States and European markets, with a secondary focus on the Greater China market. Its core strategy is a long-only equity strategy, holding stocks for medium to long term, with a value investing style. As of 31 December 2025, the portfolio allocation of GoldenFuture Fund is as follows: United States listed company stocks: approximately 60%; European listed company stocks: approximately 30%; and Greater China listed company stocks: approximately 10%. The investment manager of GoldenFuture Fund is Goldenwise Capital Group Limited, a Hong Kong-based asset management company licensed under the Securities and Futures. As at 31 December 2025, the fair value of the GoldenFuture Fund of HK\$2,222,000 (31 December 2024: N/A) was valued based on the net asset value of each fund unit quoted by the investment manager.
- (h) APAL Holdings Limited (“APAL”) was incorporated in the Cayman Islands with limited liability. APAL is principally engaged in the business of global aircraft leasing, aircraft trading, securitised aircraft leasing financial products, aircraft parts trading, maintenance of aircraft, dismantling aircraft and other related consulting services. As at 31 December 2025, the fair value of the entire unlisted equity securities is HK\$891,254,000 (31 December 2024: HK\$822,748,000) by reference to the valuation provided by an independent professional qualified valuer using direct comparison approach with unobservable inputs.
- (i) DiDi Global Inc. (“DiDi”) was incorporated in the Cayman Islands with limited liability, and its American depository shares are traded in the Over-the-Counter market (Stock Code: DIDIY) in the United States. DiDi is principally engaged in operating mobility technology platforms which offer a wide range of app-based services including ride-hailing, taxi hailing, chauffeur and other forms of shared mobility, certain energy and vehicle services, food delivery, intra-city freight, and financial services. As at 31 December 2025, the shares of DiDi held by the Group at fair value is HK\$27,231,000 (31 December 2024: HK\$23,522,000).
- (j) HK Zxoud Limited (“Zxoud”) was incorporated in Hong Kong with limited liability. Zxoud is principally engaged in the business of developing cloud-based codec technology and distributed storage technology. As at 31 December 2025, the fair value of the entire unlisted equity securities is US\$Nil (equivalent to HK\$Nil) (31 December 2024: US\$3,794,000 (equivalent to HK\$29,595,000)) by reference to the limited business operations of Zxoud (2024: valuation provided by an independent professional qualified valuer using discounted cash flow method).
- (k) Profound View Group (“Profound”) was incorporated in the Cayman Islands with limited liability. Profound and its subsidiaries are principally engaged in the business of biotechnology and new drug research and development. As at 31 December 2025, the fair value of the entire unlisted equity securities is RMB641,020,000 (equivalent to HK\$700,339,000) (31 December 2024: RMB740,350,000 (equivalent to HK\$808,860,000)) by reference to the valuation provided by an independent professional qualified valuer using discounted cash flow method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. CRYPTOCURRENCIES

The amounts represented the cryptocurrencies held by the Group as at the end of the reporting period.

	2025 HK\$'000	2024 HK\$'000
Mainstream:		
Ethereum	1	35,359
Bitcoin	40,547	105,092
USDC	8	8
USDT	44,893	80
	85,449	140,539

Note:

At the end of the reporting period, cryptocurrencies were stated at the lower of cost and net realisable value. The Group estimated the net realisable value of the cryptocurrencies with reference to their market prices in the relevant cryptocurrencies markets less the estimated costs necessary to make the sale. No write-down of cryptocurrencies was recognised for the years ended 31 December 2025 and 2024.

25. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	4,771	1,876
Finished goods	4,371	4,207
	9,142	6,083

Due to a change in consumer preference, there was an increase in the net realisable value of HK\$167,000 (2024: HK\$270,000). Accordingly, provisions made in previous years against the carrying value of inventories of HK\$167,000 (2024: HK\$270,000) have been reversed and recognised as a reduction in the amount of inventories recognised as expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. LOANS RECEIVABLE

	2025 HK\$'000	2024 HK\$'000
Loans receivable from third parties	242,591	247,978
Less: Loss allowance	(219,239)	(218,897)
	23,352	29,081

At the end of the reporting period, loans receivable comprise:

- (a) A RMB90,000,000 loan to an independent third party borrower, which was secured by a corporate guarantee provided by an independent third party and a personal guarantee provided by a shareholder of the borrower, interest-bearing at 8% per annum and was further extended to be repayable in December 2021.

A further loan extension was granted subject to certain conditions to be fulfilled by the borrower, details of which were set out in the Company's announcement dated 16 December 2021. None of the terms under the conditions was completed and the loan extension had not become effective. The Group has consistently issued demand letters to the borrower since the date the loan defaulted. A partial repayment was received during the year ended 31 December 2022. Neither the interest nor the principal was settled by the borrower subsequently. As at the date of this report, no consent to the repayment schedule was reached by both parties.

At the end of the reporting period, the principal of RMB86,000,000 (equivalent to HK\$96,272,000) (2024: RMB86,000,000 (equivalent to HK\$96,272,000)) and accrued interest receivable of HK\$18,693,000 (2024: HK\$18,693,000) were recognised as loans receivable under current assets. Loss allowance of HK\$114,965,000 (2024: HK\$114,965,000) in respect of this credit impaired loan receivable had been recognised at the end of the reporting period. Details of the loan were set out in the Company's announcements dated 19 December 2019, 18 September 2020, 17 December 2020, 16 December 2021 and 11 February 2022, respectively.

- (b) A HK\$41,000,000 loan to an independent third party borrower, which was secured by a corporate guarantee provided by a substantial shareholder of the Company, interest bearing at 8% per annum and was further extended to be repayable in June 2023. Pursuant to the extension of the loan agreement, the loan is further secured by accounts receivable of the borrower of HK\$18,732,000 as collateral, with other terms remain unchanged. No further extension was granted after June 2023. The Group has consistently issued demand letters to the borrower since the date the loan defaulted. As at the date of this report, neither the interest nor the principal was settled by the borrower and no consent to the repayment schedule was reached by both parties.

At the end of the reporting period, the principal of HK\$41,000,000 (2024: HK\$41,000,000) and accrued interest receivable of HK\$2,453,000 (2024: HK\$2,453,000) were recognised as loans receivable under current assets. Loss allowance of HK\$37,552,000 (2024: HK\$37,613,000) in respect of this loan receivable had been recognised at the end of the reporting period. Details of the loan were set out in the Company's announcements dated 9 December 2019, 12 December 2019, 29 June 2020, 31 December 2020, 31 December 2021, 30 September 2022 and 13 July 2023, respectively.

- (c) A HK\$60,000,000 loan to an independent third party borrower, which was secured by corporate guarantees provided by two independent third parties, interest-bearing at 5% per annum and was further extended to be repayable in March 2024. Pursuant to the extension of the loan agreement, the loan is secured by accounts receivable and deposits of the borrower of HK\$55,403,000 as collateral, with other terms remain unchanged.

A further loan extension was granted subject to certain conditions to be fulfilled by the borrower, details of which were set out in the Company's announcement dated 28 March 2024. None of the terms under the conditions was completed and the loan extension had not become effective. The Group has consistently issued demand letters to the borrower since the date the loan defaulted. As at the date of this report, neither the interest nor the principal was settled by the borrower and no consent to the repayment schedule was reached by both parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. LOANS RECEIVABLE *(Continued)*

(c) (Continued)

At the end of the reporting period, the principal of HK\$60,000,000 (2024: HK\$60,000,000) and accrued interest receivable of HK\$1,504,000 (2024: HK\$1,504,000) were recognised as loans receivable under current assets. Loss allowance of HK\$52,008,000 (2024: HK\$51,106,000) in respect of this loan receivable has been recognised at the end of the reporting period. Details of the loan were set out in the Company's announcements dated 18 March 2020, 17 June 2020, 30 September 2021, 1 October 2022, 28 September 2023, 28 March 2024 and 3 July 2024, respectively.

(d) A RMB10,000,000 loan to an independent third party borrower, which was unsecured, interest-bearing at 5% per annum and was further extended to be repayable in June 2023 with other terms remain unchanged. No further extension was granted after June 2023. The Group has consistently issued demand letters to the borrower since the date of the loan defaulted. As at the date of this report, neither the interest nor the principal was settled by the borrower and no consent to the repayment schedule was reached by both parties.

At the end of the reporting period, the principal of RMB10,000,000 (equivalent to HK\$11,035,000) (2024: RMB10,000,000 (equivalent to HK\$11,035,000)) and accrued interest receivable of HK\$1,531,000 (2024: HK\$1,531,000) were recognised as loans receivable under current assets. Loss allowance of HK\$12,566,000 (2024: HK\$12,566,000) in respect of this loan receivable had been recognised at the end of the reporting period.

(e) A HK\$14,000,000 loan to an independent third party borrower, which was unsecured, interest-bearing at 5% per annum and was further extended to be repayable in April 2025 with other terms remain unchanged. During the reporting period, the principal was partially settled by the borrower. The repayment date of the remaining balance was further extended to April 2026.

At the end of the reporting period, the principal of HK\$6,482,000 (2024: HK\$14,000,000) and accrued interest receivable of HK\$77,000 (2024: HK\$167,000) were recognised as loans receivable under current assets. Loss allowance of HK\$825,000 (2024: HK\$1,324,000) in respect of this loan receivable had been recognised at the end of the reporting period.

(f) A RMB1,100,000 (equivalent to HK\$1,213,000) loan to an independent third party borrower, which was unsecured, interest-bearing at 12% per annum and was repayable in August 2023. No extension was granted after August 2023. The Group has consistently issued demand letters to the borrower since the date of the loan defaulted. As at the date of this report, neither the interest nor the principal was settled by the borrower and no consent to the repayment schedule was reached by both parties.

At the end of the reporting period, the principal of RMB1,100,000 (equivalent to HK\$1,213,000) (2024: RMB1,100,000 (equivalent to HK\$1,213,000)) and accrued interest receivable of HK\$110,000 (2024: HK\$110,000) were recognised as loans receivable under current assets. Loss allowance of HK\$1,323,000 (2024: HK\$1,323,000) in respect of this loan receivable had been recognised at the end of the reporting period.

(g) A RMB2,000,000 (equivalent to HK\$2,214,000) loan to an independent third party borrower, which was unsecured, interest-bearing at 3.45% per annum and was repayable in February 2025. No extension was granted after February 2025. Subsequent to the end of the reporting period, the principal and accrued interest were fully settled by the borrower.

At the end of the reporting period, the principal of RMB2,000,000 (equivalent to HK\$2,214,000) and accrued interest receivable of HK\$7,000 were recognised as loans receivable under current assets. No loss allowance in respect of this loan receivable had been recognised at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. TRADE AND OTHER RECEIVABLES AND PREPAYMENT FOR CONSTRUCTION

	Note	2025 HK\$'000	2024 HK\$'000
Trade receivables		62,956	63,992
Less: Loss allowance		(33,211)	(23,020)
	(a)	29,745	40,972
Receivables from disposal of a subsidiary		257	257
Earnest money paid for procurement of intangible assets	(b)	63,109	61,555
Lease receivables	19	1,081	–
Other receivables, net of loss allowance	(c)	21,630	10,171
Prepayments and deposits, net of loss allowance	(d)	266,978	266,708
Prepayments for construction	(e)	6,266	12,626
		389,066	392,289
Current portion		378,316	372,209
Non-Current portion		10,750	20,080
		389,066	392,289

Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in note 6(a).

Notes:

- (a) The ageing analysis of trade receivables (net of loss allowance) by invoice date at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
0–30 days	3,399	5,019
31–60 days	1,936	5,166
61–90 days	1,599	4,179
Over 90 days	22,811	26,608
	29,745	40,972

- (b) Earnest money of RMB57,000,000 (equivalent to HK\$63,109,000) (2024: RMB57,000,000 (equivalent to HK\$61,555,000)) was paid for the procurement of hash-rate capacity which was recognised as intangible assets of the Group which was fully impaired in prior years. The earnest money will be refunded to the Group upon settlement of the remaining outstanding payables for the procurement of hash-rate capacity (note 29(c)(i)). Details of the procurement of hash-rate capacity are set out in the Company's announcements dated 14 May 2021, 31 May 2021 and 2 June 2021, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. TRADE AND OTHER RECEIVABLES AND PREPAYMENT FOR CONSTRUCTION *(Continued)*

Notes: *(Continued)*

- (c) Included in other receivables are RMB10,850,000 (equivalent to HK\$12,012,000) (2024: HK\$Nil) related to upfront payments made for the research and development services associated with the construction and technical development of the traditional Chinese medicine mRNA database (the "Development"). As at 31 December 2025, the Group has commitment in relation to the Development amounted to RMB32,340,000 (equivalent to HK\$35,806,000) (2024: HK\$Nil).
- (d) Included in prepayments and deposits, net of loss allowances, were trading deposits for the purchase of cryptocurrency mining machines which will be held for trading purpose of HK\$200,560,000 (2024: HK\$194,969,000) and earnest money for a investment project of HK\$15,340,000 (2024: HK\$15,363,000).

As at 31 December 2025, a total sum of RMB190,082,000 (equivalent to HK\$210,453,000) (2024: RMB190,082,000 (equivalent to HK\$205,272,000)) before loss allowances were paid to Zhongda Bocheng Energy Technology (Shenzhen) Limited* (中達博誠能源科技(深圳)有限公司) ("Zhongda Bocheng"), an independent third party as trading deposits for the purchase of cryptocurrency mining machines which will be held for trading purpose. On the other hand, RMB110,000,000 (equivalent to HK\$121,789,000) (2024: RMB110,000,000 (equivalent to HK\$118,790,000)) were received from Zhongda Bocheng as a performance bond, which is not available to set-off against the trading deposits aforesaid and recognised as other payables (note 29(c)(ii)). The Group partially terminated the purchase of cryptocurrency mining machines and the trading deposits of RMB49,977,000 (equivalent to HK\$55,150,000) will be refunded to the Group before 30 June 2026 in accordance with the termination agreement signed with Zhongda Bocheng. For the remaining prepayments of RMB140,105,000 (equivalent to HK\$154,607,000), the Group and Zhongda Bocheng entered into an extension agreement during the reporting period to extend the delivery of the cryptocurrency machines to December 2026.

As at 31 December 2025, an aggregate of US\$3,200,000 (equivalent to HK\$29,496,000) (2024: US\$3,200,000 equivalent to HK\$29,496,000) before loss allowance was paid by the Group to an independent third party (the "Vendor") as earnest money (the "Earnest Money") for a global sale project under a corporation agreement (the "Agreement"). The interest of a wholly-owned subsidiary of the Vendor was charged as collateral of the Earnest Money. The Group had terminated the Agreement with the Vendor and requested a refund of the Earnest Money. Enforcement letters had been issued to the Vendor following the termination.

- (e) As at 31 December 2024, included in prepayments for construction were prepayments mainly for data centre facilities amounting to US\$1,205,000 (equivalent to HK\$9,400,000), which were recognised as construction in progress under property, plant and equipment during the year ended 31 December 2025.

28. ASSETS CLASSIFIED AS HELD-FOR-SALE

On 29 May 2023, pursuant to a real property purchase and sale and escrow agreement (the "Real Property Agreement") entered with a third party of the Group (the "Purchaser"), the Group agreed to conditionally dispose of its property consisting of (a) the real estate situated at 6580 Via Del Oro, San Jose, California 95119 and with an area of 4.725 acres; and (b) one storey mission critical data center building with an area of 80,158 square feet located on the land (collectively, the "Land and Property") at a consideration of US\$110,000,000 (equivalent to HK\$858,000,000) (the "Disposal").

On 12 July 2023, the Disposal was approved by the shareholders in a special general meeting of the Company. Details of the Disposal are set out in the Company's announcement dated 29 May 2023, the circular dated 23 June 2023 and the poll result announcement dated 12 July 2023.

As at 31 December 2024, the assets classified as held-for-sale of HK\$850,200,000 referred to the carrying amount of the Land and Property transferred from investment properties under non-current assets. During the years ended 31 December 2025 and 2024, and subsequent to the end of the reporting period, the contingency date of the Disposal has been extended to 9 March 2026 (Pacific Time) through several supplemental agreements to the Real Property Agreement. The Disposal was not completed by 9 March 2026, and no agreement was reached between the Purchaser and the Group to further postpone the contingency date. As a result, the Disposal was automatically lapsed and terminated. Details of the termination of the Disposal are set out in the Company's announcement dated 20 March 2026.

The Directors have reassessed the probability of disposing of the Land and Property and concluded that the possibility of completing the disposal of the Land and Property within 12 months from the end of the reporting period is remote. Accordingly, the Land and Property, previously classified as held-for-sale and amounting to HK\$850,200,000 was transferred to investment properties under non-current assets as at 31 December 2025.

* English names for identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. TRADE AND OTHER PAYABLES

	Note	2025 HK\$'000	2024 HK\$'000
Trade payables	(a)	4,046	10,338
Contract liabilities	(b)	7,001	5,426
Other payables	(c)	224,039	220,982
Accruals		24,246	28,418
		259,332	265,164

Notes:

(a) The ageing analysis of trade payables by invoice date at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
0–30 days	1,606	1,731
31–60 days	2,113	8,310
61–90 days	327	297
	4,046	10,338

The payment terms with suppliers are generally 30 to 60 days (2024: 30 to 60 days).

(b) The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
As at 1 January	5,426	11,054
Exchange realignment	1	(1)
Recognised as revenue	(4,740)	(9,693)
Receipt of advances or recognition of receivables	6,314	4,066
As at 31 December	7,001	5,426

As at 31 December 2025 and 2024, no contract liabilities are expected to be settled after more than 12 months.

Unsatisfied or partially unsatisfied performance obligations

All the performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2025 and 2024 are part of contracts that have an original expected duration of one year or less. Given that the Group applies the practical expedient in paragraph 121(a) of HKFRS 15, the transaction price allocated to these performance obligations is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. TRADE AND OTHER PAYABLES (Continued)

Notes: (Continued)

- (c) Included in other payables are the following balances:
- (i) Outstanding payable of RMB67,000,000 (equivalent to HK\$79,748,000) (2024: RMB67,000,000 (equivalent to HK\$79,748,000)) for the procurement of hash-rate capacity, which has been recognised as intangible assets of the Group in prior years. The outstanding payable, which is repayable on demand, is not available to set-off against the earnest money of RMB57,000,000 (equivalent to HK\$63,109,000) (2024: RMB57,000,000 (equivalent to HK\$61,555,000)) paid for the procurement of hash-rate capacity in prior years (note 27(b)).
 - (ii) A performance bond, which is repayable on demand, received from Zhongda Bocheng in relation to the purchase of cryptocurrency mining machines amounted to RMB110,000,000 (equivalent to HK\$121,789,000) (2024: RMB110,000,000 (equivalent to HK\$118,790,000)) (note 27(d)).
 - (iii) Outstanding payables of HK\$6,804,000 (2024: HK\$8,804,000) for the purchase of cryptocurrency mining machines in prior years. The outstanding payable is repayable on demand.

30. BANK AND OTHER LOANS

	Note	2025 HK\$'000	2024 HK\$'000
Current and secured			
Term loans from banks with repayment on demand clause	(a)	864	952
Other loans with repayment on demand clause	(b)	19,325	–
Current and unsecured			
Other loan	(c)	2,000	2,000
		22,189	2,952
Analysis of the amounts due based on scheduled payment dates set out in the loan agreements (ignoring the effect of any repayment on demand clause) is as follows:			
On demand or within one year		21,416	2,088
After one but within two years		93	90
After two but within five years		295	286
After five years		385	488
		22,189	2,952

Notes:

- (a) As at 31 December 2025, the bank loans carried variable interest rates ranging from 2.65% to 2.90% (2024: 3.03% to 3.53%) per annum. The bank loans are secured by the Group's assets (other than cryptocurrencies) as set out in note 36.
- (b) The other secured loans represented short-term loans from an independent third-party institution with principal amounts of HK\$19,257,000 (2024: HK\$Nil) with fixed interest rates ranging from 0.9% to 1.0% per annum. The loans are secured by the Group's cryptocurrencies as set out in note 36. Subsequent to the end of the reporting period, other secured loans amounted to HK\$7,703,000 were repaid by the Group.
- (c) The other unsecured loan represented a short-term loan from a non-controlling interest of a subsidiary with principal of HK\$2,000,000 (2024: HK\$2,000,000). The other loan was unsecured, interest-free and has no fixed repayment term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. CHANGES IN OWNERSHIP INTERESTS IN A SUBSIDIARY THAT DO NOT RESULT IN A LOSS OF CONTROL

Acquisition of additional interest in a subsidiary

	2024 HK\$'000
Net consideration paid	(4)
Acquisition of additional interests in a subsidiary	(1,279)
<hr/>	
Difference recognised in equity	(1,283)

On 6 June 2024, the Group acquired the remaining 40% of the issued shares of Grand InfoTech (HK) Limited ("Grand InfoTech") at a consideration of HK\$4,000 from independent third parties of the Group.

The Group now holds 100% of the equity share capital of Grand InfoTech. The carrying amount of the non-controlling interests in Grand InfoTech on the date of acquisition was HK\$1,279,000. The Group derecognised non-controlling interests of negative HK\$1,279,000 and recognised directly in equity attributable to owners of the Company of HK\$1,283,000 for the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid.

32. SHARE CAPITAL

	Number of Shares		Amount	
	2025 '000	2024 '000	2025 HK\$'000	2024 HK\$'000
Authorised:				
At beginning and end of the reporting period				
Ordinary Shares of HK\$0.025 each	8,000,000	8,000,000	200,000	200,000
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Issued and fully paid:				
At beginning of the reporting period				
Ordinary Shares of HK\$0.025 each	2,487,705	2,487,705	62,193	62,193
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At end of the reporting period				
Ordinary Shares of HK\$0.025 each	2,487,705	2,487,705	62,193	62,193

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. RESERVES

	Share premium HK\$'000 (Note (a)(i))	Statutory reserves HK\$'000 (Note (a)(ii))	Contributed surplus HK\$'000 (Note (a)(iii))	Property revaluation reserves HK\$'000 (Note (a)(iv))	Translation reserves HK\$'000 (Note (a)(v))	Other reserves HK\$'000 (Note (a)(vi))	Retained profits HK\$'000	Total HK\$'000
As at 1 January 2024	280,057	8,668	234,621	84,992	8,333	4,203	1,022,637	1,643,511
Loss for the year	-	-	-	-	-	-	(61,970)	(61,970)
Other comprehensive loss: Exchange differences arising on translation of the foreign operations	-	-	-	-	(3,439)	-	-	(3,439)
Total other comprehensive loss	-	-	-	-	(3,439)	-	-	(3,439)
Total comprehensive loss for the year	-	-	-	-	(3,439)	-	(61,970)	(65,409)
Transactions with owners: <i>Changes in ownership interest</i> Changes in ownership interests in a subsidiary that do not result in a loss of control (note 31)	-	-	-	-	-	(1,283)	-	(1,283)
Total transactions with owners	-	-	-	-	-	(1,283)	-	(1,283)
As at 31 December 2024 and as at 1 January 2025	280,057	8,668	234,621	84,992	4,894	2,920	960,667	1,576,819
Loss for the year	-	-	-	-	-	-	(64,213)	(64,213)
Other comprehensive income: Exchange differences arising on translation of the foreign operations	-	-	-	-	5,475	-	-	5,475
Total other comprehensive income	-	-	-	-	5,475	-	-	5,475
Total comprehensive income/(loss) for the year	-	-	-	-	5,475	-	(64,213)	(58,738)
As at 31 December 2025	280,057	8,668	234,621	84,992	10,369	2,920	896,454	1,518,081

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. RESERVES *(Continued)*

Notes:

(a) *Nature and purpose of reserves*

(i) Share premium

The application of the share premium account is governed by Section 46(2) of the Companies Act 1981 of Bermuda.

(ii) Statutory reserves

Statutory reserves comprise statutory surplus reserves fund of the subsidiaries in the PRC and form part of shareholders' fund. According to the articles of association of certain subsidiaries, the subsidiaries are required to transfer 10% of the profit after tax to the statutory surplus reserves fund until the fund balance reaches 50% of the registered capital. The transfer to the funds must be made before distributing dividends to Shareholders.

(iii) Contributed surplus

The contributed surplus represents the difference between the underlying net assets of the subsidiaries which were acquired by the Company and the nominal amount of Shares issued by the Company for each acquisition at the time of the Group reorganisation.

Under the Companies Act 1981 of Bermuda, the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(iv) Property revaluation reserves

The property revaluation reserves comprise the net changes in fair value arising on the revaluation of properties held for own use upon transfer to investment properties.

(v) Translation reserves

The translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(vi) Other reserves

The other reserves have been set up and dealt with in accordance with the accounting policies adopted for the changes in ownership interests in subsidiaries that do not result in a loss of control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. OTHER CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

Details of the changes in the Group's liabilities from financing activities are as follows:

	Bank and other loans HK\$'000	Lease liabilities HK\$'000
As at 1 January 2024	14,273	4,262
New leases	–	11,300
Lease modification	–	(1,679)
Net cash flows	(11,412)	(3,332)
Interest accrued	327	222
Exchange differences	(236)	(57)
As at 31 December 2024 and as at 1 January 2025	2,952	10,716
New loan	19,325	–
New leases	–	3,358
Lease modification	–	(222)
Net cash flows	(182)	(3,544)
Interest accrued	94	351
Exchange differences	–	45
As at 31 December 2025	22,189	10,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Interests in subsidiaries		1,783,032	1,782,276
CURRENT ASSETS			
Prepayments, deposits paid and other receivables		15,673	15,996
Financial assets at fair value through profit or loss		448	418
Cash and bank balances		5,480	2,236
		21,601	18,650
CURRENT LIABILITIES			
Other payables		8,389	5,370
Dividend payables		31	31
Amounts due to subsidiaries		1,563,016	1,506,560
		1,571,436	1,511,961
NET CURRENT LIABILITIES		(1,549,835)	(1,493,311)
TOTAL ASSETS LESS CURRENT LIABILITIES		233,197	288,965
NON-CURRENT LIABILITIES			
Income tax payable		6,192	6,192
NET ASSETS		227,005	282,773
CAPITAL AND RESERVES			
Share capital		62,193	62,193
Reserves	(a)	164,812	220,580
TOTAL EQUITY		227,005	282,773

This statement of financial position was approved and authorised for issue by the Board on 25 March 2026 and signed on its behalf by:

Li Qiang
Director

Cong Yu
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) Reserves

	Share premium HK\$'000 (note 33(a)(i))	Contributed surplus HK\$'000 (note 33(a)(iii))	Accumulated losses HK\$'000	Total HK\$'000
As at 1 January 2024	280,057	380,621	(392,986)	267,692
Loss for the year and total comprehensive loss for the year	–	–	(47,112)	(47,112)
As at 31 December 2024 and as at 1 January 2025	280,057	380,621	(440,098)	220,580
Loss for the year and total comprehensive loss for the year	–	–	(55,768)	(55,768)
As at 31 December 2025	280,057	380,621	(495,866)	164,812

36. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to secure the loan facilities:

	2025 HK\$'000	2024 HK\$'000
(a) Right-of-use assets	52,892	55,895
(b) Cryptocurrencies	19,500	–
(c) Bank deposits	200	200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) pursuant to the ordinary resolutions passed by the Shareholders at the special general meeting (“SGM”) on 14 January 2015 (the “Option Adoption Date”). The Share Option Scheme is valid for ten years from the Option Adoption Date and shall expire at the close of business on the day immediately preceding the 10 anniversary thereof unless terminated earlier by Shareholders in general meeting. As at the date of this report, the Share Option Scheme was expired.

The purpose of the Share Option Scheme is to enable the Company to grant share options to the selected eligible participants as incentives or rewards for their contribution or potential contribution to the growth and development of the Group.

The Directors may, at their absolute discretion, invite any person belonging to any of the following categories of participants (the “Eligible Participants”) to take up share options to subscribe for the Shares:

Category A Eligible Participants

- (a) any Director or proposed Director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full-time or part-time) of any member of the Group or any substantial Shareholder or any company controlled by a substantial Shareholder; or
- (b) any individual for the time being seconded to work for any member of the Group or any substantial Shareholder or any company controlled by a substantial Shareholder.

Category B Eligible Participants

Any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group and shall include any company controlled by one or more persons belonging to any of the above classes of participants.

Options granted to the Eligible Participants are subject to vesting conditions. Options granted to an eligible participant who has joined the Group for more than three years are subject to a vesting scale in tranches of 40%, 30% and 30% each per annum starting from the date of grant and will become fully vested on the third anniversary of the grant. Options granted to an eligible participant who has joined the Group for less than three years are subject to a vesting scale in tranches of 10%, 20%, 35% and 35% each per annum from the second to the fifth year after the grant and will become fully vested on the fifth anniversary of the grant.

The total number of Shares which may be issued upon the exercise of all share options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total issued share capital of the Company on the Option Adoption Date (the “Scheme Mandate”) unless the Company obtains an approval from the Shareholders to renew the 10% limit on the basis that the maximum number of Shares in respect of which share options may be granted under the Share Option Scheme together with any share options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes shall not exceed 30% of the total issued share capital of the Company from time to time. At the SGM which was held on the Option Adoption Date, the Scheme Mandate was approved by the Shareholders and the total number of Shares that may be allotted and issued under the Share Option Scheme would be 179,211,680 Shares, representing 10% of the total number of Shares in issue as at the Option Adoption Date and 7.20% of the total number of Shares in issue as at the date of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. SHARE OPTION SCHEME *(Continued)*

The maximum number of Shares issued and to be issued upon the exercise of the share options granted under the Share Option Scheme and any other share option schemes of the Company to any eligible participant (including cancelled, exercised and outstanding share options), in any 12-month period up to the date of grant shall not exceed 1% of the number of Shares in issue, without prior approval from the Shareholders. Any grant of a share option to a Director, chief executive of the Company or substantial Shareholder (or any of their respective associates) must be approved by the Independent Non-Executive Directors. Where any grant of share options to a substantial Shareholder or an Independent Non-Executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon the exercise of the share options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of the Company (including share options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant: (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at each date of grant, in excess of HK\$5,000,000, such further grant of share options is required to be approved by the Shareholders in general meeting.

An offer for the grant of share options must be accepted within 30 days inclusive of the day on which such offer was made. The amount payable by the grantee of a share option to the Company on acceptance of the offer for the grant of a share option is HK\$1.0. A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period commencing on such date on or after the date on which the share option is granted as the Board may determine in granting the share options and expiring at the close of business on such date as the Board may determine in granting the share options but in any event shall not exceed ten years from the date of grant (which is the date of offer of grant if the offer for the grant of the share options is accepted). The exercise price of the share option is to be determined by the Board provided always that it shall be at least the higher of: (i) the closing price of the Shares on the date of offer of grant; and (ii) the average closing price of the Shares for the five business days immediately preceding the date of offer of grant, provided that the option price per Share shall in no event be less than the nominal amount of the Shares.

The Share Option Scheme was expired during the year ended 31 December 2025. No share options were granted or exercised during the years ended 31 December 2025 and 2024 or outstanding at 31 December 2025 and 2024. As at 1 January 2025 and 31 December 2025, no share options were available for grant under the Share Option Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. RETIREMENT BENEFITS SCHEME

The Group operates a MPF for all eligible employees in Hong Kong. The assets of the MPF are held separately from those of the Group in funds under the control of trustees. The Group contributes 5% of the relevant payroll costs of each eligible employee to the MPF, subject to a maximum amount of HK\$1,500 per month. Since 1 July 2017, the Group has made voluntary contributions to the MPF for executive Directors and senior management up to 5% of their relevant monthly income.

Hong Kong employees that have been employed continuously for at least five years are entitled to LSP in accordance with the EO under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at HK\$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions MPF scheme, with an overall cap of HK\$390,000 per employee.

In June 2022, the Hong Kong SAR Government gazetted the Employment and Retirement Scheme Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 ("Amendment Ordinance"), which will eventually abolish the statutory right of an employer to reduce its LSP payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme (the "Abolition").

In April 2023, the Chief Executive of the Hong Kong SAR Government announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "Transition Date").

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

Separately, the Hong Kong SAR Government has launched a 25-year scheme to subsidise the post-transition portion of LSP payable by employers up to a certain amount per employee per year (the "LSP Subsidy"). The LSP Subsidy is regarded as government grants for accounting purpose. The Group recognises the LSP Subsidy in other income when the Group has paid or is about to pay the LSP to the employees in accordance with the Employment Ordinance and is eligible to claim the related LSP Subsidy. No LSP Subsidy is recognised during the year ended 31 December 2025.

As at 31 December 2025 and 2024, it is considered that the Amendment Ordinance has no material impact on the Group's LSP liability with respect to employees that participate in the MPF scheme.

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the government of the PRC. The subsidiaries are required to contribute certain percentage of their payroll costs to the retirement benefits scheme to fund the benefits. The principal obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions. At the end of the reporting period, there was no forfeited contribution available to reduce the contribution payable in future years.

The Group has made voluntary contributions to the 401(K) retirement plan for all eligible employees in the United States since 1 August 2020. The group contributes up to 6% of the relevant monthly income of each eligible employee to the plan. The assets of the pension fund are held separately from those of the Group in funds under the control of trustees.

The total cost charged to profit or loss of HK\$2,345,000 for the year ended 31 December 2025 (2024: HK\$2,792,000) represents contributions paid and payable to these schemes by the Group in respect of the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

During the year, the Group had the following transactions with related parties:

	2025 HK\$'000	2024 HK\$'000
Chengdu Ganluhai		
– Rental income	4,606	4,489
– Finance income on net investment under finance lease	241	–
– Purchase of property, plant and equipment sold in finance lease arrangement	6,512	–
Mr. Zhu Weisha, a substantial shareholder of the Company		
– Consultancy fee expenses	2,283	2,283

(b) Key management compensation

The emoluments of the executive Directors and other members of key management during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries	7,488	8,571
Discretionary bonus	5,750	2,450
Retirement benefits scheme contributions	448	418
	13,686	11,439

40. EVENTS AFTER THE REPORTING PERIOD

Changes in market price of cryptocurrencies

Subsequent to the end of the reporting period, there was a decline in market price of mainstream cryptocurrencies including Bitcoin. The market price of Bitcoin was reduced from approximately US\$87,509 as at 31 December 2025 to approximately US\$70,862 as at 25 March 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2025 are as follows:

Name of subsidiary	Place of incorporation/ kind of legal entity	Principal activities/ place of operation	Particulars of issued and paid-up capital	2025 Interest held	2024 Interest held
Direct subsidiaries:					
Billion State Limited	British Virgin Islands ("BVI")/limited liability company	Trustee/Hong Kong ("HK")	100 ordinary shares of US\$1 each	100%	100%
Yuxing Capital Limited	BVI/limited liability company	Investment holding/HK	100 ordinary shares of US\$1 each	100%	100%
Yuxing Treasury Limited	BVI/limited liability company	Investment holding/HK	100 ordinary shares of US\$1 each	100%	100%
Cloud Rich Holdings Limited	BVI/limited liability company	Investment holding/HK	100 ordinary shares of US\$1 each	100%	100%
Yuxing Group (International) Limited	BVI/limited liability company	Investment holding/ the PRC and HK	2,000 ordinary shares of US\$1 each	100%	100%
Wealthy Well Limited	Cayman Islands/ limited liability company	Investment/HK	100 ordinary shares of US\$1 each	100%	100%
Golden Rich Asia Investment Limited	HK/limited liability company	Investment holding/HK	1 ordinary share of HK\$1	100%	100%
HyBroad Vision Holdings Limited	HK/limited liability company	Investment holding/HK	1 ordinary share of HK\$1	100%	100%
Rich Universe International Limited	HK/limited liability company	Investment/HK	100 ordinary shares of HK\$1 each	100%	100%
Full Profit Enterprises Limited	BVI/limited liability company	Investment/HK	100 ordinary shares of US\$1 each	100%	100%
Grand Choice Developments Limited	BVI/limited liability company	Investment/HK	1 ordinary share of US\$1	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ kind of legal entity	Principal activities/ place of operation	Particulars of issued and paid-up capital	2025 Interest held	2024 Interest held
Indirect subsidiaries:					
Harmony Wealthy Investments Limited	BVI/limited liability company	Investment/HK	1 ordinary share of US\$1	–	100%
Up Spacious Global Investments Limited	BVI/limited liability company	Trading of securities/HK	3 ordinary shares of US\$1 each	100%	100%
Yield Lasting Investments Limited	BVI/limited liability company	Property holding/HK	1 ordinary share of US\$1	100%	100%
Cloud Digit Investment LP	BVI/limited partnership	Investment/HK	HK\$60,000,000	100%	100%
RiCloud Corp.	The United States/ limited liability company	IDC/the United States	100 common stock of US\$0.01 each	100%	100%
Cloud Digital Co., Limited	HK/limited liability company	IDC/HK	100 ordinary shares of HK\$1 each	100%	100%
HyBroad Vision (HK) Technology Company Limited	HK/limited liability company	Trading and distribution of IHA and electronic components/HK	10,000,000 ordinary shares of HK\$1 each	100%	100%
Yuxing Technology Company Limited	HK/limited liability company	Investment holding and provision of administrative services/HK	2 ordinary shares of HK\$1 each	100%	100%
HK Orient Phoenix Limited	HK/limited liability company	Technology development and software design/HK	10,000,000 ordinary shares of RMB1 each	51%	51%
Shenzhen Orient Phoenix Limited	The PRC/foreign wholly owned enterprise	Distributed storage, technology development and software design/ the PRC	RMB10,000,000	51%	51%
Beijing E'rich Investment Management Co., Ltd*	The PRC/foreign wholly owned enterprise	Investment consultancy/ the PRC	RMB14,000,000	100%	100%

* English names for identification purpose only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ kind of legal entity	Principal activities/ place of operation	Particulars of issued and paid-up capital	2025 Interest held	2024 Interest held
Indirect subsidiaries: (Continued)					
Beijing Yuxing Software Company Limited*	The PRC/foreign wholly owned enterprise	Research and development ("R&D") and software design/the PRC	HK\$15,000,000	100%	100%
Guangdong HyBroad Vision Electronics Technology Company Limited*	The PRC/domestic wholly owned enterprise	Manufacturing, distribution and sales of IHA and R&D and software design/the PRC	RMB90,000,000	100%	100%
Zhongshan HyBroad Vision Trading Company Limited*	The PRC/domestic wholly owned enterprise	Trading and distribution of IHA and electronic components/the PRC	RMB5,000,000	100%	100%
Sheng Bang Qiang Dian Electronics (Zhongshan) Company Limited*	The PRC/foreign wholly owned enterprise	Property holding/ the PRC	RMB123,000,000	100%	100%
Tibetan Crane (Shenzhen) Investment Company Limited*	The PRC/foreign wholly owned enterprise	Investment consultancy/ the PRC	RMB74,400,000	100%	100%
Beijing Fifth Forces Technology Ltd*	The PRC/domestic wholly owned enterprise	Technology development and software design/the PRC	RMB13,265,176	100%	100%
Meishan E-rich Shengda Medical Service Co., Ltd*	The PRC/domestic wholly owned enterprise	Property holding/ the PRC	RMB28,000,000	100%	100%

The above table contains only the particulars of subsidiaries of the Company which principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during the year.

* English names for identification purpose only

PARTICULARS OF PROPERTIES

Location	Usage	Tenure	Attributable interest of the Group
<i>Investment properties</i>			
No. a, b, c, d, Building B6, Yaoxing Tianfu Pioneering Park, South Section of Bencao Avenue, Dongpo District, Meishan City, Sichuan Province, the PRC	An industrial complex for rental and/or capital appreciation	Medium-term	100%
Yuxing Industrial Park, Yanjiang Road East, Torch Development Zone, Zhongshan, the PRC	An industrial complex for rental and/or capital appreciation	Medium-term	100%
6580 Via Del Oro, San Jose, California, the United States	Internet data centre for rental and/or capital appreciation	Freehold interest	100%
<i>Land and Building</i>			
Land Register of Baden-Baden, Sheet 5320 district of Baden-Baden, parcel of land 256019, yard and building space, zeppe-linstraBe 5, Germany	Office complex	Freehold interest	100%