



nichetech

**NICHE-TECH SEMICONDUCTOR
MATERIALS LIMITED**
駿碼半導體材料有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8490)

ANNUAL REPORT 2025



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Chow Bok Hin Felix (*Executive Chairman*)
Professor Chow Chun Kay Stephen
Mr. Shi Yiwu

Non-executive Directors

Mr. Li Chiu Fan
Mrs. Chow Fung Wai Lan Rita

Independent Non-executive Directors

Professor Ng Wang Wai Charles
Mr. Tai Chun Kit
Mr. Poon Lai Yin Michael

AUDIT COMMITTEE

Mr. Poon Lai Yin Michael (*Chairman*)
Professor Ng Wang Wai Charles
Mr. Tai Chun Kit

REMUNERATION COMMITTEE

Professor Ng Wang Wai Charles (*Chairman*)
Dr. Chow Bok Hin Felix
Mr. Tai Chun Kit
Mr. Poon Lai Yin Michael

NOMINATION COMMITTEE

Dr. Chow Bok Hin Felix (*Chairman*)
Mrs. Chow Fung Wai Lan Rita (*appointed on 26 June 2025*)
Professor Chow Chun Kay Stephen (*ceased on 26 June 2025*)
Professor Ng Wang Wai Charles
Mr. Tai Chun Kit
Mr. Poon Lai Yin Michael

COMPANY SECRETARY

Mr. Tsoi Kin Lung

AUTHORISED REPRESENTATIVES

Dr. Chow Bok Hin Felix
Mr. Tsoi Kin Lung

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 208, 2/F., Lakeside 1, Phase Two
Hong Kong Science Park, Pak Shek Kok
New Territories, Hong Kong

HONG KONG LEGAL ADVISER

Kwok Yih & Chan

AUDITOR

Gary Cheng CPA Limited
Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

Bank of Communication Co., Ltd., Hong Kong Branch
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
United Overseas Bank Limited

REGISTERED OFFICE

Ocorian Trust (Cayman) Limited
Windward 3,
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108, Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3,
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108, Cayman Islands

HONG KONG SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point, Hong Kong

WEBSITE

www.nichetech.com.hk

STOCK CODE

8490

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Niche-Tech Semiconductor Materials Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”), I am delighted to present the annual results of the Group for the year ended 31 December 2025 (the “**Review Year**” or “**2025**”).

OVERVIEW

During the Review Year, despite the continued growth in investments in artificial intelligence and photovoltaic energy, the global semiconductor market exhibited complex and divergent trends amid structural adjustments in end-user demand and shifts in the geopolitical landscape. Although Sino-U.S. relations saw a temporary easing during the year, there was an overall contraction in global trade flows, and an intensified trend toward regionalization of supply chains. Against this backdrop, while demand within the domestic semiconductor supply chain increased, the Group faced a challenging operating environment with downward pressure on average selling prices due to persistent and intense industry competition and unresolved issues of overcapacity.

For the Review Year, the Group's revenue was approximately HK\$146.9 million, representing a decrease of 24.6% from approximately HK\$194.9 million for the year ended 31 December 2024 (“**2024**”). Gross profit was approximately HK\$20.1 million, representing a decrease of 42.7% from HK\$35.1 million in 2024. The overall gross profit margin declined from 18.0% in 2024 to 13.7% in 2025. The significant decline in performance primarily reflected market pricing pressures and intensified market competition.

Furthermore, the Group recorded an impairment loss of approximately HK\$16.0 million on its intangible assets during the Review Year. As a result, loss attributable to the owners of the Company for the Review Year was approximately HK\$38.8 million (2024: approximately HK\$43.1 million). The Group will continue to implement cost-control strategies and enhance operational efficiency to mitigate the adverse effects of the economic environment on its performance.

The Group's earnings before interest, taxes, depreciation of plant and equipment and amortization of intangible assets (“**EBITDA**”) for the Review Year were approximately HK\$3.8 million (excluding the impairment loss on intangible assets of approximately HK\$16.0 million) (2024: approximately HK\$15.3 million).

CHAIRMAN'S STATEMENT

FORWARD

During the year Review Year, despite macroeconomic uncertainties and intensified market competition, the Group continued to focus on research & development (“**R&D**”) and innovation in advanced semiconductor packaging materials, optimising its product mix and increasing the proportion of high-value-added products. The Group consistently increases its R&D investment to capitalize on market opportunities and actively seizes opportunities within the domestic semiconductor supply chain, with the aim of consolidating its competitive advantage as the market gradually recovers.

The Group will continue to implement cost control strategies and improve operational efficiency to mitigate the adverse impact of the economic environment on its performance. The Group's focus on domestic substitution (“國產替代化”) is central to the growth strategy and aligns with China's national policy of technological self-reliance. By prioritizing local supply chains and partnerships, the Group enhances supply stability, reduces exposure to international market volatility, and strengthens its cost competitiveness. This approach also positions the Group as a preferred supplier within the domestic semiconductor packaging industry, supporting innovation tailored to local demand while driving profitability. Embracing domestic substitution reinforces the Group's role as a key player in China's pursuit of semiconductor sovereignty and sustainable industrial development. The Board remains cautiously optimistic about the industry's long-term prospects and will continue to drive revenue growth while actively developing upstream and downstream businesses related to the industry to generate long-term returns for shareholders of the Company (the “**Shareholders**”).

Dr. Chow Bok Hin Felix

Chairman

Hong Kong, 31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Headquartered in Hong Kong with a research and development center and production facilities in Shantou, China, the Group is a leading manufacturer of semiconductor packaging materials specialising in the development, manufacture, and sale of bonding wires and encapsulants.

The Group continued to sell its products directly to over 600 customers (primarily leading Chinese manufacturers of LEDs, camera modules, power devices, IC packaging, toys, and electronic products). Throughout 2025, the industry exhibited a complex and divergent development trend amid structural adjustments in end-user demand and shifts in the geopolitical landscape. Although Sino-U.S. relations saw a temporary easing during the year, there was an overall contraction in global trade flows, resulting in a 24.6% decline in annual revenue and a 42.7% decrease in gross profit.

Revenue from encapsulant products for the Review Year was approximately HK\$55.5 million (2024: approximately HK\$76.8 million), with a gross margin of 16.4% (2024: 26.5%). The gross margins for the first and second halves of the year were approximately 12.2% and 19.8%, respectively, indicating a recovery in profitability in the second half of the year as product mix optimisation and cost control measures took effect.

Sales revenue for bonding wire products for the Review Year was approximately HK\$84.1 million (2024: approximately HK\$109.4 million), with a gross margin of 11.4% (2024: 12.2%). The gross profit margins for the first and second halves of the year were approximately 14.1% and 7.7%, respectively. The decline in the gross profit margin in the second half was primarily due to changes in product costs and mix, as well as market pressure on pricing. Nevertheless, improved performance in encapsulant products partially offset the overall decline.

FINANCIAL OVERVIEW

Revenue

The Group's revenue principally consisted of the income derived from its main products, namely bonding wire and encapsulant. During the Review Year, the Group recorded a revenue of approximately HK\$146.9 million, a decrease of 24.6% from approximately HK\$194.9 million for 2024. The revenue of bonding wire products recorded a decrease of 23.2% to approximately HK\$84.1 million (2024: approximately HK\$109.4 million), due to the decrease in sales volume of gold and gold alloy wire products. On the other hand, the revenue of encapsulant products recorded a decrease of 27.8% to approximately HK\$55.5 million (2024: approximately HK\$76.8 million), due to the decrease in average selling prices of the encapsulant products as a result of the keen market competition in PRC.

Cost of Sales and Gross Profit

The Group's cost of sales mainly comprises direct material costs, direct labor costs and manufacturing overhead. During the Review Year, the Group recorded cost of sales of approximately HK\$126.8 million (2024: approximately HK\$159.7 million). The gross profit of the Group decreased to approximately HK\$20.1 million for the Review Year (approximately HK\$35.1 million for 2024). Gross profit margin also decreased to approximately 13.7% for the Review Year from approximately 18.0% for 2024. During the Review Year, the lower average selling prices of the Group's encapsulant products led to the decrease in gross profit margin.

Other Income, Other Gains and Losses

Other income, other gains and losses recorded a net gain of approximately HK\$0.7 million for the Review Year (2024: approximately HK\$3.5 million). The decrease was mainly due to i) the decrease of the government subsidy income of approximately HK\$0.8 million; and ii) net foreign exchange losses of approximately HK\$1.4 million (2024: gains of approximately HK\$0.4 million) due to the change in exchange rate of Renminbi ("RMB").

MANAGEMENT DISCUSSION AND ANALYSIS

Impairment Loss on Intangible Assets/Provision of Obsolete and Slow-moving Inventories

In accordance with the accounting standards and the accounting policies of the Company, adhering to the principle of prudence, the Company conducted impairment tests on relevant assets of the Group in the Review Year, and made corresponding provisions for impairment of the assets with signs of impairment. The Company made provisions for impairment of various intangible assets in an amount of approximately HK\$16.0 million (2024: approximately HK\$20.0 million) and provision of obsolete and slow moving inventories in an amount of approximately HK\$0.7 million (2024: approximately HK\$5.6 million) for the Review Year.

Expenses

Selling and distribution expenses decreased to approximately HK\$9.7 million during the Review Year (2024: approximately HK\$11.4 million), mainly due to the decrease in sales commission paid. Administrative expenses for the Review Year decreased by approximately HK\$6.2 million to approximately HK\$27.6 million (2024: approximately HK\$33.8 million), mainly due to the aggregate decrease of HK\$4.1 million in research and development costs, staff costs and entertainment in view of the less favourable economic environment. Finance costs decreased by 10.6% to approximately HK\$5.9 million (2024: approximately HK\$6.6 million) due to the decrease in bank borrowings during the Review Year.

Loss for the year

By virtue of the combined effects of the foregoing, loss attributable to owners of the Company for the Review Year was approximately HK\$38.8 million (2024: loss of approximately HK\$43.1 million).

HUMAN RESOURCES MANAGEMENT

As at 31 December 2025, the Group employed 185 full-time employees (2024: 190). The remuneration of employees is presented in note 9 to the consolidated financial statements. Based on the Group's remuneration policy, the employees' remuneration is determined with reference to the experience, qualifications and individual's performance. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

The Group finances its operations primarily through cash generated from operating activities and interest-bearing bank borrowings. The Group recorded net current assets of approximately HK\$25.4 million as at 31 December 2025 (31 December 2024: approximately HK\$38.8 million). As at 31 December 2025, the Group's current ratio was approximately 1.2 (31 December 2024: approximately 1.3) and the Group's gearing ratio (the total borrowings divided by the total equity of the Group at the end of the Review Year) was approximately 54.4% (31 December 2024: approximately 78.0%). The Group's variable-rate bank borrowings carried interest which ranged from Loan Prime Rate issued by the People's Bank of China less 0.25% to 3.50% over Hong Kong Interbank Offered Rate ("**HIBOR**") per annum (2024: 0.25% to 3.50% over HIBOR per annum). The effective interest rate ranged from 5.79% to 7.96% as at 31 December 2025 (2024: from 3.20% to 7.63%). The Group's fixed-rate borrowings carried interests at effective rates (which were also the contracted rates) of 2.37% per annum as at 31 December 2025 (2024: from 1.07% to 3.52% per annum). As at 31 December 2025, the Group's bank borrowings and bank overdraft amounted to approximately HK\$95.1 million (31 December 2024: approximately HK\$134.6 million).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2025, the bank borrowings amounted to approximately HK\$45.0 million (31 December 2024: approximately HK\$84.7 million) were secured by unlimited corporate guarantee provided by the Company, certain corporate guarantee amounts provided by NicheTech Kaiser (Shantou) Limited (“**Niche-Tech Shantou**”) and certain personal guarantee amounts provided by the director of the Company respectively. As at 31 December 2025, approximately HK\$32.2 million (31 December 2024: HK\$40.3 million) were secured on bills receivables of the same amount. As at 31 December 2025, the Group had total bank facilities of approximately HK\$106 million (31 December 2024: approximately HK\$178.0 million). As at 31 December 2024, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$141.9 million (31 December 2024: approximately HK\$172.5 million).

FUTURE STRATEGY AND PROSPECTS

In 2025, the global semiconductor packaging materials industry stands at a critical turning point. Ongoing geopolitical tensions, escalating U.S. tariff barriers and export restrictions targeting China have placed immense pressure on global supply chains, with intensified risks of an economic downturn. However, China’s semiconductor materials localization process is accelerating against the odds. With strong support from national policies, domestic substitution has evolved from an “alternative” to a “necessity,” creating a historic development window for leading local materials suppliers. Looking ahead to 2026, the global semiconductor packaging materials market will enter a new phase of structural growth. According to Fortune Business Insights (Data from: <https://www.fortunebusinessinsights.com/semiconductor-material-market-110088>), the global semiconductor materials market is projected to grow from US\$74.85 billion in 2026 to US\$104.22 billion by 2034, representing a compound annual growth rate (CAGR) of 4.20%. Driven by AI chips, high-performance computing, and advanced packaging technologies, the industry is transitioning from a phase of “overcapacity” to a stage of “technology-driven” high-quality development.

LED Lighting and RGB Displays

The LED industry reached a critical turning point in 2026. After years of price wars, the supply chain entered a phase of structural adjustment, with midstream packaging segment prices rising by 5–10%, reflecting a rebalancing of supply and demand. Emerging applications such as outdoor RGB displays, Mini LED, and Micro LED are rapidly gaining traction, driving demand for high-end materials including epoxy encapsulants/encapsulation films, die-attach adhesives, and conductive silver pastes. The Group has completed the development and deployment of advanced encapsulation adhesives for outdoor LEDs, color-changing displays, and Mini/Micro LED applications, filling the gap in domestically produced high-performance packaging materials and positioning itself to expand its market share in these growing segments.

Power Semiconductors and IGBTs

The rapid development of the electric vehicle and new energy industries has driven a surge in demand for high-power semiconductor devices. China’s IGBT module production capacity now accounts for approximately 35% of the global total, and demand for automotive-grade packaging materials continues to rise. The Group’s copper bonding wires have been certified by leading industry players and have successfully replaced high-priced imported products; the penetration rate of thick copper bonding wires in IGBT modules continues to increase and is set to benefit from the wave of domestic production in the power semiconductor sector.

Advanced Packaging and IC Market

In early 2026, precious metal prices continued to climb, with gold prices reaching its record highest at US\$5,400 per ounce (Data from: <https://www.kitco.com/charts/gold>), directly driving up production costs for high-end bonding wires overseas. Meanwhile, as the technology rivalry between China and the U.S. intensified, domestic IC manufacturers accelerated the shift from imports to domestic alternatives to ensure supply chain security. The Group’s bonding wire product portfolio comprehensively covers gold wire, gold alloy wire, copper alloy wire, and silver alloy wire, capable of meeting diverse packaging requirements and helping to improve packaging yield rates. The pace of replacing imported products for diversified bonding wires in cost-sensitive applications continues to accelerate.

MANAGEMENT DISCUSSION AND ANALYSIS

AI and Humanoid Robots

Breakthroughs in artificial intelligence and humanoid robot technology are driving explosive demand for high-performance computing chips. According to the forecast by TrendForce (Data from: <https://www.trendforce.com.tw/presscenter/news/20251209-12824.html>), 2026 will be a pivotal year for the commercialization of humanoid robots, with global shipments expected to grow more than sevenfold year-over-year, surpassing 50,000 units. AI servers impose higher demands on the thermal conductivity and reliability of packaging materials. The Group is actively developing advanced materials to meet the packaging needs of AI chips, including high-thermal-conductivity epoxy encapsulants and sintered bonding technologies, to capitalize on emerging technological opportunities.

Core Strategies

The Group will resolutely execute its dual-engine strategy of “High-End Material Breakthroughs” and “Continuous Improvements on Semiconductor Packaging Materials,” building technological barriers in the three key sectors of IC packaging, automotive electronics, and Mini/Micro LED, through: continuously increasing R&D investment, with a focus on developing import-substituting products such as high-end bonding materials, high-thermal-conductivity encapsulants, and sintered bonding materials; deepening cooperation with leading domestic IC manufacturers, LED packaging companies, and power module manufacturers; optimizing supply chain management; reducing costs through technological innovation; and flexibly adjusting market strategies to address macroeconomic uncertainties.

The Board remains cautiously optimistic about the long-term prospects of the industry. Despite intense short-term market competition and macroeconomic uncertainties, the trend toward domestic production of semiconductor packaging materials is unstoppable, and 2026 will be a pivotal year for the Company to capitalize on structural opportunities. Leveraging its technological competitive edge and flexible business strategies, the Group is confident in seizing this opportunity for domestic substitution to drive sustained revenue growth. At the same time, it will also actively develop upstream and downstream businesses related to the industry to generate long-term, stable returns for Shareholders.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures for the Review Year.

EXPOSURE TO FOREIGN EXCHANGE RISK

The Group’s income, cost of sales, administrative expenses, investments and borrowings are mainly denominated in US\$, HK\$ and RMB. Fluctuations of the exchange rates of RMB could affect the operating costs of the Group. Currencies other than RMB were relatively stable during the Review Year. The Group currently does not have a foreign currency hedging policy. However, the management will continue to monitor foreign exchange exposure and will take prudence measure to minimize the currency translation risk. The Group will consider hedging significant foreign currency exposure should the need arise.

CHARGE ON ASSETS

As at 31 December 2025, there was no significant pledge on the Group’s assets (31 December 2024: Nil).

DIVIDEND

No interim dividend was declared by the Board and the Board does not recommend the payment of final dividend for the year ended 31 December 2025 (2024: Nil).

CONTINGENT LIABILITIES

As at 31 December 2025, the Group did not have any material contingent liabilities or guarantees (31 December 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT INFORMATION

Segment information for the Group is presented as disclosed on note 5 to the consolidated financial statements.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the Review Year, the Company entered into several agreements (the “**Transactions**”) with a number of parties that the Directors represented were advisory or consulting firms, were independent of the Group, and were not related to any of the Directors (the “**Business Service Providers**”) in relation to the provision of consulting, sourcing and advisory services (the “**Business Services**”). The Group made upfront prepayments of HK\$28,200,000 in relation to the Business Services provided by the Business Service to be Providers (the “**Prepayments**”). As at 31 December 2025, the Prepayments were classified as current assets, with the expectation that the services would be completed by the end of 2026.

EVENT AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event after the reporting period for the Group and up to the date of this report.

OTHER INFORMATION

During the Review Year, the Group has failed to repay and breached of financial covenants for certain bank borrowings amounted to approximately HK\$45.0 million according to their scheduled repayment date and remained outstanding as at 31 December 2025. These debts, together with the outstanding default interests accrued thereon of approximately HK\$2.2 million, totalling approximately HK\$47.2 million have become immediately repayable and are classified under current liabilities at 31 December 2025. Such default in repayment amounted to bank borrowings of approximately HK\$45.0 million as at 31 December 2025 became immediately repayable if requested by the banks and the relevant banks have the right to cancel or suspend the facilities. As disclosed in Note 25 to the consolidated financial statements, the Group had total borrowings and bank overdraft of approximately HK\$95.1 million, while the Group had bank balances and cash of approximately HK\$6.8 million only.

In view of the above, the Group has actively negotiated the Group’s lenders on debt restructuring or extension of repayment terms of bank borrowings, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the relevant defaulted borrowings or cross-defaulted borrowings and grant the relevant waiver to the Group. The Group is also actively seeking new financing from financial institutions as and when needed, at a level sufficient to finance the working capital requirements of the Group for the next twelve months.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Dr. CHOW Bok Hin Felix (周博軒) (“Dr. Chow”), aged 44, is the founder of the Group, and was appointed as an executive Director and the executive chairman of the Board on 21 February 2017. He is primarily responsible for the overall management, strategic planning, operations and development of the Group. Dr. Chow is the son of Professor Chow, an executive Director and Mrs. Chow Fung Wai Lan Rita, a non-executive Director.

Dr. Chow has over 23 years of experience in the electronics materials industry. He founded the Group in April 2006 and was appointed as a director of Niche-Tech Shantou. Dr. Chow was listed as one of the 200 Most Promising Young Chiu Chow Entrepreneurs in 2012. He was appointed as a member of the Shantou Provincial Committee of the Chinese People’s Political Consultative Conference since 2005. He has also been a member of the China Overseas Friendship Association since 2019. He was appointed as a director of Hong Kong Applied Science and Technology Research Institute in October 2022.

He was appointed as a member of the Electronics/Electrical Appliances Industries Advisory Committee of The Hong Kong Trade Development Council since 2024. Dr. Chow received the Young Industrialist Award of Hong Kong 2023, which was organized by the Federation of Hong Kong Industries. Dr. Chow received the Guangdong-Hong Kong-Macao Greater Bay Area Outstanding Young Entrepreneur Award in 2024, which was organized by Guangdong-HK-Macao Bay Area Entrepreneurs Alliance. Dr. Chow was selected as a member of the Election Committee of the Hong Kong Special Administrative Region in September 2025.

Dr. Chow obtained a Bachelor of Arts degree from the University of Southern California in the United States. He also furthered his studies by completing an Entrepreneurial Masters Programme hosted by the Massachusetts Institute of Technology Enterprise Forum and Entrepreneurs’ Organisation. In February 2023, he obtained the Doctor of Business Administration (DBA) degree from the City University of Hong Kong.

Professor CHOW Chun Kay Stephen (周振基) (“Professor Chow”), *GBS, SBS, BBS, JP*, aged 71, is the co-founder of the Group and was appointed as an executive Director on 21 February 2017. He is primarily responsible for the overall strategic planning and development of the Group. Professor Chow was previously a member of the Nomination Committee between 8 May 2018 and 26 June 2025. Professor Chow is the father of Dr. Chow, an executive Director and the executive chairman of the Board and the spouse of Mrs. Chow Fung Wai Lan Rita, a non-executive Director.

Professor Chow has over 44 years of experience in the electronics materials industry. He co-founded the Group in April 2006 and was appointed as a director of Niche-Tech Shantou. He is also a director of Niche-Tech Holdings Limited. Professor Chow served as the president of the Chiu Chow Chamber of Commerce from 2012 to 2014, the chairman of the Tung Wah Group of Hospitals from 2001 to 2002 and the council chairman of the Hong Kong Academy for Performing Arts from 2016 to 2021. Professor Chow was selected as a member of the Election Committee of the Hong Kong Special Administrative Region in October 2021.

Professor Chow was awarded the Gold Bauhinia Star in 2017, the Silver Bauhinia Star in 2008 and the Bronze Bauhinia Star in 2002. He was also appointed as Justice of the Peace in 2004.

Professor Chow obtained a Doctor of Philosophy degree from the University of Hong Kong in December 2003. He also obtained a bachelor’s degree in management and a master’s degree in business administration from Golden Gate University in the United States in June 1979 and June 1981, respectively.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. SHI Yiwu (石逸武) (“Mr. Shi”), aged 43, was appointed as an executive Director on 6 September 2017. He assists the Board in overseeing the operations and development of the Group.

Mr. Shi has over 19 years of experience in the electronics materials industry. He joined the Group as an R&D project supervisor of Niche-Tech Shantou in May 2007. He was then promoted to deputy manager of the R&D department of Niche-Tech Shantou in February 2008 and R&D director of the chemical department of Niche-Tech Shantou in December 2014. Mr. Shi was further promoted to the general manager of Niche-Tech Shantou in May 2016 and has been holding this position since then. Prior to joining the Group, Mr. Shi had worked as a processing engineer in Shengyi Technology Co., Ltd. from July 2005 to January 2007.

Mr. Shi graduated from Guangdong University of Technology in the PRC with a bachelor’s degree in polymer material and engineering in July 2005.

NON-EXECUTIVE DIRECTORS

Mr. LI Chiu Fan (李超凡) (“Mr. Li”), aged 68, was appointed as a non-executive Director on 8 March 2021. He is primarily responsible for the overall strategic planning of the Group.

Mr. Li is a member of The Association for Taxi Industry Development and is well-known for his expertise in taxi fleet management. Mr. Li was one of awardees of the Ten Outstanding Young Persons Selection in 1995. He has been a founding chairman of The Association of Industries and Commerce of N.E. New Territories Limited since 1995. He is one of the chairmen of The Association for Taxi Industry Development. He is currently a director of Blue Plus Technology Limited and At Home Network Technology Limited.

Mrs. CHOW FUNG Wai Lan Rita (周馮慧蘭), formerly known as Ms. Fung Wai Lan Rita (馮慧蘭) (“Mrs. Rita Chow”), aged 68, was appointed as a non-executive Director with effect from 31 December 2024 and a member of the Nomination Committee. She is primarily responsible for the overall strategic planning of the Group. She is the mother of Dr. Chow, an executive Director and the executive chairman of the Board; and the spouse of Professor Chow, an executive Director.

Mrs. Rita Chow is currently a director of Chows Electronics Limited, Chows Group Investment Holdings Limited and Chows Investment Holdings Limited.

Mrs. Rita Chow obtained a bachelor of science degree in accounting from Golden Gate University in the United States in 1982.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor NG Wang Wai Charles (吳宏偉) (“Professor Ng”), aged 64, was appointed as an independent non-executive Director on 8 May 2018. He is primarily responsible for providing independent advice to the Board.

Professor Ng has been a chair professor of Civil and Environmental Engineering at the Hong Kong University of Science and Technology (“HKUST”) since 2011. Currently, he is the Vice-President of HKUST (Guangzhou) and the Dean of HKUST Fok Ying Tung Graduate School. He was the Associate Vice-President for Research and Graduate Studies between 2014-2017 and for Research and Development from 2017 to 2020. After obtaining his Doctorate of Philosophy degree from the University of Bristol in the United Kingdom in January 1993, he joined the University of Cambridge as a post-doctoral research associate between 1993 and 1995. He returned to Hong Kong joining HKUST as an assistant professor in 1995 and became a chair professor in 2011.

Professor Ng was elected an Overseas Fellow by Churchill College of the University of Cambridge in 2005, a Fellow of the Hong Kong Academy of Engineering (formerly known as the Hong Kong Academy of Engineering Sciences) in 2008, Changjiang Scholar (Chair Professorship in Geotechnical Engineering) by the Ministry of Education of the PRC in 2010, and a Fellow of Royal Academy of Engineering in 2020.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Professor Ng received the Ho Leung Ho Lee Foundation Prize for Scientific and Technological Progress (何梁何利基金科學與技術進步獎) in 2022, the Varnes Medal by the UNESCO-International Consortium on Landslides in 2022, the R. M. Quigley Award from the Canadian Geotechnical Society in 2007, 2012, 2016 and 2024, the 2020 National Natural Science Award (2nd Class) by the State Council of China (中國國家2020年度自然科學獎二等獎), the 2015 Scientific Technological Advancement Award (2nd Class) by the State Council of China (中國國家2015年度科技進步獎二等獎) and the 2013 Scientific Advancement Technological Award (1st Class) by the Ministry of Education, China (中國教育部2013年度科技進步獎一等獎).

Mr. TAI Chun Kit (戴進傑) (“Mr. Tai”), aged 43, was appointed as an independent non-executive Director on 8 May 2018. He is primarily responsible for providing independent advice to the Board.

Mr. Tai has extensive experience in marketing retail management and brand development. Mr. Tai has been the Chairman of Hong Kong Food Investment Holdings Limited (“**HKFIHL**”), a company listed on the Main Board of the Stock Exchange (stock code: 60) since 2021. He joined the HKFIHL in 2012 and has been an executive director since May 2013. He is in charge of corporate and policy planning of HKFIHL. Mr. Tai has also been the managing director of Four Seas Mercantile Holdings Limited (“**FSMHL**”), a company listed on the Main Board of the Stock Exchange (stock code: 374) since 2018. FSMHL is a food enterprise with trading, manufacturing and retailing of snack foods and drinks, and restaurants in Hong Kong and the PRC. Mr. Tai is responsible for new business planning and the development of FSMHL’s business associated with overseas brands. Mr. Tai joined FSMHL in 2004 and was appointed as the executive director in 2017.

Mr. Tai obtained a Bachelor of Business Administration degree from the City University of Hong Kong in July 2004.

Mr. POON Lai Yin Michael (潘禮賢) (“Mr. Poon”), aged 54, was appointed as an independent non-executive Director of the Company on 28 June 2019, and is the chairman of the Audit Committee and a member of the Remuneration Committee and a member of Nomination Committee of the Company.

Mr. Poon has over 20 years of experience in corporate management, business development, financial reporting, business advisory, auditing and accounting. From March 1995 to February 1997, he worked in Chan Chak Chung & Co. and his last position was audit senior. From March 1997 to June 1999, he worked in Ho & Au Yeung and his last position was audit semisenior. From November 2000 to March 2002, he served as senior accountant in Arthur Anderson & Co., which was merged into PricewaterhouseCoopers in 2002. Mr. Poon obtained a bachelor’s degree in administrative studies from York University, Canada in June 1995, a master’s degree in practicing accounting from Monash University, Australia in July 1998, an executive master’s degree in business administration in October 2022 from City University of Hong Kong and the master’s degree in public administration from Tsinghua University, PRC in January 2024.

Mr. Poon passed Certified Environmental, Social and Governance AnalystR (CESGA) from The European Federation of Financial Analysis Societies (EFFASR) in December 2022. Mr. Poon has been a fellow member of HKICPA since July 2009, and a member with CPA Australia since March 2000 respectively. Mr. Poon passed the qualification examination of Asset Management Association of China (中國證券投資基金業協會從業資格考試) in 2016. From April 2019 to February 2020, Mr. Poon has been a Licensed Representative for Type 6 (advising on corporate finance) regulated activity of Canfield Corporate Finance Company Limited, a licensed corporation.

Mr. Poon is an executive director of Joyzyme Group Limited, formerly Huakang Biomedical Holdings Company Limited, (the shares of which are listed on the GEM of the Stock Exchange with stock code: 8622) since August 2017. Mr. Poon has also been an independent non-executive director LFG Investment Holdings Limited (the shares of which are listed on the Main Board of the Stock Exchange with stock code: 3938) since September 2019. He is an independent non-executive director of Smartac International Holdings Limited (formerly known as Smartac Group China Holdings Limited, the shares of which were listed on the Main Board of the Stock Exchange with stock code: 395 and were delisted on February 2023) from January 2010. From November 2006 to June 2022, Mr. Poon was an independent non-executive director of China Uptown Group Company Limited (the shares of which are listed on the main board of the Stock Exchange with stock code: 2330). From March 2019 to November 2023, Mr. Poon was an independent non-executive director of Teamway International Group Holdings Limited (the shares of which are listed on the Main Board of the Stock Exchange with stock code: 1239).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. TSOI Kin Lung (蔡建龍), aged 50, was appointed as the company secretary of the Group on 28 June 2019. Mr. Tsoi joined the Company in April 2019. He is in charge of the company secretarial work of the Group.

Mr. Tsoi has over 24 years of experience in financial management, corporate finance and auditing. He is an associate member of the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor's Degree in Business Administration from The Chinese University of Hong Kong in 1998. Mr. Tsoi was a financial controller and company secretary of a company listed on the Main Board of the Stock Exchange.

Mr. LUO Yongxiang (羅永祥), aged 40, is the R&D director of the Group. Mr. Luo joined the Group on 7 September 2009. He is responsible for overseeing the R&D of new chemical products. From 2009 to 2016, Mr. Luo was responsible for the examination of engineering projects in the chemical department.

Mr. Luo has over 16 years of experience in researching on new micro-electronic materials with high attainments, especially epoxy, silicone and acrylate. Mr. Luo has also made publications including Chinese Journal of Scientific and Technical Periodicals in 2016 and Electronics and Packaging, a magazine published in Wuxi City, Jiangsu Province in 2012 and 2013.

Mr. Luo obtained a bachelor's degree in engineering from South China University of Technology in July 2009. He also started studying a master's degree in chemical engineering in March 2013 at Shantou University in the PRC.

Mr. HUANG Peng (黃鵬), aged 46, is the production director of the Group. Mr. Huang joined the Group on 10 February 2011. He is responsible for the production and information management of the Group.

Mr. Huang has over 15 years of experience in researching on the informationisation, standardisation and production of advanced enterprise management systems. Prior to joining the Group, Mr. Huang had worked as an administrative personnel responsible for production management in China Circuit Technology (Shantou) Corporation, a subsidiary of Guangdong Goworld Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000823), from 2004 to 2011.

Mr. Huang graduated from Huazhong University of Science and Technology in the PRC with a bachelor's degree in administration (online education) in January 2014.

COMPANY SECRETARY

Mr. TSOI Kin Lung has been the company secretary of the Company since 28 June 2019. Mr. Tsoi is ordinarily resident in Hong Kong. Please refer to the paragraphs headed "Biographical Details of Directors and Senior Management" above of his qualifications and experience.

For the year ended 31 December 2025, Mr. Tsoi has complied with the GEM Listing Rules by taking not less than 15 hours of relevant professional training.

COMPLIANCE OFFICER

Mr. SHI Yiwu is the compliance officer of the Company. Please refer to the paragraphs headed "Biographical Details of Directors and Senior Management" above of his qualifications and experience.



CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in the Group's annual report for the Review Year.

CORPORATE GOVERNANCE PRACTICES

The Company places high value on corporate governance and the Board firmly believes that good corporate governance practice can improve accountability and transparency for the benefit of the Shareholders. The Company complied with Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the GEM Listing Rules for the Review Year save as disclosed below.

Code provision D.1.2 of the CG Code requires the management of an issuer to provide all members of the board of directors with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 5.01 and Chapter 17 of the GEM Listing Rules. As disclosed in the announcement of the Company dated 25 June 2025 (the "Announcement"), the Group had been preparing its consolidated management accounts and evaluating its business performance on a quarterly basis for the purpose of facilitating the publication of its quarterly results announcements as required under the then GEM Listing Rules but notes that it is not in line with the requirement under code provision D.1.2 of the CG Code as mentioned above. In order to ensure compliance with code provision D.1.2, the Company has put in place and implemented remedial measures to strengthen the financial reporting procedures. For details, please refer to the Announcement.

Principle C.2 and code provision C.2.1 of the CG Code stipulates that there should be a clear division of the management of the Board and the day-to-day management of the business. The Group has not appointed a chief executive officer. Day-to-day management of the business of the Group is carried out by the senior management and monitored by the executive Directors, while prior approvals by all executive Directors are required for all strategic decisions which are also considered and confirmed in formal Board meetings. The balance of power and authority of the Company is ensured by the operations of the Board which comprises experienced and competent individuals, with three of them being independent non-executive Directors. The Group believes that the existing management structure and decision making procedures are adequate and in the best interest of the Group to cope with the ever-changing economic environment.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the statutory requirements and regulations and the CG Code and align with the latest developments.

BOARD OF DIRECTORS

Board Composition

During the Review Year, the Board comprised eight members, including three executive Directors, namely Dr. Chow (executive chairman), Professor Chow and Mr. Shi, two non-executive Directors, namely Mr. Li and Mrs. Rita Chow, and three independent non-executive Directors, namely Professor Ng, Mr. Tai and Mr. Poon.

Each of the Directors' respective biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report. Save as disclosed in that section and below, none of the Directors has any relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive. The Board had three independent non-executive Directors, with one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise at all times during the Review Year.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The Chairman and chief executive officer have segregated defined responsibilities whereby the Chairman is primarily responsible for leadership and effective functioning of the Board, ensuring all key and appropriate issues are addressed by the Board in a timely manner, as well as providing strategic direction of the Group, and also takes primary responsibility for ensuring good corporate governance practices and procedures are established. The chief executive officer is responsible for the day-to-day management of the Group and the effective implementation of corporate strategy and policies.

CORPORATE GOVERNANCE REPORT

In view of Dr. Chow, being the founder of the Group and his experience and roles in the Group, the Board considers it to be beneficial to the business prospect and operational efficiency of the Group that Dr. Chow acts as the chairman of the Board. As explained in the paragraph above, the Company has not appointed any chief executive officer.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years and such letter of appointment may be terminated by either party giving at least one month notice in writing. Also, the independent non-executive Directors are subject to re-election on retirement by rotation at general meetings in accordance with the Articles of Association of the Company.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors namely Professor Ng, Mr. Tai and Mr. Poon to be independent in accordance with the independence guidelines set out in the GEM Listing Rules for the Review Year.

NON-EXECUTIVE DIRECTORS

The Company appointed Mr. Li as a non-executive Director on 8 March 2021. Mr. Li entered into a letter of appointment with the Company for a term of three years and such letter of appointment may be terminated by either party giving at least one month notice in writing. Also, Mr. Li is subject to re-election on retirement by rotation at general meetings in accordance with the Articles of Association of the Company and the GEM Listing Rules. Mr. Li will retire and offer himself for re-election in accordance with the Articles of Association of the Company and the GEM Listing Rules at the forthcoming annual general meeting of the Company. In March 2017, Mr. Li, BVI Chows (as defined below) and Professor Chow signed an exchangeable loan note for an amount of HK\$10 million. No repayment of the exchangeable loan note has been made to Mr. Li and Mr. Li has not exercised any rights attached to the exchangeable loan note during the relevant exchange period. For details of the exchangeable loan note, please refer to the section headed “History, Reorganisation and Corporate Structure” in the Prospectus.

Mrs. Rita Chow was appointed as a non-executive Director with effect from 31 December 2024. She has entered into a letter of appointment with the Company for a term of three years and such letter of appointment may be terminated by either party given at least one month notice in writing. Mrs. Rita Chow is subject to re-election on retirement by rotation at general meetings in accordance with the Articles of Association of the Company and the GEM Listing Rules.

ROLE AND FUNCTION OF THE BOARD

The Board is responsible for overall management of the Company’s business, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

DELEGATION BY THE BOARD

The Board reserves for its decisions on all major matters of the Company, including the approval and monitoring of major policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The day-to-day management, administration and operation of the Company are delegated to the executive Directors and senior management. The delegated functions and work tasks are reviewed from time to time. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The independent non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgment to the Board.

All Directors have given sufficient time and attention to the affairs of the Group and execution ability to hold the position so as to carry out his/her duties effectively and efficiently.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the “**Board Diversity Policy**”) on 8 May 2018 which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board in compliance with Rule 17.104 of the GEM Listing Rules.

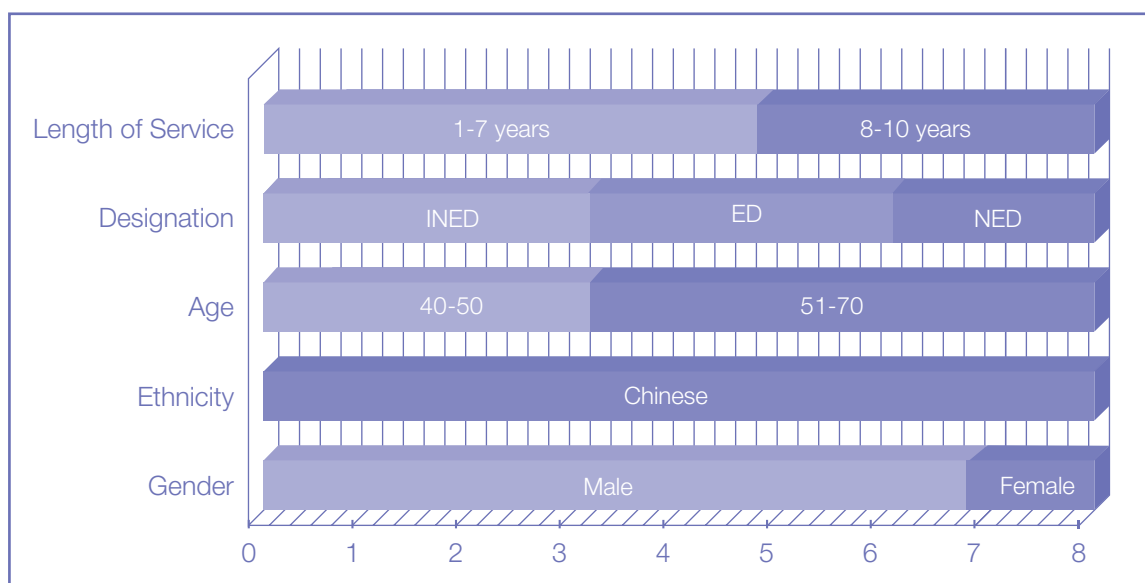
The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

The Board and the Nomination Committee from time to time look for potential female director candidates to match the operational and development need of the Company through professional recommendation and other channels to ensure gender diversity inside the boardroom. Following the appointment of Mrs. Rita Chow as a non-executive Director with effect from 31 December 2024, the Board has achieved the numerical targets of having at least one female as Board member.

The Board composition are summarized as follows:



The gender ratio of employees of the Group for the year ended 31 December 2025 by rank is:

Rank	Number of male employees	Number of female employees
Senior management	8	3
Middle management	12	5
General staff	91	63

To achieve the goal of employee diversity, the management team will continue to review the gender ratio and consider gender as one of the factors in staff recruitment to strike, to the maximum extent possible, a gender balance.

PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

In compliance with code provision C.1.4 of the CG Code, all Directors, namely Dr. Chow, Professor Chow, Mr. Shi, Mr. Li, Mrs. Rita Chow, Professor Ng, Mr. Tai and Mr. Poon, had participated in the required continuous professional development or training during the Review Year to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Directors had provided the relevant record to the Company for the Review Year.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her responsibilities under the GEM Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group. All the Directors also understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills.

BOARD MEETINGS

Notice of at least 14 days has been given to all Directors for all regular Board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying Board papers in respect of regular Board meetings are sent out in full to all Directors within reasonable time before the meeting. Draft minutes of all Board meetings are circulated to Directors for comment within a reasonable time prior to confirmation.

Minutes of Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to Board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

NUMBER OF MEETINGS AND ATTENDANCE RECORDS

Directors are provided with relevant information to make informed decisions. The attendance of Directors at the Board meetings, the Board committees' meetings and the annual general meeting during the Review Year is set out in the table below:

Name of Directors	No. of Meetings attended/Eligible to attend				Annual General Meeting
	Board	Audit Committee	Nomination Committee	Remuneration Committee	
Executive Directors					
Dr. Chow	2/2	N/A	1/1	1/1	1/1
Professor Chow ⁽¹⁾	2/2	N/A	1/1	N/A	1/1
Mr. Shi	2/2	N/A	N/A	N/A	1/1
Non-executive Directors					
Mr. Li	2/2	N/A	N/A	N/A	1/1
Mrs. Rita Chow ⁽²⁾	2/2	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Professor Ng	2/2	4/4	1/1	1/1	1/1
Mr. Poon	2/2	4/4	1/1	1/1	1/1
Mr. Tai	2/2	4/4	1/1	1/1	1/1

Notes:

⁽¹⁾ Professor Chow ceased to be a member of the Nomination Committee on 26 June 2025.

⁽²⁾ Mrs. Rita Chow was appointed as a member of the Nomination Committee on 26 June 2025 and no meeting has held between her appointment and 31 December 2025.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEE

Audit Committee

The Company established an audit committee (the “**Audit Committee**”) on 8 May 2018 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules and code provisions D.3.3 and D.3.7 of the CG Code. The terms of reference setting out the Audit Committee’s authority, duties and responsibilities are available on both the Stock Exchange’s website and the Company’s website. The primary duties of the Audit Committee mainly include reviewing and approving of the Group’s financial reporting process and internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by the Board. As at 31 December 2025, the Audit Committee consisted of three members, who were three independent non-executive Directors, namely Professor Ng, Mr. Tai and Mr. Poon. Mr. Poon, who possesses the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules, was the chairman of the Audit Committee.

During the Review Year, four meetings of Audit Committee were held for, inter alia, reviewing the Group’s interim and annual results, the financial reporting and compliance procedures, the effectiveness of the risk management and internal control systems, considering the re-election of auditor of the Company and discussing with the auditors about the audit plan.

The Audit Committee has also reviewed the audited consolidated results of the Group for the Review Year and is of the opinion that the audited consolidated results of the Group for the Review Year complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

Remuneration Committee

The Company established a remuneration committee (the “**Remuneration Committee**”) on 8 May 2018 with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and code provision E.1.2 of the CG Code. The terms of reference setting out the Remuneration Committee’s authority, duties and responsibilities are available on both the Stock Exchange’s website and the Company’s website. The primary duties of the Remuneration Committee include formulating the remuneration policy, reviewing and recommending to the Board the terms of the remuneration packages of the individual Directors and senior management of the Group, and reviewing and approving performance-based remuneration with reference to corporate goals and objective resolved by the Board from time to time. As at 31 December 2025, the Remuneration Committee consisted of an executive Director and three independent non-executive Directors, being Dr. Chow, Mr. Poon, Mr. Tai and Professor Ng. Professor Ng was the chairman of the Remuneration Committee. Details of the remuneration of Directors are set out in note 10 to the consolidated financial statements.

During the Review Year, one meeting of Remuneration Committee was held to review the remuneration policy and the structure of the remuneration.

Nomination Committee

The Company established a nomination committee (the “**Nomination Committee**”) on 8 May 2018 with written terms of reference in compliance with principle B.3.1 of the CG Code. The terms of reference setting out the Nomination Committee’s authority, duties and responsibilities are available on both the Stock Exchange’s website and the Company’s website. The primary duties of the Nomination Committee include formulating the nomination policy and making recommendations to any proposed changes to the Board. As at 31 December 2025, the Nomination Committee consisted of one executive Director, one non-executive Director and three independent non-executive Directors, being Dr. Chow, Mrs. Rita Chow, Mr. Poon, Mr. Tai and Professor Ng. Dr. Chow was the chairman of the Nomination Committee.

Nomination Policy

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

- (a) Reputation for integrity;
- (b) Accomplishment, experience and reputation in the business and other relevant sectors related to the Company and/or its subsidiaries;
- (c) Commitment in respect of sufficient time and attention to the Company's business;
- (d) Diversity in all aspects, including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience;
- (e) Ability to assist and support management and make significant contributions to the Company's success;
- (f) Compliance with the criteria of independence as prescribed under Rule 5.09 of the GEM Listing Rules for the appointment of an independent non-executive Director; and
- (g) Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

On 26 June 2025, Professor Chow has ceased to be a member of the Nomination Committee while Mrs. Rita Chow has been appointed as a member of the Nomination Committee. The nomination was made in accordance with the Nomination Policy and the Board Diversity Policy of the Company. On 31 March 2026, the Nomination Committee met to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, to review the board diversity policy and existing terms of reference to ensure its effectiveness, and to consider the qualifications of the retiring Directors for the Board to consider and as appropriate, to recommend to Shareholders their re-election at the forthcoming annual general meeting of the Company. The Nomination Committee considered that the Group has achieved the objectives of the board diversity policy during the Review Year.

Corporate Governance Function

All members of the Board are responsible for performing the corporate governance functions. The terms of reference of corporate governance functions was adopted by the Board and is in compliance with code provision A.2.1 of the CG Code. The Board will review the policy of the corporate governance and the corporate governance report of the Company annually.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "**Code of Conduct**") on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard of Dealings**"). The Company had also made specific enquiry of all the Directors and each of them confirmed that they have complied with the Code of Conduct and Required Standard of Dealings, and there had been any non-compliance during the Review Year. Further, the Company was not aware of any non-compliance with the Code of Conduct or the Required Standard of Dealings regarding securities transactions by the Directors for the Review Year.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

During the Review Year, the total fees paid/payable in respect of audit services and non-audit services provided by auditors and its affiliated firm are set out below:

Services rendered to the Group	Fees paid and payable	
	2025 HK\$'000	2024 HK\$'000
Audit services:		
Annual audit	990	990
Non-audit services*	–	30
	990	1,020

* In connection with the tax services

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the overall responsibility to ensure that sound and effective risk management and internal controls are maintained, while the senior management is charged with the responsibility to design and implement an internal controls system to manage risks. A sound system of risk management and internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board has reviewed and discussed the Environmental, Social and Governance (“ESG”) Report of the Company (“ESG Report”) at least annually to review and assess the management and control of the risks in ESG. Further discussion on the risks related to ESG are set out in the section headed “Environmental, Social and Governance Report” of this annual report.

Internal Controls

The Board is committed to implementing an effective and sound internal control system to safeguard the interest of the Shareholders and the Group's assets. Hence, the Group has maintained internal control policies to provide sufficient guidelines for the management staff and employees of the Company to work efficiently under a standardised work procedure. The internal control policies cover various operating processes from risk assessment, financial reporting, cost management, pricing for projects, staff recruitment and training to IT system control. The internal control system is generally overseen by the executive Directors and senior management of the Group and is reviewed at least once a year. During the Review Year, the Group has engaged an independent staff to review the effectiveness of the Group's internal control measures. The Audit Committee was satisfied and the Board concluded that the Group had maintained effective internal control measures to ensure that the operations of the Group would be in full compliance with the CG Code and the applicable laws and regulations during the Review Year. The Group has dedicated internal audit function to reviewing the effectiveness of the risk management and internal control systems once during the Review Year in order to ensure that they met with the dynamic and ever changing business environment.

The Board had reviewed the Group's internal control system during the Review Year and, other than the matter as detailed in the “Other Matters” section of the Independent Auditor's Report, considered it effective and adequate.

Risk Management

In the course of conducting the business of the Group, the Company is exposed to various types of risks, including business risks, financial risks, operation and other risks. The Board is ultimately responsible for the risk management of the Group and the risk management system is reviewed at least once a year. The objectives of the risk management process are to ensure that the operations of the Group would be in full compliance with the CG Code and the applicable laws and regulations to enhance the governance and corporate management processes as well as to safeguard the Group against unacceptable levels of risks and losses.

The risk management process of the Group would involve, among others, (i) a quarterly risk identification and analysis exercise which involves assessment of the consequence and likelihood of risks and the development of risk management plans for mitigating such risks; and (ii) a quarterly review of the implementation of the risk management plans and carrying out adjustment when necessary.

During the Review Year, the risk management process and system of the Group had been reviewed, and the Board considered that the process was effective and adequate for the Review Year.

DISSEMINATION OF INSIDE INFORMATION

The Group is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information about the Group. The Group has adopted a policy on disclosure of inside information which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. With those guidelines and procedures, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements are prepared in accordance with statutory requirements and applicable accounting standards. In preparing the consolidated financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made. Having made appropriate enquiries, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the consolidated financial statements.

The statement of external auditor of the Company, Gary Cheng CPA Limited ("**GCCPAL**"), about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS AND COMMUNICATION

The Board recognises the importance of good communications with all Shareholders. The Company encourages two-way communications with both its institutional and private investors. A Shareholder's communication policy was adopted by the Board at the Board meeting held on 8 May 2018 aiming at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. The Board reviewed the implementation and effectiveness of the Shareholder's communication policy and considered it to be effective during the Review Year. The annual general meetings provide a valuable forum for direct communication between the Board and the Shareholders. The chairman of the Board as well as Chairmen of the Board Committees together with the auditor will present to answer Shareholders' questions. The circulars of the annual general meetings are distributed to all Shareholders at least 21 days before the meetings. Separate resolutions are proposed at general meetings on each separate issue and voting of which are taken by poll pursuant to the GEM Listing Rules. Any results of the poll are published on both the Stock Exchange's website and the Company's website. All corporate communication with Shareholders will be posted on the Company's website for Shareholders' information. Further, the Company has adopted mechanism for electronic dissemination of corporate communications in accordance with Rule 16.04A and Rule 16.04B of the GEM Listing Rules. For details, please refer to the Company's letter dated 2 February 2024 to registered Shareholders and non-registered Shareholders, respectively.

During the Review Year, an annual general meeting was held on 2 June 2025.

The Company keeps on promoting investor relations and enhancing communication with the existing Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published on the websites of the Company and the Stock Exchange its Memorandum and Articles of Association. There was no significant change in the Memorandum and Articles of Association of the Company during the Review Year.

COMPANY SECRETARY

Mr. TSOI Kin Lung was appointed as the company secretary of the Company with effect from 28 June 2019. The company secretary of the Company is responsible for facilitating the Board meeting process, as well as communications among the Board members, the Shareholders and the management of the Company. During the Review Year, Mr. Tsoi has undertaken no less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

The biographical details of Mr. Tsoi is set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

SHAREHOLDERS' RIGHT

As one of the measures to safeguard Shareholders' interest and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. All resolutions put forward at Shareholders' meeting will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the Stock Exchange's website and the Company's website after the relevant Shareholders' meeting. Extraordinary general meeting may be convened by the Board on requisition of Shareholders holding not less than one-tenth of the paid up share capital of the Company or by such Shareholders who made the requisition (the "**Requisitionists**") (as the case may be) pursuant to article 64 of the Articles of Association of the Company. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such article for convening an extraordinary general meeting. For putting forward any enquiries or requests in respect of their rights to the Board, Shareholders may send written enquiries or requests to the Company's principal place of business in Hong Kong.

AUDIT MODIFICATION

As described under the section headed “Basis for Disclaimer of Opinion” of the “Independent Auditor’s Report”, the Group incurred a net loss after tax of approximately HK\$38,845,000 for the year ended 31 December 2025 and a negative balance in cash and cash equivalents of approximately HK\$11,138,000 as at 31 December 2025. In addition, existing default bank borrowings from non-compliance with bank facility of approximately HK\$47,255,000 is still outstanding as of 31 December 2025.

During the year ended 31 December 2025, the Group has failed to repay and breached of financial covenants for certain bank borrowings amounted to approximately HK\$45,039,000 according to their scheduled repayment date and remained outstanding as at 31 December 2025. These debts, together with the outstanding default interests accrued thereon of approximately HK\$2,216,000, totaling approximately HK\$47,255,000 have become immediately repayable and are classified under current liabilities at 31 December 2025. Such default in repayment amounted to bank borrowings of approximately HK\$45,039,000 as at 31 December 2025 became immediately repayable if requested by the banks and the banks have the right to cancel or suspend the facilities. As disclosed in Note 25 to the consolidated financial statements, the Group had total borrowings and bank overdraft of approximately HK\$95,119,000, while the Group had bank balances and cash of approximately HK\$6,750,000 only. These conditions, along with other matters as set forth in Note 1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

MANAGEMENT’S VIEW ON THE DISCLAIMER OF OPINION AND OTHER MATTERS

The management of the Company has given careful consideration to the disclaimer of opinion (the “**Disclaimer**”) and other modifications and has had ongoing discussion with the auditor, Gary Cheng CPA Limited, when preparing the Group’s consolidated financial statements.

The Disclaimer

In respect of the Disclaimer, management of the Company plans to undertake a number of measures (for details please refer to the below section “**Action Plan of the Group to Address the Audit Modification**”) to improve the Group’s future operating results, cash flows, liquidity and financial position to enable the Group to meet its liabilities as and when they fall due for the foreseeable future. The management of the Company is of the view that after taking consideration of the Group’s financial forecast and measures to be taken, the Group will have sufficient working capital to operate as a going concern for at least 12 months from the end of reporting period. Therefore the Group’s consolidated financial statements are prepared on a going concern basis.

However, the Company’s auditor is of the view that they were unable to obtain sufficient appropriate audit evidence as to the validity of the going concern basis, as the validity of the going concern basis depends on the outcome of measures to be taken, which is subject to multiple uncertainties due to future conditions and circumstances, including:

- (i) Successful negotiation with the Group’s lenders on debt restructuring or extension of repayment terms of bank borrowings, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the relevant defaulted borrowings or cross-defaulted borrowings and grant the relevant waiver to the Group;
- (ii) Successfully obtaining new financing from an independent licensed corporation at a level sufficient to finance the working capital requirements of the Group for the next twelve months;
- (iii) Successfully obtaining new financing from investors through business service providers per mentioned in the section “**Other Matters**” below as and when needed;

CORPORATE GOVERNANCE REPORT

- (iv) Successful improvement of future operating results and positive cash flows from operations would be realised, in particular, the uncertainty of outcome of those plans and measures and how variability in outcome would affect the future cash flows of the Group;
- (v) Successful maintenance of ongoing and normal business relationships with major customers and suppliers; successful implementation of the Group's business strategy and cost control measures to improve the Group's working capital and cash flow position;
- (vi) Successfully obtaining other additional sources of financing other than those mentioned above as and when needed; and
- (vii) Successful monetization and liquidation of trade and other receivables on hand, as and when required, to provide additional liquidity and sustain operations;

The Disclaimer was due to the absence of sufficient appropriate audit evidence on outcome of future events, there are no difference in view between the management of the Company and the auditor.

Other Matters

As detailed in Note 18(b) to the consolidated financial statements, during the Review Year, the Company entered into several agreements (the "**Transactions**") with a number of parties that the directors of the Company represented were advisory or consulting firms, were independent of the Group, and were not related to any of the directors of the Company (the "**Business Service Providers**") in relation to the provision of consulting, sourcing and advisory services (the "**Business Services**"). The Group made upfront prepayments of HK\$28,200,000 in relation to the Business Services provided by the Business Service Providers (the "**Prepayments**"). As at 31 December 2025, the Prepayments were classified as current assets, with the expectation that the services would be completed by the end of 2026.

Based on the auditor's review, the Company had made initial progress on the Business Services as of the date of this report.

During the audit of the consolidated financial statements for the Review Year, the auditor was provided with explanations and supporting documents from the management of the company regarding the commercial substance and nature of the Prepayments in relation to the Business Services. Prior to the signing of the agreements, the management of the Company had instructed an independent service provider to perform a due diligence assessment on the background and capacity of the Business Service Providers. Approval from the Board was not obtained at the time the agreements were signed. The auditor noted that the controlling shareholders of those Business Service Providers had established long term business relationship with the Group and holding companies, but had no or limited business dealings with the Group in the two financial years. The Board subsequently ratified the agreements after a detailed review of the supporting documents.

Subsequent to 31 December 2025, in order to alleviate any concern of impairment, Dr. Chow Bok Hin Felix, Professor Chow Chun Kay Stephen, the directors of the Company ("**Directors**"), and Chows Investment Group Limited (collectively referred to as the "**Directors**") considered offsetting the amounts owed to the Directors (a portion of which is owed to the Controlling Shareholders) amounting to approximately HK\$10.9 million as at 31 December 2025, together with an additional capital input of HK\$1.5 million made by the Directors subsequent to the year-end date. Up to the date of this report, the total amount due to the Directors is at approximately HK\$12.4 million. This offsetting would occur if a business relationship related to the Prepayments was not established. The remaining amount of approximately HK\$15.8 million is fully covered by a financial guarantee extended by the Controlling Shareholders.

The auditor communicated to the Audit Committee, among other matters, their observations relating to the deficiencies in internal control processes over the Prepayments that they identified during their audit. The Audit Committee has agreed to address through enhanced monitoring and ratification procedures.

During the audit, the auditor considers there are no alternative audit procedures to obtain sufficient evidence to ascertain whether the above Transactions were conducted and negotiated on an arm's length basis, and whether the making of a significant prepayment in advance is a general practice in the business service market. Any adjustment to the carrying amount of the Prepayments could have a material effect on the consolidated financial performance for the Review Year. However, having regard to the mitigating arrangements in place as described earlier, no adjustments to the carrying amount of the Prepayments for the Review Year were considered necessary. There are no difference in view between the management of the Company and the auditor.

The management of the Company acknowledged and agreed with the disclaimer of opinion and other matters issued by the auditor.

ACTION PLAN OF THE GROUP TO ADDRESS THE AUDIT MODIFICATIONS AND REMOVAL OF AUDIT MODIFICATIONS

The Disclaimer

The Directors have given consideration to the future liquidity and performance of the Group and its available sources of finance to continue as a going concern. In the opinion of the Directors, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group covering the next twelve months from 31 December 2025 prepared by the management of the Company; and after taking into consideration of the followings:

- (i) The expected positive results of the ongoing negotiations with the Group's lenders on debt restructuring or extension of repayment terms of bank borrowings, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the relevant defaulted borrowings or cross-defaulted borrowings and grant the relevant waiver to the Group;
- (ii) Consideration of new financing from financial institutions as and when needed;
- (iii) Consideration of new financing from investors through business service providers per mentioned in the section "**Other Matters**" below as and when needed;

CORPORATE GOVERNANCE REPORT

- (iv) Having regard to the engagement of new business partners for expansion of business scale, the Directors believe that the Group will be able to improve future operating results and generate sufficient cash flows from operations;
- (v) Successful maintenance of ongoing and normal business relationships with major customers and suppliers; successful implementation of the Group's business strategy and cost control measures to improve the Group's working capital and cash flow position;
- (vi) Consideration of new financing from other additional sources of financing other than those mentioned above as and when needed; and
- (vii) Successful monetization and liquidation of trade and other receivables on hand, as and when required, to provide additional liquidity and sustainable operations.

The management considered that the proposed measures mentioned above, if successful, could improve the Group's liquidity and therefore could help to address the Disclaimer. However, as the management's assessment of the Group's ability to continue as a going concern for the purposes of preparing the Group's consolidated financial statements for the year ending 31 December 2026 has to take into consideration of the future conditions and circumstances and could only be made at the end of the relevant reporting period, the management is unable to ascertain at this moment whether the Disclaimer can be removed in the next financial year purely based on the Company's measures above.

Other Matters

In respect of the above Transactions, the Board has subsequently ratified the agreements after a detailed review of the supporting documents. As the Transactions go on and are expected to be completed by end of 2026, the Board will closely review and monitor the conducting of the Transactions with proper documentation. The management will regularly update the Board on the development of the Transactions. It is expected that the other matters can be removed by end of 2026.

AUDIT COMMITTEE'S VIEW ON THE AUDIT MODIFICATIONS

The Audit Committee confirmed that it had independently reviewed and agreed with (i) the management's position and basis concerning the Disclaimer and other matters as set out above; and (ii) the action plan of the Group to address the Disclaimer and Other Matters as set out above.

The Board is pleased to present its annual report (the “**Annual Report**”) together with the audited consolidated financial statements of the Group for the Review Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 35 to the consolidated financial statements. The Group is principally engaged in the development, manufacture and sales of semiconductor packaging materials.

RESULTS AND DIVIDENDS

The results of the Group for the Review Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 76.

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

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (“**AGM**”) is scheduled to be held on Monday, 1 June 2026. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 27 May 2026 to Monday, 1 June 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to attend and vote at the AGM, unregistered holders of Shares should ensure that all Share transfer documents accompanied by the relevant Share certificates must be lodged with the share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited, 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 26 May 2026.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years ended 31 December 2025, as extracted from the audited financial statements, is set out on page 150 in the Annual Report. This summary does not form part of the audited consolidated financial statements.

REVENUE AND SEGMENT INFORMATION

The revenue and segment information for the Review Year are set out in note 5 to the consolidated financial statements.

DIRECTORS' REPORT

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS SCHEMES

Details of the Company's share capital and share option schemes are set out in notes 26 and 34 to the consolidated financial statements respectively.

RESERVES

Details of movements in the reserves of the Group and the Company are set out in consolidated statement of changes in equity and note 37 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the Review Year are set out in note 33 to the consolidated financial statements. Save as the transaction set out under "Related party transaction and balance" which constituted a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, the remaining related party transactions as set out in note 33 to the consolidated financial statements did not fall under the classification of connected transaction or containing connected transaction in Chapter 20 of the GEM Listing Rules.

To the best knowledge of the Directors, in relation to the aforesaid transactions, the Company has complied with the relevant disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the Companies Act of the Cayman Islands, amounted to approximately HK\$108.5 million (31 December 2024: approximately HK\$138.6 million). This includes the Company's share premium in the amount of approximately HK\$121.0 million (31 December 2024: approximately HK\$121.0 million) as at 31 December 2025, which may be distributable to the Shareholder provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

During the Review Year, sales to the Group's five largest customers accounted for approximately 26.7% (2024: approximately 34.3%) of the Group's total sales and sales to the largest customer included therein amounted to approximately 6.9% (2024: approximately 11.5%).

During the Review Year, purchases from the Group's five largest suppliers accounted for approximately 59.7% (2024: approximately 67.7%) of the Group's total purchases and the purchase from the largest supplier included therein amounted to approximately 19.6% (2024: approximately 40.2%).

None of the Directors, or any of their associates or any Shareholders which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest customers or suppliers.

BUSINESS REVIEW

A review of the business of the Group as well as discussion and analysis of the Group's performance during the Review Year and the material factors underlying its results and financial position can be found in the "Chairman's Statement" and "Management Discussion and Analysis" set out on pages 3 to 4 and pages 5 to 8, respectively.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. In addition to risks and uncertainties about the going concern disclosed in Management discussion and Analysis under section headed "Other Information" on page 9 of this report, the followings are other key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risk relating to the industry

As the Group is a manufacturer of semi-finished goods to customers which are generally producers of finished products, the demand for the Group's products is therefore largely dependent on demand from the downstream industries of the Group. The products of the Group are typically used to serve end-customers in, among others, the LED and IC industries. The performance and growth of such industries depend, to a certain extent on global economic and market conditions. During a period of slow economic growth or recession and trade war, consumers' spending may drop as they are less willing to spend money. Adverse present and future economic conditions may affect demand of the products of the Group from downstream customers and the Group may not be able to grow at the pace as it anticipated or at all. If any of the above occurs, the business, financial conditions and results of operations of the Group may be materially and adversely affected.

Risk relating to concentration of suppliers

The Group is dependent upon a small number of suppliers for raw materials that it uses in manufacturing its products. The largest and top five suppliers of the Group accounted for approximately 19.6% and 59.7% of our total purchase in the Review Year, respectively (2024: approximately 40.2% and 67.7% respectively). There is no assurance that the business relationship of the Group with its suppliers will continue in the future. To reduce the risk, the Group has expanded its supplier base for high quality suppliers. The Group has also developed its own products which are produced through reliable subcontractors to secure sources of products supply.

Risks relating to conducting business in the PRC

The Group's results, financial condition and prospects are to a significant degree subject to the economic, political and legal developments of the PRC, as a substantial part of the Group's assets and business operation are located in PRC. The economic, political and social conditions, as well as government policies, including taxation policies, could affect the business of the Group. To manage the risk, the Board has appointed certain senior management to closely monitor economic, political, legal, institutional and social developments in the PRC, and maintained conservative treasury policy in cash management, such as holding cash in Hong Kong.

DIRECTORS' REPORT

Risk relating to products' competitiveness

The semiconductor packaging materials industry and its downstream industries have historically been characterised by rapid technological changes and evolving industry standards. The Group's competitive position will significantly depend on its ability to develop packaging materials that are comparable to or better than those produced by its competitors. Since the Group may not be able to accurately predict what technologies or products will be required by its customers in the future, the Group may also experience obstacles relating to its products, production machinery and equipment and production methods due to changes in semiconductor packaging materials technologies. If the Group fails to respond timely to the changes in the industry and its customers' needs and fail to adjust its production machinery and equipment promptly and cost effectively, the Group may need to invest in substantial amount in the new production machinery and equipment that do not lead to significant revenue. If any of the above occurs, the Group's business, financial conditions and results of operation will be materially and adversely affected.

Financial risks

Details of financial risks are set out in note 30 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group commits to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

The Group also commits to the principle and practice of reusing, recycling and reducing. To help conserve the environment, it implements green office practices such as re-deployment of office furniture as far as possible, promotion on the use of recycled paper for printing and copying, double-sided printing and copying, reduction on energy consumption by switching off idle lightings, air conditioning and electrical appliances.

The ESG Report containing an overview of the ESG performance of the Group's operations for the Review Year is contained on pages 33 to 61 of this Annual Report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals.

During the Review Year, there were no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

DIRECTORS

The Directors during the Review Year and up to the date of this Annual Report are as follows:

Executive Directors

Dr. Chow Bok Hin Felix (*Executive Chairman*)
Professor Chow Chun Kay Stephen
Mr. Shi Yiwu

Non-executive Directors

Mr. Li Chiu Fan
Mrs. Chow Fung Wai Lan Rita

Independent Non-executive Directors

Professor Ng Wang Wai Charles
Mr. Tai Chun Kit
Mr. Poon Lai Yin Michael

Pursuant to the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his or her appointment and be subject to re-election at such meeting.

Details of the Directors to be re-elected at the AGM will be set out in the circular to the shareholders of the Company prior to its coming AGM.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

For the length of the term of appointment of every non-executive Director, please refer to page 14 of this Annual Report.

INTERESTS IN COMPETING BUSINESS

None of the Directors or the controlling Shareholders (as defined in the GEM Listing Rules) of the Company, or their respective close associates (as defined in the GEM Listing Rules), had interests in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group during the Review Year and up to the date of this Annual Report.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and Senior Management are set out on pages 9 to 12 of this Annual Report.

DIRECTORS' REPORT

EMOLUMENT POLICY

The emoluments of the Directors are prepared by the Remuneration Committee and then recommended to the Board, having regard to the Group's operating results, individual performance and comparable market statistics. All the emolument of Directors has been reviewed and ratified by the Remuneration Committee.

Details of the emoluments of the Directors and the remuneration band are set out in note 10 to the consolidated financial statements of this Annual Report.

The Company has adopted a share option scheme as an incentive to eligible employees. Details of the share option scheme are set out in note 34 to the consolidated financial statements of this Annual Report.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 10 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, the Directors and officers shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty; provided that the indemnity shall not extend to any matter in respect of any own fraud or dishonesty which may attach to any of the Directors and officers.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group during the Review Year and as at the date of this Annual Report.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this Annual Report, at no time during the Review Year was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its specified undertakings as defined in the Companies (Directors' Report) Regulation (Chapter 622D of the Laws of Hong Kong) or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate.

INDEPENDENCE CONFIRMATION

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent.

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

Save as those disclosed in note 33 to the consolidated financial statements, there were no other transactions, arrangements or contracts 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 its connected entities had a material interest (whether directly or indirectly) subsisting at the end of the year or at any time during the Review Year under Chapter 20 of the GEM Listing Rules.

CONTRACTS OF SIGNIFICANCE

Save as those disclosed in note 33 to the consolidated financial statements, there had been no contract of significance (i) between the Company or any of its subsidiaries and a controlling Shareholder (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries; or (ii) for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries, during the Review Year.

MANAGEMENT CONTRACTS

During the Review Year, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes of the Group are set out in note 27 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transaction by Directors to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

Name of Directors	Nature of interest/ holding capacity	Number of Shares held	Percentage of issued share capital of the Company (Note 1)
Dr. Chow (Note 2)	Interest in a controlled corporation	357,000,000	50.60%
Professor Chow (Note 2)	Interest in a controlled corporation Beneficial owner	357,000,000 510,000	50.60% 0.07%
Mrs. Rita Chow (Note 3)	Interest of spouse (Note 3)	357,510,000	50.67%
Mr. Li	Beneficial owner	16,050,000	2.27%

Notes:

- As at 31 December 2025, the Company's issued share capital was HK\$7,055,000 divided into 705,500,000 Shares of HK\$0.01 each.
- Niche-Tech Investment Holdings Limited ("**BVI Holdings**") is beneficially owned as to 40% by Dr. Chow and 60% by Professor Chow. By virtue of SFO, Dr. Chow and Professor Chow are deemed to be interested in the 357,000,000 Shares held by BVI Holdings.
- Mrs. Rita Chow is the spouse of Professor Chow. Mrs. Rita Chow is deemed to be interested in all the Shares in which Professor Chow is interested in for the propose of the SFO.

DIRECTORS' REPORT

Interests in shares of the associated corporations of the Company

Name of Director/ Chief Executive	Name of associated corporation	Nature of interest/ holding capacity	Number of shares held/ interested in the associated corporations	Percentage of shareholding
Professor Chow (Notes 1 and 2)	Chows Investment Group Limited ("BVI Chows")	Beneficial owner	6	60.00%
Dr. Chow (Notes 1 and 2)	BVI Chows	Beneficial owner	4	40.00%
Professor Chow (Notes 1 and 2)	BVI Holdings	Interest in a controlled corporation	10,000,000	100.00%
Dr. Chow (Notes 1 and 2)	BVI Holdings	Interest in a controlled corporation	10,000,000	100.00%
Mrs. Rita Chow (Note 3)	BVI Chows	Interest of spouse	6	60.00%
	BVI Holdings	Interest of spouse	10,000,000	100.00%
Mr. Li (Note 4)	BVI Holdings	Beneficial owner	714,286	7.14%

Notes:

- BVI Chows holds 100% interest in BVI Holdings which in turn holds 50.60% interest in the Company. Therefore, BVI Chows and BVI Holdings are the associated corporations of the Company for the purpose of the SFO.
- Dr. Chow and Professor Chow are respectively interested in as to 40% and 60% of the issued share capital of BVI Chows. BVI Chows holds 100% interest in BVI Holdings. Dr. Chow and Professor Chow are therefore deemed to be interested in 100% of BVI Holdings for the purpose of the SFO.
- Mrs. Rita Chow is the spouse of Professor Chow. Mrs. Rita Chow is deemed to be interested in all the shares of the associated corporations of the Company in which Professor Chow is interested for the purpose of the SFO.
- BVI Chows issued an exchangeable loan note to Mr. Li for an amount of HK\$10,000,000 in respect of 714,286 shares in the issued share capital of BVI Holdings. The maturity date of the exchangeable loan note had been extended.

Save as disclosed above, as at 31 December 2025, none of the Directors nor chief executives of the Company had or was deemed to have any other interests and short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transaction by Directors to be notified to the Company and the Stock Exchange.

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

So far as is known to the Directors, as at 31 December 2025, the persons (other than Directors or chief executive of the Company) who had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO for being recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the Shares

Name of Shareholder	Nature of interest/holding capacity	Number of Shares held	Percentage of issued share capital of the Company (Note 1)
BVI Holdings	Beneficial owner	357,000,000	50.60%
BVI Chows (Note 2)	Interest of controlled corporation	357,000,000	50.60%
Mrs. Chow Kuo Li Jen (Note 3)	Interest of spouse	357,000,000	50.60%
Mr. Ma Ah Muk ("Mr. Ma")	Beneficial owner	152,490,000	21.61%
Ms. Cheng Pak Ching (Note 4)	Interest of spouse	152,490,000	21.61%

Notes:

- (1) As at 31 December 2025, the Company's issued ordinary share capital was HK\$7,055,000 divided into 705,500,000 shares of HK\$0.01 each.
- (2) BVI Chows holds 100% interest in BVI Holdings and is therefore deemed to be interested in the 357,000,000 shares held by BVI Holdings for the purpose of the SFO.
- (3) Mrs. Chow Kuo Li Jen is the spouse of Dr. Chow. Mrs. Chow Kuo Li Jen is deemed to be interested in all the Shares in which Dr. Chow is interested in for the purpose of the SFO.
- (4) Ms. Cheng Pak Ching is the spouse of Mr. Ma. Ms. Cheng Pak Ching is deemed to be interested in all the Shares in which Mr. Ma is interested in for the purpose of the SFO.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any other persons (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying shares would fall to 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 for being recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' REPORT

DIRECTORS' SECURITIES TRANSACTIONS

Details of Directors' securities transactions are set out in the section headed "Corporate Governance Report" on pages 13 to 21 of this Annual Report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Review Year and up to date of this report.

CORPORATE GOVERNANCE CODE

Details of the principle corporate governance practices as adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 13 to 21 of this Annual Report.

CHARITABLE DONATIONS

The Group made charitable donations of approximately HK\$9,500 during the Review Year (2024: approximately HK\$64,000).

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company gives priority to distributing dividend in cash and shares its profits with its Shareholders. The dividend payout ratio shall be determined or recommended, as appropriate, by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

- the Articles of Association of the Company;
- the applicable restrictions and requirements under the laws of the Cayman Islands;
- any banking or other funding covenants by which the Company is bound from time to time;
- the investment and operating requirements of the Company; and
- any other factors that have material impact on the Company.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this Annual Report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained sufficient prescribed minimum number of the issued Shares in public hands as required under the GEM Listing Rules.

INDEPENDENT AUDITOR

The consolidated financial statements for the Review Year have been audited by GCCPAL, who will retire and, being eligible, will offer themselves for re-appointment at the AGM. A resolution will be proposed at the AGM for the re-appointment of GCCPAL as auditor of the Company. There were no change in auditors of the Company during the past three years.

DEED OF NON-COMPETITION

BVI Holdings, BVI Chows, Professor Chow and Dr. Chow, being the controlling shareholders (as defined under the GEM Listing Rules) of the Company (collectively the “**Controlling Shareholders**”), have entered into a deed of non-competition on 8 May 2018 in favour of the Company (the “**Deed of Non-Competition**”). Details of the Deed of Non-Competition were set out in the section headed “Relationship with Our Controlling Shareholders” of the Prospectus. Pursuant to the Deed of Non-Competition, the Controlling Shareholders have undertaken, jointly and severally, to the Company that they would not, and that their close associates or associated companies controlled by them would not directly or indirectly carry on, participate, or be interested or engaged in or acquire or hold any business which is or may be in competition with the existing business of the Group. During the Review Year, the Company received an annual confirmation in writing from each of the Controlling Shareholders confirming that he/it had complied with the non-competition undertakings provided to the Company under the Deed of Non-Competition. The independent non-executive Directors have reviewed and confirmed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by each of the Controlling Shareholders and duly enforced during the Review Year and up to the date of this report.

On behalf of the Board

Chow Bok Hin Felix

Executive Chairman and Executive Director

Hong Kong, 31 March 2026

As at the date of this report, the executive Directors are Dr. Chow Bok Hin Felix, Professor Chow Chun Kay Stephen and Mr. Shi Yiwu, the non-executive Directors are Mr. Li Chiu Fan and Mrs. Chow Fung Wai Lan Rita, and the independent non-executive Directors are Professor Ng Wang Wai Charles, Mr. Tai Chun Kit and Mr. Poon Lai Yin Michael.

This report will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for a minimum period of seven days from the date of its publication. This report will also be published on the Company’s website at www.nichetech.com.hk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

As global attention on Environmental, Social and Governance (“**ESG**”) issues grows, the Group actively incorporates ESG principles into our business operations. We implement sustainable development across our strategic planning and daily operations, with a focus on environmental protection, employee care, and product quality enhancement. The Group maintains high standards of professional conduct and business ethics while investing in community development. By sharing our sustainable development vision and achievements with stakeholders, we strive to create long-term value for all parties.

This report (the “**Report**”) marks our eighth Environmental, Social and Governance Report, detailing our ESG policies, measures, and performance. We embrace openness and transparency, providing thorough disclosure of relevant information to build trust with stakeholders. The Group is dedicated to enhancing both our sustainable development efforts and the quality and transparency of ESG reporting.

Reporting Scope

The Report follows the Environmental, Social and Governance Reporting Code (“**ESG Reporting Code**”) in Appendix C2 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The scope of the Report covers the Group’s principle operating activities at our Hong Kong headquarters and Shantou production facility (“**Operating Locations**”) from 1 January 2025 to 31 December 2025 (“**Review Year**”, “**Reporting Period**” or “**2025**”). These activities primarily include the research and development, manufacturing, and sales of semiconductor packaging materials. Greenhouse gas (“**GHG**”) emissions (Scopes 1 and Scope 2) are reported using the operational control approach and are aligned with the ESG Reporting Scope. In the future, we will strengthen our collection of data related to Scope 3 emissions and continue to assess the impact of our operations on the major ESG aspects and include in the ESG Report.

Reporting Principle

Based on the ESG Reporting Code, this Report follows four core reporting principles – materiality, consistency, quantitative, and balance – in collecting and compiling its disclosed information.

Reporting Principle	The Applications
Materiality	During the Review Year, the Group invited important stakeholders to conduct an assessment, which was to determine the structure and content (including climate-related considerations) of the Report.
Consistency	We use consistent measurement methods to ensure meaningful comparisons of the Group’s ESG performance. No changes were made to these methods during the Reporting Period, and any future changes will be clearly disclosed in the report.
Quantitative	Presenting information in a quantitative way, where feasible. The data of the performance of the Group’s key indicators is from the statistics of the relevant departments. In the Report, we disclose the statistical standards, methodologies, sources of conversion factors and other relevant information for the quantitative KPIs, as well as the relevant calculation bases, methodologies and reference sources.
Balance	The Group prepares the Report with a fair and unbiased attitude to ensure that the content carried out is disclosed fairly about its own performance.

¹ Managed by the Company’s subsidiary Niche-Tech Kaiser (Shantou) Limited (“**Niche-Tech Shantou**”) (汕頭市駿碼凱撒有限公司).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's GHG emissions were calculated using the methodologies and emission factors set out in the "Emissions" KPI section of the Report, with reference to Appendix 2: Reporting Guidance on Environmental KPIs under the HKEX ESG Reporting Code. The methodologies applied to Scope 1 and Scope 2 emissions – including activity data sources and emission factors – are disclosed within the relevant KPI sections.

Confirmation and Approval

All data and information in this Report come from the Group's official Mainland documents, records, and statistics, and have received confirmation and approval from the board of directors of the Company (the "**Board**") on 31 March 2026.

Opinion and Feedback

The Group values feedback from its stakeholders to continuously improve its performance. If you have any comments or questions about the content of this ESG Report or the way it is reported, you are welcome to contact the Group through the following channels:

Address: Room 208, Lakeside 1, Hong Kong Science Park

Email: info@nichetech.com.hk

Tel: (852) 2115 3979

Fax: (852) 2115 3748

SUSTAINABILITY GOVERNANCE

The Board Statement

The Board places sustainable development at the forefront of its priorities and oversees all environmental, social, and governance operations. Through its established governance framework, the Board maintains close communication while regularly assessing and managing key issues to ensure effective policy and strategy implementation. The Board also closely monitors environmental, social, and governance objectives, evaluating their effectiveness and importance to ensure they align with the Group's overall development direction.

Governance structure

The Group is committed to establishing a comprehensive and forward-looking sustainable development management framework, laying a solid foundation for achieving long-term sustainability goals. Faced with increasing global expectations and challenges regarding sustainable development, we actively enhance our management standards, deeply integrating ESG principles into our core corporate management values. Through systematic risk assessment and opportunity identification, we continuously improve our ESG governance system, ensuring sustainable development strategies are effectively implemented in every aspect of corporate operations. We firmly believe that only by establishing a robust management system can we maintain competitive advantages in a rapidly changing business environment while fulfilling our environmental and social responsibilities.

To further advance our sustainable development initiatives toward new milestones, we have specifically established the "Social, Governance Work Committee" ("**Committee**"). Under the strategic guidance and comprehensive oversight of the Board of Directors, the Committee, led personally by the General Manager of Niche-Tech Shantou, shoulders the important mission of coordinating sustainable development work across all departments.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regarding day-to-day ESG governance, the Board authorises the Committee to organise and coordinate the ESG work of its subsidiaries to ensure the implementation of relevant strategic decisions. The Board is committed to maintaining good communication with the Committee and making timely decisions on important ESG matters. To understand the Group's ESG performance, the Committee regularly reports to the Board on the latest ESG status annually. An annual review meeting is held at the beginning of each year to comprehensively review the suitability, adequacy, and effectiveness of the Company's environmental and occupational safety management systems, as well as various management practices, reviewing safety policies, risk response, and the implementation of departmental indicators, and identifying opportunities for sustainable improvement. The Board understands that setting ESG objectives contributes to the Group's ESG governance. Therefore, the Board will, as appropriate, set ESG objectives (including climate-related), with the globally accepted milestone of carbon neutrality by 2050 serving as a guiding principle for its climate strategy, and review the Group's progress in improving its ESG performance by regularly tracking key environmental and social ESG performance indicators. If necessary, the Board will engage an independent third party to assess the Group's ESG risks and review existing strategies, objectives, and internal control measures.

Following clear and comprehensive operational guidelines, the Committee systematically advances the construction of the ESG management system, ensuring sustainable development concepts are implemented from top to bottom. Through regular reviews and optimisation, the Committee continuously improves management processes and promotes innovative initiatives, allowing the spirit of sustainable development to truly take root in our corporate culture and become a shared value among all employees.

We have carefully planned seven key focus areas to provide clear guidance for our sustainable development work. The Committee sets specific targets based on the "2025 Environmental and Safety Target Analysis and Management Plan" and regularly reviews effectiveness through the "Target, Indicators, and Management Plan". The Board closely monitors progress toward these targets and adjusts strategic direction as needed to ensure the Group advances steadily on its path to sustainable development.

The 7 Aspects	<ul style="list-style-type: none">• Society• Environment• Health and safety• Security• Employment relationship• Ethical conducts• Relations with the community and other business related individuals
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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk Management

The Group prioritises risk management in its corporate operations. We recognise that effective risk management serves as both the foundation for stable corporate development and the key to addressing various challenges. To achieve its business objectives and ensure stable development, the Group identifies and manages ESG risks. We employ a risk management system within a top-down risk management framework. The Board is fully responsible for maintaining the Group's robust ESG risk management and internal control system. Through its oversight of the Committee and through active and beneficial communication with management and employees involved in the Group's day-to-day operations, the Board is able to identify significant ESG risks faced by the Group in terms of emissions, resource consumption, impacts on natural resources and climate change, and other social aspects related to the Group. As part of this process, the Board is responsible for identifying and assessing the Group's significant ESG risks, determining their levels, and developing corresponding countermeasures, which are then implemented and managed by the Committee. The Board is also responsible for reviewing and monitoring the effectiveness of the Group's ESG risk management and internal control systems and ensuring that the Group has taken reasonable steps to manage significant risks. The Group believes that ESG risks have gradually become an important factor in its business and has therefore adopted an approach of integrating ESG risks into its routine risk management processes to enhance its overall risk assessment, prioritisation, and management control capabilities.

We have established comprehensive "Risk and Opportunity Control Procedures" to guide our risk management approach. Through regular risk assessments, we ensure all departments can identify, control, and respond to various risks effectively while continuously improving our management strategies. The Committee is responsible for regularly reviewing and evaluating ESG risk management effectiveness across all departments. Following the principle of "prevention is better than cure", we continuously enhance our risk management system. Through regular reporting to the Board, we ensure decision-makers maintain a clear understanding of the Group's risk profile, enabling precise strategic planning.

Risk Management Process	<ol style="list-style-type: none">1. To plan and build a management team2. To identify risks and opportunities3. To conduct risks and opportunities assessment4. To control risk and opportunities5. To develop measures
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During the Reporting Period, the Group identified these major ESG risks and developed targeted monitoring measures to minimise or prevent their operational impact. Below ongoing measures are designed to influence these intensity metrics, ensuring our operational actions are aligned with our long-term reduction commitment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Risks description	Management measures
Environment	Wastewater treatment equipment failure	Equipment is inspected daily, with maintenance strictly following the annual plan
	Unauthorised use of toxic chemicals	Assign dedicated staff for management, require employees to strictly follow purchase and usage requirements according to needs, maintain usage records to prevent chemical leaks caused by unauthorised usage
	Waste Management <ul style="list-style-type: none"> • Incorrect waste classification • Waste odour emission due to hot weather • Improper handling of hazardous waste by service providers 	<ul style="list-style-type: none"> • Sign agreements with waste management companies for timely disposal to avoid accumulation • Strictly follow existing control measures • Ensure cooperation with qualified processing facilities to prevent improper handling of hazardous waste
	Climate Change	Develop a climate change policy that clarifies the specific measures and action plans already implemented, thereby enhancing the overall climate adaptability of businesses.
Governance and Social	Production and Operation Process Management <ul style="list-style-type: none"> • Audits may not cover all production processes or consider risks, or may have incomplete or missing Hazardous Substance Free (“HSF”) management requirements • Increasing international HSF standards and rising customer requirements leading to increased pressure on quality management and cost control 	<ul style="list-style-type: none"> • Create unified product quality and HSF process audit checklist to ensure audit coverage of quality, HSF requirements and other related risks • Combine quality and HSF to establish optimised process control methods to reduce costs
	Failure to timely collect and identify legal regulations, leading to non-compliance with latest regulatory requirements, increasing risk of complaints and penalties for the Company and customers	Regularly collect and review relevant laws and regulations to ensure comprehensive compliance
	Multiple document management issues, including document release without proper approval, failure to retrieve and process expired documents promptly, document damage during storage, and difficulty in document retrieval due to lack of effective numbering system	Establish document control procedures, clearly specify rules for document creation, approval, distribution, retrieval, storage and numbering, and incorporate document management efficiency into performance evaluation metrics

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

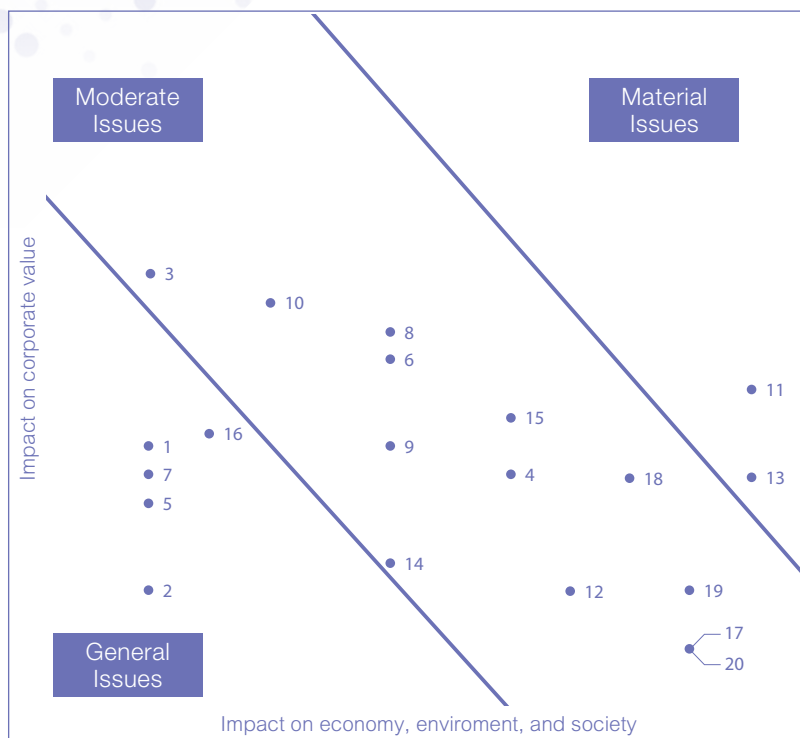
The Group recognises that stakeholder engagement is vital to corporate success. We actively cultivate long-term partnerships with stakeholders, attentively listening to their feedback. By deeply understanding stakeholder expectations, we both meet current needs and identify market trends to adapt our strategies accordingly. Through ongoing dialogue, we forge strong connections with stakeholders to achieve shared goals. We remain dedicated to enhancing our stakeholder engagement approach, driving business growth, and fulfilling our corporate mission and vision.

Stakeholder Groups	Aspirations and expectations	Communication channels
Shareholder	Excellent performance, compliance and transparency of operations, stable returns	Shareholder meetings, announcements and reports
Government and regulatory authority	Compliance, payment of taxes, strict risk management, support to local economic growth and employment	Regular reporting, inspections and monitoring
Employee	Protection of rights, occupational health, excellent working environment, career development	Training and seminars, intranet
Business partner	Integrity in performance, fair competition, competence support, win-win cooperation	Tender meetings, exchange seminars
Customer	High-quality products, integrity in performance	Satisfaction survey, customer service hotline
Community	Support to community development, involvement in charity work	Participation in community activities

The Group recognises that identifying material issues is fundamental to success and has established diverse stakeholder communication channels. We value stakeholder opinions as our best reference, as their insights help guide our long-term development. Through regular dialogue, we gather valuable feedback and integrate it thoughtfully into our strategic planning to ensure our development aligns with stakeholder expectations.

During the Review Year, we invited Board members and employees across all levels to participate in our materiality assessment. This comprehensive interaction enhanced our understanding of various ESG perspectives and provided vital insights for developing the Group's sustainability blueprint.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Aspects	Issues	
Environment	1	Air Emissions
	2	GHG Emissions
	3	Waste
	4	Energy
	5	Water
	6	Raw Materials
	7	Climate Change and Resilience
Social	8	Employment Practices
	9	Training and Development
	10	Diversity and Equal Opportunity
	11	Occupational Health and Safety
	12	Labour Standards
	13	Product and Service Quality and Safety
	14	Privacy and Data Security
	15	Responsible Supply Chain Management
	16	Community Engagement and Investment
Governance	17	Anti-corruption
	18	Risk Management
	19	Compliance Management
	20	Intellectual Property Protection

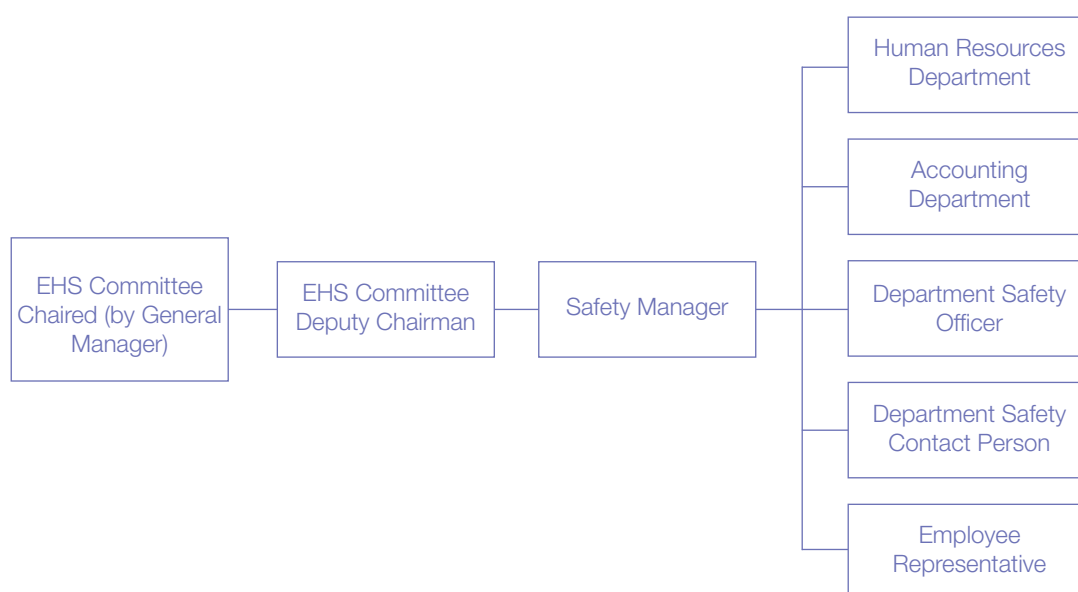
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group will continue to refine its stakeholder communication mechanisms and sustainability management systems. At appropriate times, we will expand stakeholder coverage in materiality assessments to enable more comprehensive evaluations and analyses.

ENVIRONMENTAL AND SAFETY MANAGEMENT

Governance Structure

In our pursuit of excellence, we firmly believe that environmental protection and workplace safety are the cornerstones of corporate development. Through our ISO 14001 and ISO 45001 certified management systems, we have established a scientific operational model ensuring compliance with international standards. The Environmental, Health and Safety (“EHS”) Committee and Safety Production Management Committee play vital roles – not only in policy-making but also in risk management – enabling us to advance steadily toward sustainable development.



Regarding operational compliance, we maintain the highest standards in meeting our responsibilities. The Group strictly follows several key regulations, including:

- **Environmental Protection:** “Environmental Protection Law of the People’s Republic of China”, “Water Pollution Prevention Law of the People’s Republic of China”, and “Water Pollution Control Regulations (Chapter 358 of the Laws of Hong Kong)”
- **Labour Safety:** “Labour Law of the People’s Republic of China”, “Work Safety Law of the People’s Republic of China”, “Law of the People’s Republic of China on Prevention and Control of Occupational Diseases”, and “Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)”

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To ensure comprehensive implementation of regulatory requirements, we have established a series of internal guidelines:

1. Environmental Management System
 - “Environmental Manual”
 - “Regulations on Waste Gas, Waste Water and Noise Management”
 - “Energy Saving and Emission Reduction Management Regulations”
 - “Environmental Factor Identification and Evaluation Control Procedures”
 - “Climate Change Policy”

2. Occupational Safety System
 - “Occupational Health and Safety Management Manual”
 - Workplace Safety Measures
 - Personal Protective Equipment Configuration
 - Regular Safety Training Program

These policies encompass both specific environmental protection measures – including waste management and environmental performance enhancement – and a comprehensive occupational health and safety management system. Through regular training sessions, we continuously enhance our employees’ safety awareness and professional skills. In the past year, we maintained exemplary compliance, with no violations of environmental or safety regulations. Looking forward, we will further refine our environmental policies and operations to achieve even higher standards in environmental protection and occupational safety.

Target & Progress

During the Review Year, we established specific targets for environmental protection and employee safety. Each area – from waste management to resource utilisation, and from occupational health to safety assurance – has clear indicators. We use scientific methods to monitor progress rigorously, setting particularly high standards for environmental protection to minimise our business environmental impact.

As a responsible enterprise, we recognise that goals must evolve with the times. Through regular performance reviews and timely standard upgrades, we demonstrate our strong commitment to environmental protection and employee safety. These commitments translate into concrete actions in our daily operations. Every detail, from waste sorting to energy conservation measures, is carefully designed to ensure our goals are firmly implemented.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Targets	Completion
Environmental	<ul style="list-style-type: none"> • Annual kitchen fume emission concentration ≤ 2.0 mg/L • Annual GHG emission density for Scope 1 and Scope 2 ≤ 10.5 metric tons of carbon dioxide equivalent per thousand square feet • Annual wastewater treatment meets the emission standards in accordance with relevant guidelines • Annual electricity consumption of output ≤ 200 kWh/RMB10,000 • Annual water consumption of output ≤ 1 cubic metre/RMB10,000 • Quarterly paper consumption ≤ 70 reams • Noise standards during the day and night are no higher than 65 decibels and 55 decibels, respectively • Zero environmental pollution • Zero rate of environmental complaints from surrounding areas 	Achieved
Safety	<ul style="list-style-type: none"> • Zero deaths, serious accidents • Zero major fires, explosions, electric shocks, and leak accidents • Zero occupational diseases • No more than 1% minor injury rate • Workplace noise not exceeding 85 decibels in an 8-hour work system • Zero food poisoning rate • 100% distribution and use of labour protection supplies • 100% effectiveness of fire protection equipment operation 	Achieved

For details on the actions taken by the Group during the year to achieve these targets, please see the following chapters on our annual sustainability performance and management approach.

Looking ahead, we will drive sustainable development through innovation, creating new approaches to environmental protection and safety management. With keen foresight to anticipate challenges and unwavering determination to push boundaries, we aim to set new benchmarks in environmental protection and safety. Guided by our “People-oriented, Environment-focused” principle, we will work tirelessly to create a safe and comfortable workplace while contributing to the sustainable development of society and our planet.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HIGHLIGHTS OF ANNUAL MANAGEMENT MEASURES AND PERFORMANCE

Training and Development

The Group takes a strategic approach to talent development, centering on “talent capital optimisation.” Following our “Education and Training Management Procedures,” we have built a systematic development mechanism with professional growth plans for all employee levels. New employees receive comprehensive onboarding that covers corporate values, professional ethics, technical knowledge, and core skills. Current employees benefit from a dual-track system combining internal training with external learning opportunities to foster their professional growth.

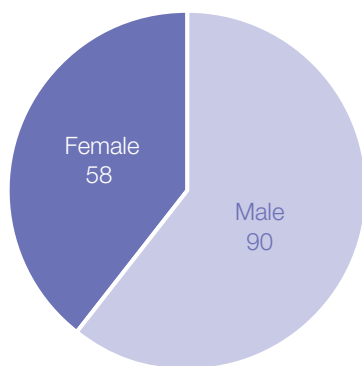
Each year, our Human Resources Department creates a detailed “Annual Training Plan” to align training programs with corporate strategy and departmental needs. This guiding document systematically schedules monthly training activities across departments. We believe ongoing knowledge and skill development drives sustainable corporate growth. Through annual performance evaluations, we optimise talent allocation and compensation while identifying growth potential to create clear career paths. This holistic approach effectively supports employees’ professional development.

Orientation training	On-the-job training	External training
Provide pre-job training to help adapt to the work environment and position, and ensure that new employees have the skills needed for work through assessment.	According to job requirements and skill needs, employees are provided with internal training covering knowledge, skills and attitude.	Hire external personnel for specialised training, or assign employees to external organisations or units for specialised training as needed. The content covers topics such as specialised business, professional skills, and skills.

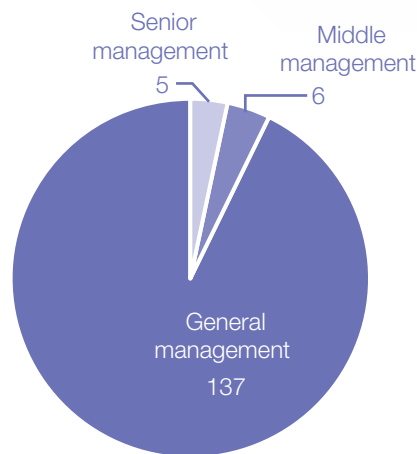
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Review Year, the Group had 148 (2024: 154) employees who received training, with an average of 5.16 (2024: 9.85) training hours per person. Please see the “Appendix – Key Performance Indicators” section for details.

Number of Trained Employees by Gender



Number of Trained Employees by Employment Category



Product Responsibility

The Group prioritises product quality and safety, recognising that building customer trust and long-term business relationships depends on consistently delivering high-quality, reliable products. We strictly comply with regulatory requirements – including the Product Quality Law of the People’s Republic of China, Patent Law of the People’s Republic of China, and Competition Ordinance (Cap. 619 of the Laws of Hong Kong). We have established comprehensive internal management systems that cover quality cost management, preventive and corrective measures, customer complaint handling, and intellectual property protection, including “Poor Quality Cost Management Procedures”, “Corrective and Preventive Measures Management Procedures”, “Customer Complaints and Returns Handling Procedures”, and “Intellectual Property, Confidentiality and Non-competition Management Regulations”.

Our quality assurance system spans all stages of the product lifecycle, implementing strict controls from product monitoring to non-conforming product management and safety control. Regular internal audits ensure consistent product and service quality. We enhance customer experience by providing detailed product information, including specifications and application guidelines. For chemical products, we strictly follow our internal Chemical Safety Technical Manual procedures, clearly labeling product characteristics, technical parameters, and safety information on packaging.

We value customer feedback and maintain diverse communication channels to collect it. Our professional customer service team handles complaints following our Customer Complaint and Return/Exchange Handling Protocol, implementing improvements based on specific situations to ensure customer satisfaction. For significant quality issues, we maintain a comprehensive product recall mechanism to protect consumer interests.

For data protection, we employ comprehensive strategic measures. Beyond strict compliance with privacy and data protection regulations, we maintain thorough internal management systems. All employees follow strict confidentiality principles set in the “Intellectual Property, Confidentiality and Non-competition Management Regulations”, carefully handling customer data while ensuring business operations complying with intellectual property regulations. Upon discovering any infringement discovered during regular reviews, we take immediate action to cease using affected products or services.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Our information security defense consists of three key mechanisms: advanced security monitoring systems in our network architecture to ensure stable industrial control systems; top-tier protective equipment establishing network boundary security barriers; and isolated storage strategies for core data to enhance overall security levels.

During the Review Year, the Group maintained full compliance in product and service health, safety, advertising, labeling, and privacy areas, with no product recalls or customer complaints. We maintain comprehensive response mechanisms, including product recalls and public statements, to address any potential non-compliance while preserving corporate integrity and customer interests.

PEOPLE-ORIENTED

Occupational Health & Safety

Occupational health and safety are the Group's top priority. We firmly believe that a safe working environment not only fulfills our corporate responsibility but also boosts operational efficiency. We continuously invest resources to ensure effective implementation of our safety policies.

Our comprehensive safety management framework consists of three key components. The Occupational Health and Safety Management Manual sets out our clear safety guidelines. The Occupational Health and Safety Committee oversees work safety across all departments – from human resources and procurement to production, finance, and sales. This committee develops and supervises safety policies, ensures compliance with safety procedures, and addresses potential risks. Our dedicated Implementation Team monitors policy execution and risk identification, developing and implementing improvement plans when needed.

To maintain international standards, we regularly engage independent third parties for safety audits. These audits examine all employee and workplace safety matters, allowing us to swiftly identify and address potential hazards, thereby ensuring a safer working environment.

Personal awareness	Working equipment
<ul style="list-style-type: none">Cover information of occupational health and safety measures in new employee trainingProvide personal protective equipmentPost health and safety information on the notice boards and intranet	<ul style="list-style-type: none">Provide health and safety trainingRegularly inspect and maintain equipment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Looking ahead, we will systematically advance our occupational safety and health assessments while strengthening employee training programs through innovation. Through interactive workshops, hands-on drills, and expert guidance, we aim to enhance team safety awareness and emergency response capabilities. We believe that building a truly safe and healthy work environment requires continuous learning and improvement.

The Group maintained zero fatalities over the past three years and achieved zero workplace injuries during the Review Year. However, we recognise that safety and health require constant vigilance. We pledge to keep investing resources and pursuing excellence to elevate our occupational safety and health standards. With “Safety First” as our core value, we remain dedicated to creating an ideal work environment for every employee.

Employment System

We view our employees as our most valuable assets and rigorously comply with all labour regulations to protect employee rights. In mainland China, we follow fundamental laws including the Labour Law and Labour Contract Law of the People’s Republic of China. We implement the Interim Provisions on Payment of Wages and its supplementary provisions to ensure fair compensation. For social security, we enforce the Social Insurance Law and Housing Provident Fund Management Regulations. We also implement special protections for female workers and minors, while following the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) in Hong Kong.

To strengthen our employee management system, we have established internal guidelines within the legal framework. Our Employee Handbook provides detailed work guidance, our Anti-discrimination Management System ensures workplace fairness, and our Female Workers and Minor Workers Management System protects special groups. These systems offer clear guidelines while demonstrating our commitment to employee rights.

The Group recognises talent as our most valuable asset. We have developed comprehensive human resources policies covering compensation, benefits, recruitment, promotion, working hours, and leave arrangements. We are committed to maintaining a fair workplace that puts employee rights first. Through our Anti-discrimination Management System, we firmly oppose all forms of discrimination. We ensure equal and fair treatment regardless of race, nationality, social status, beliefs, physical condition, or sexual orientation. Every employee is a valued team member.

To foster continuous improvement, we have created multiple communication channels that encourage employee’s feedback. Employees can report concerns or complaints through face-to-face meetings, email, or suggestion boxes. We handle all cases seriously and confidentially to protect employee’s rights.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Recruitment and dismissal	<ul style="list-style-type: none"> • Conduct recruitment through legal channels, and will not recruit through illegal intermediaries or illegal labour markets • During the recruitment period, check the applicant's valid documents and resume, ensure their work qualifications, and avoid risks such as hiring minors • If an employee cannot meet the corresponding job requirements, commits illegal acts, violates internal policies, etc., the Group will terminate the employment relationship with them, and handle the termination of employment according to policies and regulations, such as providing compensation, reporting to law enforcement departments
Salary and promotion	<ul style="list-style-type: none"> • Regularly review market rates and annual employee performance evaluation results to adjust their salary level • Regularly review and adjust salary levels to maintain competitiveness, motivation, fairness and economic principles • Make job adjustments based on employee's work performance, attitude and annual performance evaluation results, as well as through self-nomination, supervisor recommendation, and cross-departmental recommendation
Welfare and benefits	<ul style="list-style-type: none"> • In addition to statutory holidays, employees enjoy paid leave and unpaid leave, including maternity leave, paternity leave, marriage leave, bereavement leave, etc. • Female employees have paid pregnancy check leave, work breaks, and nursing leave. Within the child's first 3 years of age, both parents have 10 days per year of parental leave to ensure their childcare rights during work
Labour Standards	<ul style="list-style-type: none"> • Verify the personal information such as ID cards of the hired persons to ensure that the employees meet the legal working age to avoid hiring child labour • If any child labour is found, the Human Resources and Administration Department will immediately stop their work or recruitment process, arrange for a physical examination, ensure that they are under proper health condition, arrange for someone to send them back to their original residence, and report to the relevant departments • Clearly do not advocate working overtime or working outside office hours, and adopt a zero-tolerance attitude towards forcing employees to work • When overtime work is required for business needs, department head or general manager approval and time recording are required to ensure subsequent compensation through time off or overtime pay

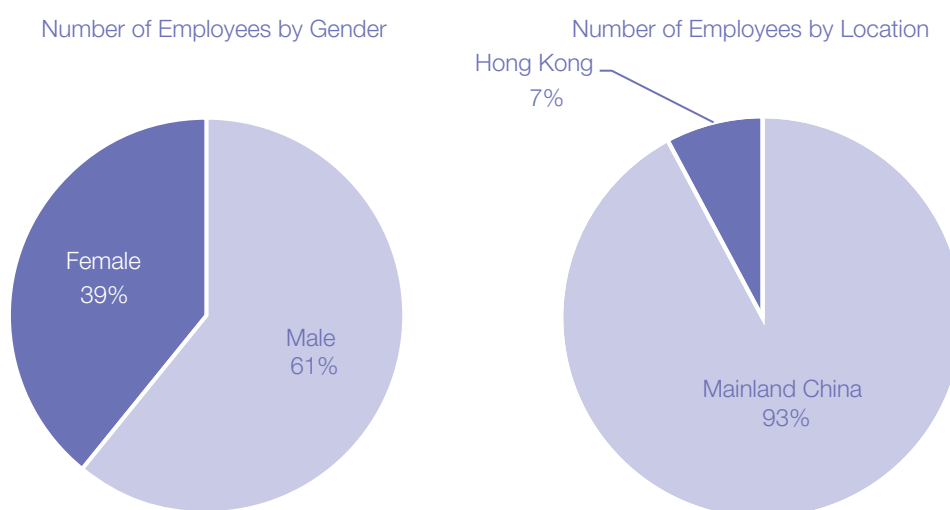
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group firmly believes that a fair and equitable work environment enhances employee's morale and unlocks team potential. We continuously optimise our employment systems to meet employee needs and protect their rights comprehensively.

During the Review Year, we maintained zero violations in employment and labour standards. We have established a comprehensive monitoring mechanism and will take decisive action against any violations according to internal regulations – including employment termination or reporting to law enforcement agencies – to maintain strong corporate governance.

As of December 31, 2025, the Group employed 182 (2024: 190) people: 111 (2024: 118) males and 71 (2024: 72) females. The overall turnover rate during the Review Period was 6.59% (2024: 8.95%), with male employee turnover at 9.91% (2024: 11.86%) and female employee turnover at 1.41% (2024: 4.17%).

Below are the percentages of the Group's number of employees by gender and locations:



ENVIRONMENTAL PROTECTION

Resources Consumption

The Group recognises the vital importance of resource management and actively pursues comprehensive energy-saving and emission reduction strategies. We follow the 3R principle – “Reduce, Reuse, Recycle” – and have implemented a thorough energy and water conservation system. We ensure effective environmental policy implementation through detailed employee guidelines and strict resource monitoring mechanisms. Our daily operations primarily consume electricity, vehicle fuel, water resources, and production-related packaging materials.

To enhance environmental management, we have established a dedicated environmental protection team that focuses on water usage and packaging material management. This team evaluates existing measures and optimises environmental solutions to improve performance. We foster environmental awareness through various internal channels and encourage all employees to participate in conservation efforts.

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To support national energy conservation policies, we have implemented innovative peak-shifting electricity strategies with flexible scheduling during high-demand periods. This approach reduces our energy costs while helping maintain stable power supply in our communities. As a responsible corporate citizen, the Group is committed to building a green future together with the community. Our water supply, provided entirely by municipal systems, has remained reliable throughout the year with no disruptions. During the Review Year, the Group did not encounter the problem of finding suitable water sources.

Employee Awareness	Working Equipment
<ul style="list-style-type: none"> • Post resource-saving slogans in prominent locations; • Encourage double-sided printing; • Encourage the use of email and other electronic communications for daily work to reduce paper usage; • Reuse envelopes and file folders; and • Recycle used paper 	<ul style="list-style-type: none"> • Install equipment with energy and water efficiency labels and high efficiency ratings; • Install light sensors to reduce power consumption during non-use periods; • Set startup times for air conditioning systems and configure power-saving modes for equipment; • Set double-sided printing as the default mode; • Use recycled or environmentally friendly paper; • Regularly inspect and maintain equipment to ensure effectiveness; and • Regularly review and monitor resource usage performance.

The Group is committed to optimising our resource management system, exploring innovative environmental solutions, and reducing our operational environmental impact. We firmly believe that through ongoing innovation and improvement, we can achieve our vision of corporate sustainable development. Additionally, we welcome opportunities to further increase our investment in recycling initiatives, as we believe these efforts play an important role in advancing the circular economy. We remain open to exploring new partnerships and innovative solutions that can enhance our contribution to a more sustainable future.

During the Review Year, the Group's total energy consumption reached 2,476.51 (2024: 2,591.75) MWh equivalent, with an intensity of 18.49 (2024: 19.35) MWh equivalent per thousand square feet – a 4% decrease from the previous year. This total comprised 38.83 (2024: 144.20) MWh from diesel and gasoline use in mainland China and 2,437.68 (2024: 2,447.55) MWh from electricity use in Hong Kong and mainland China. Due to a decrease in sales and business volume this year, vehicle usage decreased significantly, resulting in a corresponding decrease in energy consumption from diesel and gasoline usage. The Group's water consumption this year was 10,462.00 (2024: 10,898.00) cubic meters, a slight decrease of 4% due to reduced production volume. However, intense industry competition this year led to a decrease in the Group's average selling price, resulting in a significant decrease in gross production value, the denominator for calculating water consumption density, and consequently, an increase in water consumption density to 0.10 (2024: 0.08) cubic meters per thousand RMB.

Resource usage	2025		2024	
	Total	Intensity	Total	Intensity
Total energy consumption	2,437.68 MWh	18.49 MWh/1,000 square feet	2,591.75 MWh	19.35 MWh/1,000 square feet
Total water consumption	10,462.00 cubic metres	0.10 cubic metres/RMB1,000	10,898.00 cubic metres	0.08 cubic metres/RMB1,000

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Review Year, the Group’s packaging materials – gift boxes, foam boxes, plastic bags, cartons, and some metals, – totalled 142.00 (2024: 160.67) tonnes, with an intensity of 1.35 (2024: 1.17) tonnes per million RMB. Overall consumption decreased by 12% from the previous year due to optimised packaging methods implemented and the decrease in sales volume in 2025. The increase in packaging material consumption density was due to the decrease in production volume and the decrease in the average selling price of products this year, resulting in a significant decrease in the gross production value, which is the denominator for calculating density.

Packaging material	2025		2024	
	Total	Intensity	Total	Intensity
Packaging material	142.00 tonnes	1.35 tonnes/ million RMB	160.67 tonnes	1.17 tonnes/ million RMB

Waste

As an environmentally conscious enterprise, we recognise the vital role of waste management in protecting the environment and ensuring workplace safety. We have invested substantially in a comprehensive waste treatment system, focusing particularly on the strict control of hazardous waste. Our production processes generate hazardous substances that require special attention, including organic solutions, mineral oils, organic resins, and mercury. These materials, listed in the “National Hazardous Waste Catalogue of China,” require careful handling. To ensure safety and compliance with the “Waste Treatment Regulations,” we have implemented these key measures:

- Professional storage: Categorised storage based on waste characteristics
- Strict monitoring: Establishment of a comprehensive inventory tracking system
- Standardised disposal: Engagement of qualified third-party institutions for recycling and processing

The Group prioritises waste management through partnerships with local professional waste treatment companies to ensure proper disposal. Our scientific classification and collection system helps improve recycling rates and reduce environmental impact. We foster environmental awareness among employees by encouraging waste sorting habits. Our property and administrative management team oversees environmental management in office areas, conducting regular cleaning and enforcing waste classification. We have installed clear sorting guidelines at waste collection points to help employees handle different types of waste properly, creating an environmentally friendly workplace.

Non-hazardous waste	Hazardous waste
<ul style="list-style-type: none"> • Set up recycling bins for sorting recyclable waste • Clearly define storage areas and methods, and provide clear storage guidelines • Put up promotional signage next to waste bins • Encourage the use of reusable products 	<ul style="list-style-type: none"> • Control and record hazardous waste to ensure proper handling • Arrange qualified contractors for disposal • Declare on the government hazardous waste disposal platform to ensure the accuracy and timeliness of data

We are committed to continually improving our waste treatment processes to enhance environmental protection while maintaining a safe and healthy workplace for our employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Review Period, the Group generated 7.66 (2024: 7.17) tonnes of non-hazardous waste (including production and domestic waste) with an intensity of 0.06 (2024: 0.05) tonnes per thousand square feet. Hazardous waste from our mainland China factories – comprising organic resin waste, waste organic solvents, waste mineral oil, and waste fluorescent tubes – totalled 8.16 (2024: 13.18) tonnes with an intensity of 0.08 (2024: 0.10) tonnes per million RMB. Due to reduced production, the amount of hazardous waste outsourced for processing has also decreased this year. Although we have not yet established quantifiable targets for solid waste reduction, we have set targets for wastewater treatment compliance and paper consumption to control and reduce the environmental impact of both hazardous and harmless waste generation. Please see the “Environmental and Safety Management – Objectives and Progress” section for details. At the same time, we will continue to strictly adhere to waste management agreements to reduce waste generation and ensure no environmental pollution occurs. We will actively develop quantifiable targets in the near future.

Waste	2025		2024	
	Total	Intensity	Total	Intensity
Non-hazardous waste	7.66 tonnes	0.06 tonnes/1,000 square feet	7.17 tonnes	0.05 tonnes/1,000 square feet
Hazardous waste	8.16 tonnes	0.08 tonnes/million RMB	13.18 tonnes	0.10 tonnes/million RMB

GHG Emissions & Air Pollutants

The Group fully recognises the significant impact of carbon emissions and air pollutants on the environment. As a responsible corporate citizen, we actively seek innovative solutions to minimise our environmental impact. In our daily operations, our primary emission sources come from vehicle fuel consumption and electricity use across various equipment.

To achieve our low-carbon operations goal, we have implemented a comprehensive environmental policy framework with specific emission reduction guidelines and measures. These policies address both air pollutant control and broader environmental impact mitigation. We maintain strict monitoring mechanisms, including a detailed vehicle usage tracking system that ensures complete trip records for precise carbon emission monitoring and management.

Monitoring	Reduction
<ul style="list-style-type: none"> Implement a vehicle use registration form to record the use of company vehicles Monitor and review the use of vehicles regularly Regularly monitor vehicle exhaust and GHG emissions 	<ul style="list-style-type: none"> Encourage the use of public transport or electric vehicles Reduce business travel Encourage the use of online meetings

The Group actively monitors and measures carbon emissions and air pollutants while implementing innovative environmental technologies. Through comprehensive data monitoring systems and optimised operations, we work toward our emission reduction goals. We recognise that fulfilling our environmental responsibilities and creating lasting stakeholder value requires both systematic environmental management and sustained investment in green initiatives.

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During the Review Period, the Group's total GHG emissions from Scope 1 and Scope 2 reached 1,301.48 (2024: 1,430.42) tonnes of CO₂ equivalent, with an intensity of 9.72 (2024: 10.68) tonnes of CO₂ equivalent per thousand square feet. This represents a 8% decrease from the previous year, the main reason is the decline in production, sales and business volume, vehicle usage and power consumption both decreased simultaneously, resulting in a corresponding reduction in emissions from the use of transport vehicles and purchased electricity.

Emissions ²	2025		2024	
	Total Emission	Intensity	Total Emission	Intensity
Scope 1 ³	11.65 tonnes of CO ₂ e	Not applicable	39.27 tonnes of CO ₂ e	Not applicable
Scope 2 ⁴	1,289.83 tonnes of CO ₂ e		1,391.15 tonnes of CO ₂ e	
Total GHG emissions	1,301.48 tonnes of CO ₂ e	9.72 tonnes of CO ₂ e/1,000 square feet	1,430.42 tonnes of CO ₂ e	10.68 tonnes of CO ₂ e/1,000 square feet

At the beginning of the Review Year, we set specific one-year targets for the Group's GHG emissions, namely, GHG emission densities of ≤10.5 metric tons of CO₂ equivalent per thousand square feet for both Scope 1 and Scope 2. We successfully achieved these targets during the Review Year and plan to formulate a new round of emission control targets at the beginning of next year, based on our forecasts of the Group's development trends. We will continue to conduct research on the accounting system for Scope 3 carbon emissions and the relevant data and information will be gradually disclosed.

The Group also recorded emissions of 3.08 (2024: 6.58) kg of nitrogen oxides, 0.06 (2024: 0.24) kg of sulphur oxides, and 0.17 (2024: 0.29) kg of respirable suspended particles during the Review Period, all of these figures have decreased significantly, mainly due to a decline in production during the year, which led to a reduction in the use of transport vehicles.

Air pollutants ⁵	2025		2024	
	Total	Intensity	Total	Intensity
Nitrogen oxides	3.08	kg	6.58	kg
Sulphur oxides	0.06	kg	0.24	kg
Respiratory suspended particles	0.17	kg	0.29	kg

Looking ahead, the Group will maintain a scientifically rigorous approach to enhance our environmental management system and operational efficiency. We will bolster cross-departmental collaboration, integrate resources both internally and externally, and drive corporate environmental transformation to help achieve a low-carbon economy and sustainable development.

² The quantification process and emission factor of GHG emissions refer to the "Guidelines for Accounting and Reporting of GHG Emissions and Reductions from Buildings (Commercial, Residential or Public Use)" by the Hong Kong Environmental Protection Agency and the Electrical and Mechanical Services Department, the "CLP 2024 Sustainable Development Report", and the "Announcement on Issuing the 2023 Electricity Carbon Dioxide Emission Factor".

³ Scope 1 emissions include the use of vehicles used in mainland China factories.

⁴ Scope 2 emissions include purchased electricity consumed by operation points.

⁵ The methodology of calculating air pollutant emissions refers to the "Technical Guide for the Compilation of a List of Atmospheric Pollutant Emissions from Road Vehicles (Trial)" by the Ministry of Ecology and Environment of the People's Republic of China.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment and Natural Resources

Beyond our internal environmental performance, the Group is committed to minimising our operational impact on the surrounding environment and natural resources. We employ a comprehensive environmental management strategy with rigorous annual assessments that examine key aspects: environmental compliance, regulatory requirements, incident probability, and environmental impact severity. These systematic evaluations enable us to precisely identify potential environmental risks and implement effective prevention and management solutions.

In our investment decisions, the Group maintains a responsible approach guided by sustainable development principles. We actively avoid environmentally harmful projects while supporting green industries through initiatives like sustainable building development and clean water projects. This forward-looking green investment strategy demonstrates our environmental commitment while building a solid foundation for sustainable corporate growth.

Environmental impacts	Corresponding measures
Waterbody and soil pollution	<ul style="list-style-type: none">Centrally collect waste from operations, with clearly defined storage areas and guidelinesEmploy qualified contractors to collect and dispose waste, depending on the nature of the waste, to ensure minimal impact on the environment
Chemical spills	<ul style="list-style-type: none">Require suppliers to package chemicals properly to prevent spillageSort and store chemicals according to their natures and employ qualified contractors to handle themDevelop contingency plans to ensure spills are dealt with in a timely mannerConduct regular chemical spill handling drills to increase employees' awareness of hazards and response methods
Noise pollution	<ul style="list-style-type: none">Consider equipment noise during the procurement processEstablish management measures based on the characteristics of project or operating siteConduct regular inspections and maintenance

Climate Change

Climate change is transforming global economic and social development at an unprecedented pace. The Group recognises that a comprehensive climate risk management system is essential for maintaining competitiveness in this global challenge. We focus particularly on supply chain stability, knowing that climate events like extreme weather can severely disrupt business operations.

Governance

The Group has established a climate change governance system comprised of the Board and the Board committees. The Board, as the highest decision-making body, is responsible for overseeing and reviewing climate change response strategies and plans, and effectively implementing climate change response work through scientific management processes. The Board committees are responsible for formulating climate strategies, objectives, and directions for climate risk management, and for carrying out climate work systematically according to the strategies and objectives, regularly tracking progress, and reporting to the Board periodically. We have also established a comprehensive climate change response framework to assist the company in addressing potential climate risks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Strategy

The Group actively addresses the challenges and opportunities presented by climate change and believes that climate change will create new development opportunities for the business. By analysing the potential impact of climate change on business operations and development strategies, we have compiled a climate change risk table to provide better support for the Company's climate change decision-making and response strategy formulation.

Risk type	Risk description	Potential effect
Physical risk		
Acute	The probability of extreme weather events such as typhoons, floods, and extreme precipitation is increasing.	This could cause power outages, floods, or other accidents, leading to safety production accidents or forced suspension of research and development and production. This could affect the production and transportation processes of suppliers in the supply chain, thereby increasing operating costs. The operating site, factory infrastructure, and related facilities may be damaged, potentially causing financial losses.
Chronic	Hot weather is increasing, leading to rising sea levels.	Rising temperatures will lead to increased demand for refrigeration production, potentially increasing operating costs; currently, the Company's main operations are located in coastal areas, which may be threatened by rising sea levels and damage to its operating sites.
Transition risk		
Policy and legal	National and local laws, regulations, and emerging policies are tightening, and management measures for carbon emissions and carbon trading are being improved and implemented.	Relevant laws and regulations may impose stricter requirements and supervision on factories and products, and the capital market may place higher demands on the Company's environmental information disclosure, which will lead to an increase in operating costs.
Technology	The requirements for carbon reduction technologies in product manufacturing have been further raised.	To actively control product carbon emissions, it is necessary to enhance the effectiveness of environmental process development, increase the use of new technologies, and update clean production equipment to meet the production needs of low-emission products, which may lead to an increase in operating costs in the short term.
Market	Customers' consumption preferences are changing, and they tend to choose more low-carbon products.	If the Group fails to meet customer requirements in terms of sustainable development performance, such as energy conservation and consumption reduction, it may face the risk of customer loss, which in turn will lead to a reduction in revenue.
Reputation	Negative environmental feedback is a growing concern among stakeholders.	Customers, investors, and other stakeholders are paying more attention to the disclosure of environmental information. When the disclosed information is lower than the stakeholders' expectations, it may have an adverse impact on the Company's corporate image and reputation, and reduce the capital market's recognition of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In response, we have implemented comprehensive Climate Change Policy. These guidelines extend beyond emission reduction measures to strengthen our overall corporate climate resilience to address the aforementioned climate change risk. Through a bottom-up approach, we are building a climate-resilient business model, beginning with improvements to daily operations.

<p>Mitigating the impact</p>	<ul style="list-style-type: none"> • Set carbon reduction targets and regularly review progress to reduce GHG emissions and carbon footprint; • Encourage the application of new technologies and processes to improve the energy efficiency of business operations; • Maintain interaction with employees, suppliers, and other customers to encourage them to minimise energy consumption and GHG emissions in their daily operations; • Incorporate climate change factors into the procurement process and, where feasible or appropriate, encourage the use of low-carbon and energy-saving products and materials; • Support the application of renewable energy; • Calculate and classify GHG emissions in accordance with internationally recognised standards (such as the GHG Accounting System) and relevant local regulatory guidelines; and • In the future, we will continue to collaborate with suppliers and partners, optimise data collection processes, and voluntarily enhance the identification, measurement, and disclosure of GHG emissions across the range.
<p>Adapt to change</p>	<ul style="list-style-type: none"> • Assess climate-related entity and transformation risks and opportunities, and deepen understanding of the impact of climate change on business operations and value chains, including any related financial risks and opportunities; • Develop appropriate operating procedures, measures, and monitoring systems to prevent or reduce the damage caused by climate change to the Group's existing properties or facilities, and to capitalise on the opportunities presented by climate change; and • Monitor and review the latest developments in markets, technologies, regulations, and policies related to climate change in a timely manner.
<p>Strengthening climate resilience</p>	<ul style="list-style-type: none"> • Regularly publish an annual Environmental, Social and Governance report, disclosing sustainability performance and striving to align with best practices; • Integrate climate change risks into corporate risk management procedures and business continuity plans; • Implement special work arrangements in response to frequent extreme weather events; • Adopt local climate-related policies or industry requirements; • Monitor the impact of climate change on business, the Company's carbon management objectives, and industry indicators to enhance resilience; and • Communicate with stakeholders about the impacts of climate change and corresponding strategies to help them cope with future climate change.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk management

With climate change attracting growing attention in the international community and investment sector, the Group maintains a proactive stance, integrating climate change response into our corporate risk management system. We continually enhance our climate risk assessment mechanisms and regularly update our policies to maintain leadership in climate governance. Our systematic climate risk and opportunity identification, monitoring, and management processes ensure our long-term, stable operation in the face of climate change challenges. Through robust monitoring systems and adaptable response strategies, we strive to convert climate change challenges into opportunities that drive sustainable development.

Metrics and Target

The Group has established a series of specific indicators and targets regarding climate change, aiming to reduce our carbon footprint, improve energy efficiency, and promote resource recycling from multiple dimensions. Regarding energy management indicators, we have set clear energy conservation control targets, including controlling energy consumption and GHG emission intensity in production processes through optimising production processes, introducing high-efficiency equipment, and strengthening energy management systems. For specific indicators and targets, as well as related emission reduction measures, please see the “Environmental and Safety Management – Targets and Progress” and “Environmental Protection” sections.

OPERATING PRACTICES

Supply Chain Management

The Group maintains a sound and transparent supply chain management system, recognising its vital role in business operations. We have implemented a comprehensive oversight framework to ensure supplier’s compliance and performance. Our internal regulations – including “Supplier Management and Assessment”, “Supplier Environmental Agreement” and “Quality Assurance Agreement” – provide detailed requirements and assessment methods. Our teams actively support suppliers in understanding and implementing these regulations to enhance supply chain reliability.

Environmental and social responsibility are key factors in our supplier selection process, beginning at the tender stage. We favour suppliers with positive or minimal environmental impact while maintaining strict oversight of their environmental and social performance. We strictly prohibit partnerships with armed groups in conflict zones and maintain zero tolerance for human rights violations or regulatory breaches.

Our comprehensive supplier performance evaluation system ensures supply chain quality through regular assessments of product quality, operational efficiency, material safety, process management, and environmental protection. While we offer improvement opportunities to underperforming suppliers, we will terminate partnerships that consistently fail to meet our standards to uphold the Group’s principles.

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Procurement and Supplier Management Protocol	
Step 1	<p>Assess new suppliers</p> <ul style="list-style-type: none"> Request samples for trial and technical information or site visits depending on the characteristics of the new supplier; and Prepare evaluation reports and propose preliminary cooperation list.
Step 2	<p>Confirm the list of suppliers</p> <ul style="list-style-type: none"> After approval, issue the Supplier Environmental Agreement and the Quality Assurance Agreement to the cooperating suppliers and require their signatures.
Step 3	<p>Adjust cooperation plan</p> <ul style="list-style-type: none"> According to the results of regular assessments, decisions are made to maintain partnerships with corresponding suppliers, propose improvements, suspend partnerships, or remove them from the list.
Step 4	<p>Regular assessments</p> <ul style="list-style-type: none"> Establish relevant evaluation intervals for different types of suppliers, monitor and ensure their performance meets the standards; Based on the characteristics of the suppliers, require them to provide ROHS or other corresponding reports for supervision and evaluation; and Regularly assess the product quality, delivery performance, service performance, etc. of suppliers to ensure they meet the guidelines and expectations of both parties

During the Review Year, the Group collaborated with 91 (2024: 92) suppliers across mainland China, Hong Kong, Singapore, and Taiwan. Mainland China-based suppliers comprised the largest portion, with 86 (2024: 86) suppliers. Please see “Appendix – Key Performance Indicators” for specific data.

Anti-Corruption

In business ethics and compliance management, the Group upholds principles rooted in integrity and transparency. We believe that fair, transparent, and ethical business practices are essential for long-term corporate success. We strictly adhere to key regulations, including the “Anti-Money Laundering Law of the People’s Republic of China” and Hong Kong’s “Prevention of Bribery Ordinance.” Additionally, we have implemented internal regulatory systems – the “Anti-Bribery Policy,” “Anti-Money Laundering Management Regulations,” and “Anti-Fraud Procedures” – to maintain the highest ethical standards in our operations.

Our comprehensive compliance management system enforces a zero-tolerance policy toward misconduct, including money laundering, bribery, and fraud. We have implemented a secure whistleblowing system that enables employees to report concerns either anonymously or by name. This system safeguards whistleblowers while providing a crucial channel for detecting and addressing potential issues.

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To strengthen compliance standards, we conduct regular departmental self-assessments to review compliance practices. This self-examination process helps us identify potential risks early and develop targeted improvement plans. Through continuous improvement, we strengthen our compliance framework and secure our enterprise's healthy development.

Whistle-blowing mechanism	
Step 1	Identify suspected misconduct or unlawful acts.
Step 2	Employees may submit reports anonymously or in their own names to the relevant department or personnel in person, by phone or by email.
Step 3	The relevant department or personnel shall investigate on a case-by-case basis and keep the whistleblower's personal information and report details confidential.
Step 4	If the report is substantiated, corresponding disciplinary action will be taken according to the severity of the case.

During the Review Year, the Group identified no legal cases regarding corrupt practices brought against itself or its employees, nor any instances of regulatory non-compliance. To maintain operational compliance, the Group provided anti-corruption training averaging 0.42 (2024: 0.43) hours per person for employees and members of the Board to reinforce their knowledge of compliance and professional conduct.

COMMUNITY INVESTMENT

As a corporate citizen, we deeply understand the symbiotic relationship between social stability and sustainable corporate development. We have formulated a comprehensive "Community Investment Policy Statement" that places community care at the heart of our operational decisions. Through volunteer services, charitable activities, and strategic donations, we actively contribute to society and work toward harmonious development. During this Review Year, the Group donated approximately HK\$9,500 (2024: HK\$64,000) to support medical care, and health initiatives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX

Key Performance Indicators

Environmental key performance indicators	2025	2024	Unit
Air pollutants emissions⁶			
Nitrogen oxides	3.08	6.58	kg
Sulphur oxides	0.06	0.24	kg
Respiratory suspended particles	0.17	0.29	kg
Greenhouse gas emissions⁷			
Scope 1 ⁸	11.65	39.27	tonnes of CO ₂ e
Scope 2 ⁹	1,289.83	1,391.15	tonnes of CO ₂ e
Total GHG emissions	1,301.48	1,430.42	tonnes of CO ₂ e
GHG emissions intensity	9.72	10.68	tonnes of CO ₂ e/1,000 square feet
Waste			
Total non-hazardous waste	7.66	7.17	tonnes
Non-hazardous waste intensity	0.06	0.05	tonnes/1,000 square feet
Total hazardous waste ¹⁰	8.16	13.18	tonnes
Hazardous waste intensity	0.08	0.10	tonnes/million RMB
Energy consumption			
Direct energy	38.83	144.20	MWh
Indirect energy	2,437.68	2,447.55	MWh
Total energy consumption	2,476.50	2,591.75	MWh
Energy consumption intensity	18.49	19.35	MWh/1,000 square feet
Water consumption			
Total water consumption	10,462.00	10,898.00	cubic metres
Water consumption intensity	0.10	0.08	cubic metres/RMB1,000
Packaging materials¹¹			
Total packaging materials	142.00	160.67	tonnes
Packaging materials intensity	1.35	1.17	tonnes/million RMB

⁶ The methodology of calculating air pollutant emissions refers to the “Technical Guide for the Compilation of a List of Atmospheric Pollutant Emissions from Road Vehicles (Trial)” by the Ministry of Ecology and Environment of the People’s Republic of China.

⁷ The quantification process and emission factor of GHG emissions refer to the “Guidelines for Accounting and Reporting of GHG Emissions and Reductions from Buildings (Commercial, Residential or Public Use)” by the Hong Kong Environmental Protection Agency and the Electrical and Mechanical Services Department, the “CLP 2024 Sustainable Development Report”, and the “Announcement Regarding the Release of 2023 Electricity Carbon Dioxide Emission Factors”.

⁸ Scope 1 refers to direct GHG emissions, including those from mobile sources such as vehicles at the Hong Kong office and manufacturing plants in Mainland China.

⁹ Scope 2 refers to indirect GHG emissions, including purchased electricity for all operational sites.

¹⁰ Hazardous waste mainly includes waste organic solvents and waste containing organic solvents, waste mineral oil and waste containing mineral oil, organic resin waste, and mercury-containing waste.

¹¹ The packaging materials mainly include gift boxes, foam boxes, plastic bags, boxes and some metals, etc.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social key performance indicators		2025	2024
Number of employees			
Gender	Male	111	118
	Female	71	72
Age Group	Below 31 years old	18	21
	31-40 years old	83	91
	41-50 years old	73	69
	Above 50 years old	8	9
Employment category	Full-time	182	190
	Part-time	–	–
Geographical region	Mainland China	170	176
	Hong Kong	12	14
Employment level	General employees	154	161
	Middle management	17	18
	Senior management	11	11
Total		182	190
Employee turnover rate¹²			
Gender	Male	9.91%	11.86%
	Female	1.41%	4.17%
Age Group	Below 31 years old	11.11%	14.29%
	31-40 years old	6.02%	9.89%
	41-50 years old	2.74%	7.25%
	Above 50 years old	37.5%	–
Employment category	Full-time	6.59%	8.95%
	Part-time	–	–
Geographical region	Mainland China	5.88%	9.66%
	Hong Kong	16.67%	–
Employment level	General employees	7.14%	9.94%
	Middle management	5.88%	5.56%
	Senior management	–	–
Total		6.59%	8.94%

¹² Employee turnover rate for each category = (Number of employees leaving that category)/(Total number of employees in that category at the end of the reporting period) * 100%

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Social key performance indicators		2025	2024
Health and safety of employees			
Number of work-related injuries		–	–
Lost days due to work injuries		–	–
Number of work-related fatalities		–	–
Training of employees (training rate)¹³			
Gender	Male	90 (81%)	95 (81%)
	Female	58 (82%)	59 (82%)
Employment level	General employees	137 (89%)	143 (89%)
	Middle management	6 (35%)	6 (33%)
	Senior management	5 (45%)	5 (45%)
Total		148 (81%)	154 (81%)
Average training hours of employees (Training rate)¹⁴			
Gender	Male	5.14	9.78
	Female	5.18	9.96
Employment level	General employees	5.64	10.79
	Middle management	2.24	4.05
	Senior management	2.88	5.53
Average training hours per employee		5.16	9.85
Number of suppliers			
Geographical region	Mainland China	86	86
	Hong Kong	3	3
	Taipei	1	1
	Singapore	1	1
	The US	–	1
Categories	Material	79	80
	Other products	10	10
	Services	2	2
Number of suppliers verified by certification bodies	ISO 9000	33	19
	ISO 14000	20	32
Number of suppliers where practices are being implemented	Suppliers where procurement practices are implemented	91 (100%)	92 (100%)
	Suppliers where ESG-related practices are implemented	19 (20.9%)	19 (20.7%)
Total		91	92
Anti-corruption training			
Average training hours (hours)	Employees	0.41	0.57
	The Board	0.63	0.41

¹³ Training rate for each employee category = (Number of employees in that category who received training)/(Total number of employees in that category) * 100%

¹⁴ Average training time per employee category = Total training hours for employees in that category/Total number of employees in that category

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

HKEX ESG REPORTING CODE CONTENT INDEX

Aspects	Description	Page/Remark
Part C: “comply or explain” provisions		
A1 Emissions		
General Disclosure	Information on: (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.	55
A1.1	The types of emissions and respective emissions data	56-57
A1.2	Total hazardous waste produced and intensity.	55-56
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A1.4	Description of emission target(s) set and steps taken to achieve them.	55-56
A1.5	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	55-56
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	46, 53-54
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	64
A2.2	Water consumption in total and intensity.	64
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	53-54
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.	53-54
A2.5	Total packaging material used for finished products and per unit produced.	55

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Description	Page/Remark
Part C: “comply or explain” provisions		
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	58
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	58
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.	58-61
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.	58-61
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	51-53
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B2 Health and Safety		
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B2.2	Lost days due to work injury.	66
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	50-51

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Description	Page/Remark
Part C: “comply or explain” provisions		
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B3.1	The percentage of employees trained by gender and employee category.	49, 66
B3.2	The average training hours completed per employee by gender and employee category.	66
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	51-53
B4.1	Description of measures to review employment practices to avoid child and forced labour.	52
B4.2	Description of steps taken to eliminate such practices when discovered.	52
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	61-62, 66
B5.1	Number of suppliers by geographical region.	66
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.	61
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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Description	Page/Remark
Part C: “comply or explain” provisions		
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	49-50
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	50
B6.2	Number of products and service-related complaints received and how they are dealt with.	49-50
B6.3	Description of practices relating to observing and protecting intellectual property rights.	49
B6.4	Description of quality assurance process and recall procedures.	49-50
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	49-50
B7 Anti-corruption		
General Disclosure	Information on: (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.	62-63, 66
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.	63
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	62-63
B7.3	Description of anti-corruption training provided to directors and staff.	62, 66
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.	63
B8.1	Focus areas of contribution.	63
B8.2	Resources contributed to the focus area.	63

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	Description	Page/Remark
Part D: climate related disclosure		
Governance	An issuer shall disclose information about: (a) the governance body(ies) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities; and (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	58
Strategy	Climate-related risks and opportunities; Business model and value chain; Strategy and decision-making; Financial position, financial performance and cash flows; and Climate resilience.	59-60
Risk management	An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks; (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the process for identifying, assessing, prioritising, and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	61
Metrics and targets	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent.	61

INDEPENDENT AUDITOR'S REPORT



TO THE MEMBERS OF NICHE-TECH SEMICONDUCTOR MATERIALS LIMITED

駿碼半導體材料有限公司

(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Niche-Tech Semiconductor Materials Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 76 to 149, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As described in Note 1 to the consolidated financial statements, the Group incurred a net loss after tax of approximately HK\$38,845,000 for the year ended 31 December 2025 and a negative balance in cash and cash equivalents of approximately HK\$11,138,000 as at 31 December 2025. In addition, existing default loans and borrowings from non-compliance with banking facility together with its interest of approximately HK\$47,255,000 is still outstanding as of 31 December 2025.

During the year ended 31 December 2025, the Group has failed to repay and breached of financial covenants for certain bank borrowings amounted to approximately HK\$45,039,000 according to their scheduled repayment date and remained outstanding as at 31 December 2025. These debts, together with the outstanding default interests accrued thereon of approximately HK\$2,216,000, totalling approximately HK\$47,255,000 have become immediately repayable and are classified under current liabilities at 31 December 2025. Such default in repayment amounted to bank borrowings of approximately HK\$45,039,000 as at 31 December 2025 became immediately repayable if requested by the banks and the relevant banks have the right to cancel or suspend the facilities. As disclosed in Note 25 to the consolidated financial statements, the Group had total borrowings and bank overdraft of approximately HK\$95,119,000, while the Group had bank balances and cash of approximately HK\$6,750,000 only. These conditions, along with other matters as set forth in Note 1 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

The directors of the Company have been formulating and undertaking a number of plans and measures to remediate the default repayments to lenders and creditors.

BASIS FOR DISCLAIMER OF OPINION (Continued)

Multiple uncertainties relating to going concern (Continued)

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful implementation of these plans and measures including, but not limited to:

- (i) Successful negotiation with the Group's lenders on debt restructuring or extension of repayment terms of bank borrowings, so that the relevant lenders will not exercise their contractual rights to demand immediate repayment of the relevant defaulted borrowings or cross-defaulted borrowings and grant the relevant waiver to the Group;
- (ii) Successful obtaining new financing from an independent licensed corporation as set out in Note 1 to the consolidated financial statements when needed, at a level sufficient to finance the working capital requirements of the Group for the next twelve months;
- (iii) Successful in obtaining new financing from investors through business service providers as set out in 'other matters' of this report, when needed;
- (iv) Successful improvement of future operating results and positive cash flows from operations would be realised, in particular, the uncertainty of outcome of those plans and measures and how variability in outcome would affect the future cash flows of the Group;
- (v) Successful maintenance of ongoing and normal business relationships with major customers and suppliers; successful implementation of the Group's business strategy and cost control measures to improve the Group's working capital and cash flow position;
- (vi) Successful in obtaining other additional sources of financing other than those mentioned above as and when needed; and
- (vii) Successful monetization and liquidation of trade and other receivables, as needed, to provide additional liquidity and sustain operations, including speeding up the collection of outstanding sales proceeds and other receivables.

As a result of these multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

Should the Group fail to achieve its plans and measures as mentioned in Note 1 to the consolidated financial statements, it might not be able to continue as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER MATTERS

As detailed in Note 18(b) to the consolidated financial statements, during the year ended 31 December 2025, the Company entered into several agreements (the "**Transactions**") with a number of parties that the directors of the Company represented were advisory or consulting firms, were independent of the Group, and were not related to any of the directors of the Company (the "**Business Service Providers**") in relation to the provision of consulting, sourcing and advisory services (the "**Business Services**"). The Group made upfront prepayments of HK\$28,200,000 in relation to the Business Services provided by the Business Service Providers (the "**Prepayments**"). As at 31 December 2025, the Prepayments were classified as current assets, with the expectation that the services would be completed by the end of 2026.

Based on our review, the Company had made initial progress on the Business Services as of the date of this report.

During our audit of the consolidated financial statements for the year ended 31 December 2025, we were provided with explanations and supporting documents from the management of the Company regarding the commercial substance and nature of the Prepayments in relation to the Business Services. Prior to the signing of the agreements, the management of the company had instructed an independent service provider to perform a due diligence assessment on the background and capacity of the Business Service Providers. Approval from the board of directors of the Company ("the **Board**") was not obtained at the time the agreements were signed. We noted that the controlling shareholders of those Business Service Providers had established long term business relationship with the Group, but had no or limited business dealings with the Group in the two financial years preceding the Prepayments Transactions. The Board subsequently ratified the agreements after a detailed review of the supporting documents.

Subsequent to the year ended date of this consolidated financial statements, in order to alleviate any concern of impairment, Dr. Chow Bok Hin Felix, Professor Chow Chun Kay Stephen, the directors of the Company ("**Directors**"), and Chows Investment Group Limited (collectively referred to as the "**Directors**") considered offsetting the amounts owed to the Directors (a portion of which is owed to the Controlling Shareholders) amounting to HK\$10,870,000 as at 31 December 2025, together with an additional capital input of HK\$1,500,000 made by the Directors subsequent to the year-end date. Up to the date of this report, the total amount due to the Directors is at approximately HK\$12,400,000. This offsetting would occur if a business relationship related to the Prepayments was not established. The remaining amount of HK\$15,800,000 is fully covered by a financial guarantee extended by the Controlling Shareholders.

We communicated to the Audit Committee, among other matters, our observations relating to the deficiencies in internal control processes over the Prepayments that we identified during our audit. The Audit Committee have agreed to address through enhanced monitoring and ratification procedures.

During our audit, we were unable to obtain sufficient evidence to ascertain whether the above Transactions were conducted and negotiated on an arm's length basis, and whether the making of a significant prepayment in advance is a general practice in the business service market. Any adjustment to the carrying amount of the Prepayments could have a material effect on the consolidated financial performance for the year ended 31 December 2025. However, having regard to the mitigating arrangements in place as described earlier, no adjustments to the carrying amount of the Prepayments for the year ended 31 December 2025 were considered necessary.

There were no alternative audit procedures that could satisfy ourselves that the statement of financial position for the year ended 31 December 2025 was properly stated. In the circumstance, had we not disclaimed our opinion, we would have issued a qualified opinion as detailed in the Other Matters section of this report.

INDEPENDENT AUDITOR'S REPORT

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

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

In preparing the consolidated financial statements, the directors of the Company 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. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, due to the potential interaction of the multiple uncertainties relating to going concern on the consolidated financial statements as described in the “Basis for Disclaimer of Opinion” section of our report, we were not able to obtain sufficient evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's “Code of Ethics for Professional Accountants” (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement director on the audit resulting in the independent auditor's report is Ms. Lo Mei Yan.

Gary Cheng CPA Limited

Certified Public Accountants

Lo Mei Yan

Practising Certificate Number: P08056

Hong Kong

31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	5	146,943	194,868
Cost of sales		(126,811)	(159,735)
Gross profit		20,132	35,133
Other income, other gains and losses	6	729	3,467
Net impairment losses recognised under expected credit loss model		(185)	(136)
Impairment loss on intangible assets	15	(15,998)	(20,026)
Provision of obsolete and slow-moving inventories		(692)	(5,623)
Selling and distribution expenses		(9,740)	(11,414)
Administrative expenses		(27,643)	(33,828)
Finance costs	7	(5,865)	(6,561)
Loss before taxation		(39,262)	(38,988)
Income tax credit/(expense)	8	417	(4,092)
Loss for the year attributable to owners of the Company	9	(38,845)	(43,080)
Other comprehensive expense			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		12,329	(5,922)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operation		(4,129)	603
Other comprehensive income/(expense) for the year		8,200	(5,319)
Total comprehensive expense for the year attributable to owners of the Company		(30,645)	(48,399)
Loss per share			
– basic and diluted (HK cents)	12	(5.51)	(6.11)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Plant and equipment	13	26,936	31,597
Right-of-use assets	14	6,961	10,595
Intangible assets	15	84,659	99,150
Rental deposits		568	563
Deferred tax assets	16	2,342	882
		121,466	142,787
CURRENT ASSETS			
Inventories	17	37,185	37,940
Trade and bills receivables	18(a)	81,459	112,620
Other receivables, prepayments and deposits	18(b)	30,924	20,781
Tax receivable		591	–
Bank balances and cash	20	6,750	19,689
		156,909	191,030
CURRENT LIABILITIES			
Trade and other payables	21	19,915	10,805
Contract liabilities	22	352	265
Lease liabilities	23	3,960	4,649
Deferred income	24	882	1,246
Amount due to directors	19	11,302	–
Tax payable		–	671
Bank borrowings	25(a)	77,231	134,593
Bank overdrafts	25(b)	17,888	–
		131,530	152,229
NET CURRENT ASSETS		25,379	38,801
TOTAL ASSETS LESS CURRENT LIABILITIES		146,845	181,588

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities	23	4,934	8,191
Deferred income	24	17	858
		4,951	9,049
NET ASSETS			
		141,894	172,539
CAPITAL AND RESERVES			
Share capital	26	7,055	7,055
Reserves		134,839	165,484
		141,894	172,539

The consolidated financial statements on pages 76 to 149 were approved and authorised for issue by the Board of Directors on 31 March 2026 and are signed on its behalf by:

Chow Bok Hin Felix
Director

Chow Chun Kay Stephen
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (note i)	Capital reserve HK\$'000	Exchange reserve HK\$'000	Statutory reserve HK\$'000 (note ii)	Accumulated losses HK\$'000	Total equity HK\$'000
At 1 January 2024	7,055	120,955	100,000	1	(24,274)	17,537	(336)	220,938
Loss for the year	-	-	-	-	-	-	(43,080)	(43,080)
Exchange differences arising on translation of foreign operation to presentation currency	-	-	-	-	(5,922)	-	-	(5,922)
Exchange differences arising on translation of foreign operation	-	-	-	-	603	-	-	603
Total comprehensive expense for the year	-	-	-	-	(5,319)	-	(43,080)	(48,399)
Transfer to statutory reserve	-	-	-	-	-	1,687	(1,687)	-
At 31 December 2024	7,055	120,955	100,000	1	(29,593)	19,224	(45,103)	172,539
Loss for the year	-	-	-	-	-	-	(38,845)	(38,845)
Exchange differences arising on translation of foreign operation to presentation currency	-	-	-	-	12,329	-	-	12,329
Exchange differences arising on translation of foreign operation	-	-	-	-	(4,129)	-	-	(4,129)
Total comprehensive expense for the year	-	-	-	-	8,200	-	(38,845)	(30,645)
Transfer to statutory reserve	-	-	-	-	-	16	(16)	-
At 31 December 2025	7,055	120,955	100,000	1	(21,393)	19,240	(83,964)	141,894

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Notes:

- (i) On 1 April 2016, Niche-Tech BVI Limited ("**Niche-Tech BVI**"), which was then wholly and directly owned by Chows Electronics Limited ("**Chows Electronics**"), which had been, in turn, owned as to 55% by Professor Chow Chun Kay Stephen ("**Professor Chow**") and 45% by Dr. Chow Bok Hin Felix ("**Dr. Chow**"), acquired Niche-Tech Holdings Limited ("**Niche-Tech Holdings**"), which had been the holding company of 汕頭市駿碼凱撒有限公司, or Niche-Tech Kaiser (Shantou) Limited* ("**Niche-Tech Shantou**") and Niche-Tech (Hong Kong) Limited ("**Niche-Tech (HK)**"), from Chows Electronics for a consideration of HK\$100,000,000, which was equivalent to the then issued share capital of Niche-Tech Holdings. Accordingly, the share capital of Niche-Tech Holdings had been eliminated as one of the subsidiaries of Niche-Tech BVI and transferred to other reserve.

Pursuant to a resolution passed by the board of directors of Chows Electronics, Chows Electronics determined to waive the consideration payable by Niche-Tech BVI for the acquisition of Niche-Tech Holdings.

- (ii) It represents statutory reserve of the Group's subsidiary in the People's Republic of China (the "**PRC**"). According to the relevant laws in the PRC, the Group's subsidiary in the PRC is required to transfer at least 10% of its net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

* *English name for identification purposes only.*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(39,262)	(38,988)
Adjustments for:		
Finance costs	5,776	6,312
Net gain on disposal of plant and equipment	(5)	–
Depreciation of plant and equipment	1,238	1,177
Depreciation of right-of-use assets	2,580	3,100
Amortisation of intangible assets	54	54
Release of deferred income	(1,273)	(1,273)
Net impairment losses recognised under expected credit loss model	185	136
Impairment loss on intangible assets	15,998	20,026
Provision of obsolete and slow-moving inventories	692	5,623
Bank interest income	(8)	(45)
Unrealised exchange (gains)/loss	(246)	191
Operating cash flows before movements in working capital	(14,271)	(3,687)
Decrease in inventories	11,342	13,821
Increase in trade and bills receivables	(76,828)	(76,739)
Increase in other receivables, prepayments and deposits	(7,757)	(15,889)
Increase/(decrease) in trade and other payables	6,187	(8,747)
Increase in amounts due to directors	6,667	–
Increase in contract liabilities	71	98
Cash used in operations	(74,589)	(91,143)
Income tax paid	(1,830)	(6,286)
NET CASH USED IN OPERATING ACTIVITIES	(76,419)	(97,429)
INVESTING ACTIVITIES		
Bank interest received	8	45
Development costs paid	(4,958)	(5,854)
Purchases of plant and equipment	(184)	(2,533)
Proceeds on disposal of plant and equipment	18	–
Payment on acquisition of intangible assets	–	(5,450)
NET CASH USED IN INVESTING ACTIVITIES	(5,116)	(13,792)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
FINANCING ACTIVITIES			
Repayment of bank borrowings		(78,052)	(104,071)
Payment of lease liabilities, including related interests		(4,885)	(4,957)
Interests paid to bank borrowings		(2,601)	(5,073)
Interests paid to bank overdrafts		(946)	(1,378)
Advance from a director		4,635	–
New bank borrowings		130,269	243,606
NET CASH GENERATED FROM FINANCING ACTIVITIES		48,420	128,127
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(33,115)	16,906
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		19,689	3,749
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		2,288	(966)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		(11,138)	19,689
Represented by:			
Bank balances and cash	20	6,750	19,689
Bank overdraft	25(b)	(17,888)	–
		(11,138)	19,689

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The immediate holding company and ultimate holding company are Niche-Tech Investment Holdings Limited and Chows Investment Group Limited respectively. Both companies are incorporated in the British Virgin Islands (the “**BVI**”). The shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred as the “**Group**”) are principally engaged in the development, manufacture and sales of semiconductor packaging materials.

The functional currency of the Company is Renminbi (“**RMB**”). The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) as the Group’s management believes HK\$ is the appropriate presentation currency for the users of the consolidated financial statements.

Basis of Preparation

Going concern basis

The Group incurred net loss after tax of approximately HK\$38,845,000 for the year ended 31 December 2025 and as at 31 December 2025, the Group recorded net operating cash outflow and maintained total bank balances and cash at a low level of approximately HK\$6,750,000 while having a total amount of approximately HK\$95,119,000 of bank borrowings and bank overdraft. Within the total amount of bank borrowing and bank overdraft mentioned above, the Group has failed to repay certain bank borrowings and breached of financial covenants amounted to approximately HK\$45,039,000 according to their scheduled repayment date and remained outstanding as at 31 December 2025. These debts, together with the outstanding default interests accrued thereon of approximately HK\$2,216,000, totalling approximately HK\$47,255,000 have become immediately repayable and are classified under current liabilities at 31 December 2025 (the “**Defaulted Borrowings**”). These events or conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern.

In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION (Continued)

Basis of Preparation (Continued)

Going concern basis (Continued)

The following plans and measures have been taken to mitigate the liquidity pressure, to improve its financial position:

- Successful monetization and liquidation of trade and other receivables on hand, as and when required to provide additional liquidity and sustain operations;
- The directors of the Company have been taking various cost control measures to tighten the costs of operations and implementing various strategies to enhance the Group's revenue;
- In respect of Defaulted Borrowings, the Group has appointed an independent financial advisor, including but not limited to, to assist the Group in negotiating with one lender for debt restructuring for certain existing bank borrowing of aggregate amount of HK\$32,456,000, which comprises of principal amount of HK\$30,240,000 and default interest of HK\$2,216,000. The management is of the view that the Group will be able to obtain consent from all lenders to extend the repayment of existing borrowings with default interest of HK\$47,255,000 and continue to provide the banking facilities to improve the liquidity position of the Group, considering the disposal of non-core assets of the Group and the potential from fund investors and the Group's credit history and longstanding relationships with the relevant lenders, the directors of the Company believe that the Group will be able to complete the signing of the relevant extension or restructuring agreements for the existing borrowings step by step;
- After the end of the reporting period, the Group entered into a memorandum of understanding with an independent licensed corporation, which will remain effective for two years from the date of signing. Subject to the finalisation of terms and formal agreement, the Group will receive a capital injection of approximately HK\$50,000,000;
- The management is of the view that the Group will be able to archive its plans to enhance the Group's revenue through Business service provider mentioned in "Other Matters" section in the Independent Auditor's Report;
- The Group will also continue to seek for other additional sources of financing other than those mentioned above as and when needed.

The management have prepared the cash flow projections of the Group for a period of twelve months from the date of approval of these consolidated financial statements. After taken into account the available financial resources of the Group with the above measures, the directors of the Company are of the opinion that the Group is able to continue as a going concern and the Group will have sufficient financial resources to meet their financial liabilities as and when they fall due for the next twelve months. Accordingly, the directors of the Company are of the view that it is appropriate to adopt going concern basis in preparing these consolidated financial statements. Should the Group be unable to continue as a going concern in the foreseeable future, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and noncurrent liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
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The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and Amendments to HKFRS Accounting Standards in issue but not yet effective

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(Continued)

(b) New and Amendments to HKFRS Accounting Standards in issue but not yet effective

(Continued)

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The principal accounting policies adopted are as follows:

Basis of consolidation

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

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

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

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

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

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

Revenue from contracts with customers

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

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

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

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

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

Sale with a right of return/exchange

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

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

Revenue from sale of goods is recognised at a point in time when control of the goods is transferred to the customer upon delivery to and acceptance by the customer. The transaction price received by the Company is recognised as contract liability until the goods have been delivered to and accepted by the customer.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

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

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of offices that have a lease term of twelve months or less from the commencement date and does not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

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

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

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

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

Refundable rental deposits

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

Lease liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The lease payments include:

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

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

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases 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 lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currencies

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

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Government grants (Continued)

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

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and the state-managed retirement benefits scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

A liability is recognised for benefits accruing to employees after deducting any amount already paid.

Long Service Payments

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measured on a net basis. The estimated amount of LSP obligation is determined after deducting the negative service cost arising from the accrued benefits (being projected and attributed to periods of service) derived from the Group's MPF contributions that have been vested with employees and would be used to offset the employee's LSP benefits, which are deemed to be contributions from the relevant employees.

Taxation

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Plant and equipment

Plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful life acquired separately are stated at costs less subsequent accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditure (Continued)

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on plant and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to individual cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment on plant and equipment, right-of-use assets and intangible 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 a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. When share options are exercised, the amount previously recognised in share option reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

All the Group’s financial assets are subsequently measured at amortised cost.

Amortised cost and interest income

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

Impairment of financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

The Group always recognises lifetime ECL for trade and bills receivables. The ECL on these assets are assessed individually for credit-impaired debtors and collectively for the remaining using a provision matrix internal credit rating grouping based on historical default rate, repayment status and forward-looking information.

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

(i) Significant increase in credit risk

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt 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. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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

(ii) Definition of default

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

(iii) Credit-impaired financial assets

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

- Nature of financial instruments (i.e., the Group's trade and bills receivables excluding those credit-impaired debtors which are assessed individually);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each groups continue to share similar credit risk characteristics. Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities or equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Derecognition of financial liabilities

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

Provisions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Capitalisation of development costs

As at 31 December 2025, the carrying amount of the Group's capitalised development costs are approximately HK\$29,345,000 (2024: HK\$38,818,000). The capitalisation involves management's judgment in assessing whether technical and commercial feasibility can be achieved. Technical feasibility is evaluated based on testing results of products and commercial feasibility are evaluated based on forecasts with assumptions on revenue to be generated and relevant market analysis of the relevant products. The information of the capitalised development costs are discussed in note 15.

Impairment assessment of intangible assets not yet available for use

In accounting for intangible assets not yet available for use, the management considers the potential impairment based on the recoverable amount. Intangible assets not yet available for use are reviewed for impairment annually, irrespective of whether there is any indication that it may be impaired. Factors that would indicate potential impairment may include, but are not limited to, the significant change in technology associated with the intangible assets.

Determining whether an intangible asset is impaired requires an estimation of the recoverable amount of the cash-generating unit to which intangible asset has been allocated. The recoverable amount of cash-generating unit at the end of each reporting period is based on the higher of the fair value less cost of disposal and value in use. The calculation of value in use requires the management's judgement and estimation of future cash flows expected to arise from the cash-generating unit. The Group takes into consideration the assumptions including discount rate, revenue growth rates and gross margin by comparing to available market reports and historical trend analyses. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2025, the carrying amount of intangible assets not yet available for use was approximately HK\$5,322,000 (2024: HK\$3,493,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment assessment of intangible assets with indefinite useful lives

The Group conducts tests for impairment of intangible assets with indefinite useful lives annually in accordance with the relevant accounting standards. Determining whether the intangible assets are impaired requires an estimation of the fair value less cost to sell or value in use on the basis of data available to the Group. Where future cash flows are less than expected, an impairment loss may arise.

Provision of ECL for trade and bills receivables

Trade and bills receivables for credit-impaired balances are assessed for ECL individually. The Group uses provision matrix to calculate ECL for the remaining trade and bills receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The estimated loss rates are based on the historical default rates and forward-looking information. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The ECL assessment is sensitive to changes in estimates. The information about the Group's trade and bills receivables and the ECL are disclosed in notes 18(a) and 30(b), respectively.

Recognition of deferred taxation

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, PRC Enterprise Income Tax ("EIT") is calculated at 25% of the assessable profits for Niche-Tech Shantou. Pursuant to the relevant laws and regulations in the PRC, Niche-Tech Shantou is granted tax incentives as a High and New Technology Enterprise and is entitled to a concessionary rate of 15% for 3 years from December 2024 to December 2027.

In accounting for deferred tax assets on deferred income in respect of government grants, in case where the expected timing of release of deferred income is different from the previous expectation, an adjustment on the opening deferred tax assets may arise, and will be recognised in profit or loss in the period in which such expectation is revised. As at 31 December 2025, the carrying amount of deferred tax assets on deferred income in respect of government grants was approximately HK\$135,000 (2024: HK\$316,000). The information about the Group's deferred taxation is disclosed in note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated impairment assessment of plant and equipment, right-of-use assets and intangible assets

Plant and equipment, right-of-use assets and intangible assets are stated at costs less accumulated depreciation and amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets and intangible assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belong, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash-generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2025, the carrying amounts of right-of-use assets, property, plant and equipment, and intangible assets subject to impairment assessment were HK\$6,961,000, HK\$26,936,000 and HK\$84,659,000 (2024: HK\$10,595,000, HK\$31,597,000 and HK\$99,150,000) respectively, after taking into account the impairment losses of HK\$15,998,000 (2024: HK\$20,026,000) in respect of intangible assets that have been recognised. Details of the impairment of intangible assets is disclosed in notes 15.

Allowances recognised in respect of inventories

The management of the Group reviews an ageing analysis at the end of each reporting period and makes allowance for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group makes allowance for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based on subsequent usage and sales, ageing analysis and current market conditions. As at 31 December 2025, the carrying amounts of inventories were approximately HK\$37,185,000 (2024: HK\$37,940,000). Provision of obsolete and slow-moving inventories of HK\$692,000 (2024: HK\$5,623,000) was recognised during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION

Revenue from sales of semiconductor packaging materials is from contracts with customers and recognised at a point in time when the customer obtains control of the goods.

Revenue is recognised when control of the goods has been transferred, being when the goods have been delivered to the customer's specific location and accepted by the customers. Following delivery and acceptance, the customer has full discretion over the manner of usage and consumption of the goods, has the primary responsibility when on selling the goods and bears the risk of obsolescence and loss in relation to the goods.

Revenue is recognised for sales which are considered highly probable that a significant reversal in the cumulative revenue recognised will not occur. A contract liability is recognised for sales in which revenue has yet been recognised.

An analysis of revenue by major products is as follows:

	2025	2024
	HK\$'000	HK\$'000
Bonding wire	84,058	109,424
Encapsulant	55,476	76,806
Others	7,409	8,638
	146,943	194,868

The Group's operating segment is determined based on information reported to the chief operating decision maker (the "CODM"), being the executive directors of the Company, for the purpose of resource allocation and performance assessment. For management purpose, the Group operates in one business unit based on its products and its sole operating segment is the development, manufacture and sales of semiconductor packaging materials. The CODM monitors the revenue, results, assets and liabilities of its business unit as a whole and regularly reviews financial information prepared in accordance with the accounting policies that are in accordance with HKFRS Accounting Standards, and without further discrete information. Accordingly, no analysis of segment information other than entity-wide information is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

The Group's revenue is mainly derived from customers located in the PRC, Hong Kong and overseas. Information about the Group's revenue by the geographical location in which the customers operate is detailed below:

	2025	2024
	HK\$'000	HK\$'000
PRC excluding Hong Kong	145,577	193,461
Hong Kong	475	623
Overseas	891	784
	146,943	194,868

Information about the Group's non-current assets (excluding financial assets and deferred tax assets) is presented based on the geographical location of the assets:

	2025	2024
	HK\$'000	HK\$'000
PRC excluding Hong Kong	55,728	68,042
Hong Kong	62,828	73,300
	118,556	141,342

Information about major customers

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

	2025	2024
	HK\$'000	HK\$'000
Customer A	—*	22,347

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. OTHER INCOME, OTHER GAINS AND LOSSES

	2025 HK\$'000	2024 HK\$'000
Bank interest income	8	45
Government subsidy income (<i>note</i>)	2,118	2,945
(Losses)/gain on sales of scrap materials	(64)	23
Net gain on disposal of plant and equipment	5	–
Net foreign exchange (losses)/gains	(1,355)	441
Sundry income	17	13
	729	3,467

Note: In addition to the government grants as described in note 24, the subsidies received from certain government authorities in the PRC served as the support funds for expenses incurred for the operations of Niche-Tech Shantou as a High and New Technology Enterprise and for its application of patents in the PRC.

There were also value-added tax (“VAT”) refund and subsidies granted from the government authorities in the PRC for the Group’s technology improvement on production skills and research as a High and New Technology Enterprise in the PRC. The subsidies are one-off and non-recurring in nature.

7. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Bank charges	89	249
Interest on bank borrowings	2,524	2,644
Interest on bank overdrafts	946	1,371
Interest on discounted bills with recourse	547	530
Interest on lease liabilities	633	926
Interest on trust receipt loans	1,613	1,833
	6,352	7,553
Less: amounts capitalised in the cost of qualifying assets (<i>note</i>)	(487)	(992)
	5,865	6,561

Note: For the years ended 31 December 2025 and 2024, borrowing cost was capitalised arising from the funds borrowed specifically for the purpose of obtaining qualifying assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. INCOME TAX (CREDIT)/EXPENSE

	2025 HK\$'000	2024 HK\$'000
The income tax (credit)/expense comprises:		
Current – PRC:		
Charge for the year	–	1,525
Withholding tax	436	1,787
Under-provision in prior years	528	148
Deferred tax (<i>note 16</i>)	(1,381)	632
	(417)	4,092

Under the Law of the PRC on Enterprise Income Tax (“**EIT Law**”) and Implementation Regulation of the EIT Law, the standard tax rate of PRC entities is 25% for both years. Pursuant to the relevant laws and regulations in the PRC, Niche-Tech Shantou is granted tax incentive as a High and New Technology Enterprise and is entitled to a concessionary tax rate of 15% for the years ended 31 December 2025 and 2024.

The statutory tax rate of the relevant group entities in Hong Kong is 16.5%. No provision for Hong Kong Profits Tax had been provided for the years ended 31 December 2025 and 2024 as the relevant group entities in Hong Kong have no assessable profits for both years.

Pursuant to the rules and regulations of the BVI and Cayman Islands, the relevant group entities are not subject to any income tax in these jurisdictions.

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

	2025 HK\$'000	2024 HK\$'000
Loss before taxation	(39,262)	(38,988)
Tax at PRC EIT rate of 15% (<i>note</i>)	(5,889)	(5,848)
Tax effect of expenses not deductible for tax purpose	2,791	6,884
Tax effect of income not taxable for tax purpose	(100)	(202)
Tax effect of tax losses not recognised	3,933	2,690
Tax effect on deductible temporary difference not recognised	36	180
Decrease in opening deferred tax assets resulting from a decrease in tax rate applicable in which the liability is expected to be settled	–	340
Effect on different tax rates of subsidiaries operating in other jurisdictions	(938)	(694)
Withholding income tax on distributed profits from the PRC subsidiary	436	1,787
Additional deduction arising from research and development expenses	(1,214)	(1,193)
Under-provision in prior years	528	148
Income tax (credit)/expense for the year	(417)	4,092

Note: The income tax rate in the jurisdiction where the operations of the Group are substantially based is used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. LOSS FOR THE YEAR

	2025 HK\$'000	2024 HK\$'000
Loss for the year has been arrived at after charging/(crediting):		
Directors' remuneration:		
Fees	720	576
Other emoluments, salaries and other benefits	6,194	6,194
Retirement benefit scheme contributions	60	58
	6,974	6,828
Other staff costs:		
Staff salaries and allowances	25,475	27,280
Retirement benefit scheme contributions	3,339	3,007
	28,814	30,287
Total staff costs	35,788	37,115
Capitalised in intangible assets	(2,724)	(3,868)
Capitalised in inventories	(10,150)	(8,814)
	22,914	24,433
Depreciation of plant and equipment (including amounts capitalised in inventories of approximately HK\$3,669,000 (2024: HK\$3,943,000) and intangible assets of approximately HK\$746,000 (2024: HK\$972,000))	5,653	6,092
Amortisation of intangible assets (including amounts capitalised in inventories of approximately HK\$14,922,000 (2024: HK\$16,153,000))	14,976	16,207
Depreciation of right-of-use assets (including amounts capitalised in inventories of approximately HK\$1,102,000 (2024: HK\$972,000) and intangible assets of approximately HK\$172,000 (2024: HK\$160,000))	3,854	4,232
Auditor's remuneration	990	990
Cost of inventories recognized as cost of sales	126,811	159,735
Research and development costs (excluding staff costs and depreciation) recognised as expenses (included in administrative expenses)	326	1,366
Gain on disposal of plant and equipment	5	–
Expenses relating to short term leases (included in selling and distribution expenses)	113	113
Provision of obsolete and slow-moving inventories	692	5,623
Impairment loss on intangible assets	15,998	20,026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Executive directors and chief executive

Dr. Chow, Professor Chow and Mr. Shi Yiwu (“**Mr. Shi**”) are executive directors of the Company. Dr. Chow is also the chief executive of the Group and his emoluments disclosed below included those for services rendered by him as the chief executive.

Directors' and chief executive's remuneration paid or payable, including emoluments for the services as employees of the Group entities, disclosed pursuant to the Listing Rules and Hong Kong Companies Ordinance is as follows:

For the year ended 31 December 2025

	Directors' Fees HK\$'000	Salaries and allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Dr. Chow	–	3,456	18	3,474
Professor Chow	–	2,016	–	2,016
Mr. Shi	–	722	42	764
	–	6,194	60	6,254

For the year ended 31 December 2024

	Directors' Fees HK\$'000	Salaries and allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Dr. Chow	–	3,456	18	3,474
Professor Chow	–	2,016	–	2,016
Mr. Shi	–	722	40	762
	–	6,194	58	6,252

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Non-executive directors

For the year ended 31 December 2025

	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Mr. Li Chiu Fan	144	–	–	144
Mrs. Chow Fung Wai Lan Rita	144	–	–	144
	288	–	–	288

For the year ended 31 December 2024

	Directors' Fees HK\$'000	Salaries and allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Mr. Li Chiu Fan	144	–	–	144
Mrs. Chow Fung Wai Lan Rita (<i>Note (i)</i>)	–*	–	–	–*
	144	–	–	144

* It represents the amount less than HK\$1,000.

Note:

- (i) Mrs. Chow Fung Wai Lan Rita has been appointed as a non-executive director of the Company with effect from 31 December 2024.

The non-executive directors' emoluments shown above were for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(c) Independent non-executive directors

For the year ended 31 December 2025

	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Professor Ng Wang Wai Charles	144	–	–	144
Mr. Poon Lai Yin Michael	144	–	–	144
Mr. Tai Chun Kit	144	–	–	144
	432	–	–	432

For the year ended 31 December 2024

	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Professor Ng Wang Wai Charles	144	–	–	144
Mr. Poon Lai Yin Michael	144	–	–	144
Mr. Tai Chun Kit	144	–	–	144
	432	–	–	432

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(d) Five highest paid individuals

The five highest paid individuals of the Group included three (2024: three) directors of the Company for the year ended 31 December 2025 and details of their emoluments are set out in note 10(a). The emoluments of the remaining individuals are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	1,231	1,368
Retirement benefit scheme contributions	43	41
	1,274	1,409

The emoluments were within the following band:

	Number of employees	
	2025	2024
Nil to HK\$1,000,000	2	2

No emoluments were paid by the Group to any of the directors of the Company and five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

There was no arrangement under which directors or the chief executive waived or agreed to waive any remuneration for both years.

11. DIVIDEND

No dividend was paid or declared or proposed for ordinary shareholders of the Company for both years, nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. LOSS PER SHARE

	2025 HK\$'000	2024 HK\$'000
Loss		
Loss for the purpose of basic earnings per share:		
Loss for the year attributable to owners of the Company	38,845	43,080
	2025 '000	2024 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	705,500	705,500

No diluted earnings per share was presented for both years as there were no potential ordinary shares in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. PLANT AND EQUIPMENT

	Plant and machinery	Furniture, Fixture and equipment	Leasehold improvements	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
COST					
At 1 January 2024	96,089	954	18,863	1,155	117,061
Additions	2,022	9	502	–	2,533
Exchange realignment	(2,510)	(16)	(663)	(36)	(3,225)
At 31 December 2024	95,601	947	18,702	1,119	116,369
Additions	175	9	–	–	184
Disposal	–	–	–	(129)	(129)
Exchange realignment	3,766	31	778	51	4,626
At 31 December 2025	99,542	987	19,480	1,041	121,050
ACCUMULATED DEPRECIATION					
At 1 January 2024	62,769	628	17,154	726	81,277
Provided for the year	5,201	42	778	71	6,092
Exchange realignment	(1,923)	(14)	(636)	(24)	(2,597)
At 31 December 2024	66,047	656	17,296	773	84,772
Provided for the year	4,779	41	762	71	5,653
Eliminated on disposal	–	–	–	(116)	(116)
Exchange realignment	2,987	24	758	36	3,805
At 31 December 2025	73,813	721	18,816	764	94,114
CARRYING VALUES					
At 31 December 2025	25,729	266	664	277	26,936
At 31 December 2024	29,554	291	1,406	346	31,597

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. PLANT AND EQUIPMENT (Continued)

The above items of plant and equipment, less their residual values, are depreciated over their estimated useful lives on a straight-line basis as follows:

Plant and machinery	6 – 20% per annum
Furniture, fixture and equipment	6 – 20% per annum
Leasehold improvements	20% or over the period of the relevant lease, whichever is shorter
Motor vehicles	10 – 20% per annum

14. RIGHT-OF-USE ASSETS

	Leased equipment HK\$'000 <i>(note i)</i>	Leased motor vehicles HK\$'000 <i>(note ii)</i>	Leased properties HK\$'000 <i>(note iii)</i>	Total HK\$'000
As at 31 December 2025				
Carrying amount	5	1,202	5,754	6,961
As at 31 December 2024				
Carrying amount	27	1,799	8,769	10,595
			2025 HK\$'000	2024 HK\$'000
Depreciation charge				
– Leased equipment			22	22
– Leased motor vehicles			597	597
– Lease properties			3,235	3,613
			3,854	4,232
Exchange realignment			220	(182)
Expenses relating to a short-term lease			113	113
Total cash outflow for leases			4,885	4,957
Addition of right-of-use assets			–	1,703
Remeasurement of right-of-use assets due to lease modification			–	(320)

Details of the lease maturity analysis of lease liabilities are set out in note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. RIGHT-OF-USE ASSETS (Continued)

Notes:

(i) Leased equipment

The Group leases a copier for its operations. Lease contract is entered into for a fixed term of five years. Depreciation of the leased equipment is calculated on a straight-line basis over the lease terms.

(ii) Leased motor vehicles

The Group entered into finance lease arrangement for its motor vehicles. The lease terms are five years with the purchase option at minimal consideration at end of the lease period. The Group's interests in the leased motor vehicles were charged for the payables under the relevant finance lease (note 23).

(iii) Leased properties

For the years ended 31 December 2025 and 2024, the Group leases various offices and factories for its operations and residential properties as staff quarter. Lease contracts are entered into for fixed terms of 20 months to 22 years (2024: 20 months to 22 years) without any renewal and termination options for both years. Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the year ended 31 December 2024, a lessor agreed to provide rent concession on an operating lease for the three months from 1 April 2024 to 30 June 2024. There was no change in the lease term of the modified lease and the Group remeasured the lease liability by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

During the year ended 31 December 2025, no rent concession on an operating lease was provided by the lessor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. INTANGIBLE ASSETS

	Patent and trademark HK\$'000	Technology know-how HK\$'000	Club membership HK\$'000	Computer software HK\$'000	Development costs HK\$'000	Total HK\$'000
COST						
At 1 January 2024	21,424	51,285	1,485	875	92,494	167,563
Additions	–	11,442	–	–	6,986	18,428
Exchange realignment	(35)	–	–	(28)	(2,911)	(2,974)
At 31 December 2024	21,389	62,727	1,485	847	96,569	183,017
Additions	–	8,687	–	–	6,176	14,863
Exchange realignment	52	–	–	41	4,576	4,669
At 31 December 2025	21,441	71,414	1,485	888	107,321	202,549
ACCUMULATED AMORTISATION AND IMPAIRMENT						
At 1 January 2024	4,573	2,134	–	680	41,731	49,118
Provided for the year	2,040	5,323	–	54	8,790	16,207
Impairment loss recognised for the year	6,246	5,125	–	–	8,655	20,026
Exchange realignment	(36)	–	–	(23)	(1,425)	(1,484)
At 31 December 2024	12,823	12,582	–	711	57,751	83,867
Provided for the year	1,296	5,968	–	54	7,658	14,976
Impairment loss recognised for the year	4,960	1,522	–	–	9,516	15,998
Exchange realignment	52	–	–	36	2,961	3,049
At 31 December 2025	19,131	20,072	–	801	77,886	117,890
CARRYING VALUES	2,310	51,342	1,485	87	29,435	84,659
At 31 December 2024	8,566	50,145	1,485	136	38,818	99,150

Development costs are internally generated. Other than certain technology know-how of HK\$38,000,000 and club membership were acquired from connected persons, the remaining technology know-how, patent and trademark and computer software were acquired from third parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. INTANGIBLE ASSETS (Continued)

Except for those intangible assets not yet available for use and the club membership have infinite useful life, the above intangible assets have finite useful lives and are amortised on a straight-line basis at rates as follows:

Patent and trademark	10%
Technology know-how	10%
Computer software	10%
Development costs	10%

Technology know-how represented various completed and fully developed sets of technology and exclusive formulas, relating to the production of the Composite Metal Material Bonding Wire, Encapsulation of Mini-LED and other products, which were determined by reference to historical costs.

The club membership represented the membership debenture of golfclub membership issued by the Clearwater Bay Golf & Country Club, Hong Kong which has no specific maturity date pursuant to the terms and conditions of the membership. It is tested for impairment annually and whenever there is an indication that may be impaired. The directors of the Company are of the opinion that no impairment loss was identified with reference to market value.

Included in development costs is an amount of approximately HK\$1,187,000 and HK\$5,905,000 (2024: HK\$2,819,000 and HK\$6,308,000) representing development cost capitalised for a silicon and Mini-LED encapsulant project respectively. The project enhances the production of silicon and Mini-LED encapsulant. The net carrying amount will therefore be amortised over the remaining useful lives of 1 and 9 (2024: 2 and 10) years respectively.

As at 31 December 2025, development costs amounting to approximately HK\$5,322,000 (2024: HK\$3,493,000) related to development projects in progress for the development of products and production techniques that are not yet available for use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. INTANGIBLE ASSETS (Continued)

Impairment assessment

During the year ended 31 December 2025, management identified potential indicators of impairment and accordingly conducted impairment assessments on the Group's intangible assets. These assets include patents, trademarks, technology know-how, and development costs. The assessments involved determining the recoverable amount of the relevant cash-generating units ("CGUs") based on their value in use ("VIU"). While the project continues to progress satisfactorily and customer feedback supports the Group's revenue expectations, increased competitive activity has prompted management to revise its assumptions regarding future market share and profit margins. As a result, impairment tests were performed, leading to the recognition of an impairment loss of approximately HK\$15,998,000 for the year (2024: HK\$20,026,000). This loss is reflected in the consolidated statement of profit or loss and other comprehensive income.

Details of the impairment loss, split between full impairment and partial impairment of relevant CGUs, are set out below.

1. Full Impairment of Cash-Generating Units

Full impairment loss is recognised when the recoverable amount of a CGU is determined to be nil, as the CGU is assessed to have no ability to generate sufficient future net cash inflows from continuing use.

For the year ended 31 December 2025, the Group recognised a full impairment loss against the entire net carrying amount of the following five CGUs. Management assessed that these CGUs would not generate sufficient future net cash inflows, resulting in a nil recoverable amount:

Certain Gold-Based Bonding Wire CGU ("**Gold CGU**")
Silver-Based Bonding Wire CGU ("**Silver CGU**")
Copper-Based Bonding Wire CGU ("**Copper CGU**")
Aluminium-Based Bonding Wire CGU ("**Aluminium CGU**")
Certain LED Encapsulant CGU ("**LED CGU 1**")

For the year ended 31 December 2024, the full impairment loss recognised related to the Silver CGU, with its recoverable amount determined as nil based on VIU assessment.

The total net carrying amount of the above CGUs, for which full impairment was recognised, amounted to approximately HK\$13,835,000 (2024: HK\$19,126,000), representing the total full impairment loss recognised for the year ended 31 December 2025.

2. Partial Impairment of Cash-Generating Units

Partial impairment loss is recognised when the recoverable amount of a CGU (determined by VIU) is lower than its net carrying amount, but greater than nil.

As at 31 December 2025, the Group performed an impairment assessment on a different LED Encapsulant CGU ("**LED CGU 2**") (2024: A different Copper-Based Bonding Wire CGU ("**Copper CGU**")).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. INTANGIBLE ASSETS (Continued)

Impairment assessment (Continued)

2. *Partial Impairment of Cash-Generating Units (Continued)*

As at 31 December 2025 the recoverable amount of the LED CGU 2 was determined based on a VIU calculation, referencing a valuation carried out by Peak Vision Appraisals Limited, an independent professional valuer with no related party relationship with the Group. The VIU calculation used cash flow forecasts based on financial budgets approved by the board of directors of the Company covering the remaining expected useful life of the LED CGU 2 as estimated by the management of the Company. Such income approach is an appropriate valuation method that can reflect the value of cash flow generated by the continuous operation of the assets, which is consistent with the requirements under HKAS 36 in determining the value in use of cash-generating units. The pre-tax discount rate is 18.03% and the cash flow beyond the remaining expected useful life is extrapolated using a steady growth rate of 5% per annum. The pre-tax discount rate reflects the specific risks related to the business and industry in which the CGU operates.

Another key assumption used in the VIU calculation of the LED CGU 2 was the budgeted gross margin ratio ranging from 28% to 36%, which is based on the past performance of the LED CGU 2 and the management's expectations of the market development of the LED CGU 2. The directors of the Company are not currently aware of any other probable changes that would necessitate adjustments to its key estimates.

Based on the results of the assessment provided by the management of the Company, the intangible assets of the LED CGU 2 (2024: Copper CGU) were determined to have a recoverable amount of HK\$73,041,000 (2024: HK\$6,526,000), compared to a carrying amount of HK\$75,204,000 (2024: HK\$7,426,000). Consequently, an impairment loss of approximately HK\$2,163,000 (2024: HK\$900,000) was recognised for the net carrying amount of the LED CGU 2 (2024: Copper CGU) during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. DEFERRED TAX ASSETS

The following is the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Allowance for doubtful debts HK\$'000	Deferred income in respect of government grants HK\$'000	Right- of-use assets HK\$'000	Lease liabilities HK\$'000	Accruals HK\$'000	Accelerated tax depreciation HK\$'000	Tax loss HK\$'000	Total HK\$'000
At 1 January 2024	167	865	(755)	755	521	(1,600)	1,600	1,553
Effect of decrease in applicable tax rate on the release of deferred income	-	(340)	-	-	-	-	-	(340)
Effect of lease modification	-	-	(644)	644	-	-	-	-
Credit/(charge) to profit or loss	34	(190)	810	(810)	(136)	188	(188)	(292)
Exchange realignment	(6)	(19)	-	-	(14)	-	-	(39)
At 31 December 2024	195	316	(589)	589	371	(1,412)	1,412	882
Credit/(charge) to profit or loss	17	(191)	333	(333)	(36)	266	1,325	1,381
Exchange realignment	10	10	-	-	17	-	42	79
At 31 December 2025	222	135	(256)	256	352	(1,146)	2,779	2,342

As at 31 December 2025, the Group had unused tax losses of approximately HK\$141,886,000 (2024: HK\$102,647,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$17,557,000 (2024: HK\$8,561,000) of such losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses of approximately HK\$124,329,000 (2024: HK\$94,086,000) due to unpredictability of future profit streams.

Under the EIT Law, 5% withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation had not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained earnings of Niche-Tech Shantou amounting to approximately HK\$37,816,000 as at 31 December 2025 (2024: HK\$50,083,000) as the Group was in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials and consumables	17,263	6,351
Work in progress	2,123	9,426
Finished goods	17,799	22,163
	37,185	37,940

For the year ended 31 December 2025, provision for inventories of HK\$692,000 (2024: HK\$5,623,000), mainly for relatively long aging and slow-moving inventories have been recognised.

18. TRADE AND BILLS RECEIVABLES AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

(a) Trade and bills receivables

	2025 HK\$'000	2024 HK\$'000
Trade receivables	44,363	69,834
Less: Allowance for credit losses	(2,068)	(2,177)
	42,295	67,657

The Group's trading terms with its customers are mainly on credit, except for certain customers where payment in advance is required. The credit period is generally 30 to 120 days. Each customer is granted with a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. TRADE AND BILLS RECEIVABLES AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

(a) Trade and bills receivables (Continued)

The following is an aged analysis of trade receivables net of allowance for credit losses based on the invoice dates at the end of the reporting periods.

	2025 HK\$'000	2024 HK\$'000
1 – 30 days	12,078	19,466
31 – 60 days	11,454	12,965
61 – 90 days	8,188	11,007
Over 90 days	10,575	24,219
	42,295	67,657

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

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate net carrying amount of approximately HK\$14,301,000 (2024: HK\$23,829,000) which are past due as at the reporting date. Out of the past due balance, approximately HK\$2,737,000 (2024: HK\$8,771,000) has been past due for 90 days or more and is not considered as in default as there are long term/on-going relationship and good repayment records from these customers. The Group does not hold any collateral over these balances.

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

	2025 HK\$'000	2024 HK\$'000
United States Dollars ("US\$")	13	403
RMB	36	38
	49	441

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. TRADE AND BILLS RECEIVABLES AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

(a) Trade and bills receivables (Continued)

	2025 HK\$'000	2024 HK\$'000
Bills receivables	39,236	45,098
Less: Allowance for credit losses	(72)	(135)
	39,164	44,963

The Group accepts bills issued by banks from its trade customers with satisfactory and trustworthy credit history as settlement of trade debts. The following is an aged analysis of bills receivables net of allowance for credit losses based on the issue date of bills at the end of the reporting periods:

	2025 HK\$'000	2024 HK\$'000
1 – 30 days	5,057	4,868
31 – 60 days	6,024	4,175
61 – 90 days	6,669	8,027
Over 90 days	21,414	27,893
	39,164	44,963

The maturity period of all bills receivables as at 31 December 2025 and 2024 is within 1 year.

Transfers of financial assets

The following were the Group's bills receivables as at 31 December 2025 and 2024 that were transferred to banks by discounting those bills receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these bills receivables, it continues to recognise the full carrying amount of the bills receivables and has recognised the cash received on the transfer as bank borrowings (note 25(a)). These bills receivables are carried at amortised cost in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. TRADE AND BILLS RECEIVABLES AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

(a) Trade and bills receivables (Continued)

Transfers of financial assets (Continued)

The bills receivables discounted and factored to banks with full recourse is as follows:

	2025 HK\$'000	2024 HK\$'000
Carrying amount of transferred assets	32,192	40,332
Carrying amount of associated liabilities	(32,192)	(40,332)
Net position	–	–

Details of impairment assessment of trade and bills receivables for the years ended 31 December 2025 and 2024 are set out in note 30(b).

(b) Other receivables, prepayments and deposits

	2025 HK\$'000	2024 HK\$'000
Other receivables	584	8,760
Less: Allowance for credit losses	–	(127)
Deposits	584	8,633
Prepayments (note)	29,702	11,145
Deposits paid for acquisition of plant and equipment and intangible assets	406	–
Other tax recoverable	–	435
Total other receivables, prepayments and deposits	30,924	20,781

Note: The balance mainly comprises prepayments to business service providers (2024: suppliers) and prepaid for operating expenses. Included in the prepayment as at 31 December 2025 was prepayment of HK\$28,200,000 (2024: HK\$9,657,000) to two service providers in relation to the provision of consulting, sourcing and advisory services (2024: one supplier for purchases of materials). The balance paid to the two service providers are non-refundable. Per the agreements signed with the two service providers, subject to certain terms and conditions being satisfied, the Group has a commitment of HK\$19,600,000 payable to them.

All other receivables and deposits are denominated in HK\$.

Details of impairment assessment of other receivables and deposits for the years ended 31 December 2025 and 2024 are set out in note 30(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. AMOUNT DUE TO DIRECTORS

The amounts due were unsecured, interest-free and payable on demand.

20. BANK BALANCES AND CASH

Bank balances carried interest at prevailing market rates which range from 0.00% to 0.43% (2024: 0.00% to 0.50%) per annum as at 31 December 2025.

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

	2025	2024
	HK\$'000	HK\$'000
US\$	650	128
HK\$	2	8
RMB	2	2
	654	138

Details of impairment assessment of bank deposits/bank balances and cash for the years ended 31 December 2025 and 2024 are set out in note 30(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. TRADE AND OTHER PAYABLES

	2025	2024
	HK\$'000	HK\$'000
Trade payables	9,267	5,979
Other payables	3,958	371
Accrued expenses	6,690	4,455
	19,915	10,805

The trade suppliers either require cash on delivery from the Group or allow credit period ranging from 7 days to 90 days to the Group. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting periods:

	2025	2024
	HK\$'000	HK\$'000
1 – 30 days	4,641	3,305
31 – 60 days	2,311	1,946
61 – 90 days	1,310	683
Over 90 days	1,005	45
	9,267	5,979

The Group has financial risk management policies in place to ensure that payables are paid within the credit time frame.

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

	2025	2024
	HK\$'000	HK\$'000
US\$	1,519	954
HK\$	2,337	983
	3,856	1,937

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

22. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Amount received in advance for delivery of semiconductor packaging materials	352	265

All unsatisfied performance obligations for sales of semiconductor packaging materials as at the end of reporting period are expected to be satisfied within one year.

As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

During the year ended 31 December 2025, revenue of approximately HK\$270,000 (2024: HK\$165,000) was recognised and was included in the contract liabilities balance at the beginning of that year.

23. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	3,832	4,221
Within a period of more than one year but not more than two years	2,444	3,758
Within a period of more than two years but not more than five years	2,618	4,861
	8,894	12,840
Less: Amount due for settlement within 12 months and shown under current liabilities	(3,531)	(3,922)
Less: Amounts that contain a repayable on demand clause and due for settlement with 12 months shown under current liabilities	(301)	(298)
Less: Amounts that contain a repayable on demand clause and repayable after 1 year shown under current liabilities	(128)	(429)
Amounts due for settlement after 12 months shown under non-current liabilities	4,934	8,191

During the year ended 31 December 2025 and 2024, lease liabilities arose from the leased motor vehicles under finance leases (note 14(ii)) and certain lease liabilities were secured by the personal guarantee of Dr. Chow, the director of the Company.

The effective interest rate for the lease liabilities as at 31 December 2025 ranged from 3.84% to 8.00% per annum (2024: 3.84% to 8.00% per annum).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. DEFERRED INCOME

	2025 HK\$'000	2024 HK\$'000
Balance at beginning of the year	2,104	3,458
Released to profit or loss (<i>note</i>)	(1,273)	(1,273)
Exchange realignment	68	(81)
Balance at end of the year	899	2,104
	2025 HK\$'000	2024 HK\$'000
Deferred income	899	2,104
Less: Amount to be recognised as income within one year included in current liabilities	(882)	(1,246)
Amount to be recognised as income after one year	17	858

Note:

As at 31 December 2025 and 2024, the deferred income represents government grants received in advance from the relevant government authorities of the PRC for the development of products and production techniques.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. BANK BORROWINGS/BANK OVERDRAFT

(a) Bank borrowings

	2025 HK\$'000	2024 HK\$'000
Carrying amounts of bank borrowings based on scheduled repayment dates set out in the loan agreements:		
Within one year	32,192	61,556
Carrying amount of borrowings that are repayable on demand due to not fully compliance with the terms of the banking facilities (shown under current liabilities)	14,799	73,037
Carrying amount of borrowings that are repayable on demand due to default in payment (shown under current liabilities)	30,240	–
	(77,231)	(134,593)
Less: Amounts due within one year shown under current liabilities		
Amounts shown under non-current liabilities	–	–
	77,231	125,043
Secured	–	9,550
Unsecured		
	77,231	134,593

The exposure of the Group's bank borrowings is as follows:

	2025 HK\$'000	2024 HK\$'000
Variable-rate bank borrowings	45,039	62,425
Fixed-rate bank borrowings	32,192	72,168
	77,231	134,593

As at 31 December 2025, the Group's variable-rate bank borrowings carried interest which ranged from 3.05% to 3.5% (2024: 2.5% to 3.5%) over Hong Kong Interbank Offered Rate (“**HIBOR**”) per annum for both years quoted by certain banks in Hong Kong and 0.25% under Loan Prime Rate (“**LPR**”) per annum for the current year quoted by National Interbank Funding Centre (“**NIFC**”). The effective interest rates ranged from 5.79% to 7.96% (2024: 3.20% to 7.63%) per annum as at 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. BANK BORROWINGS/BANK OVERDRAFT (Continued)

(a) Bank borrowings (Continued)

The Group fixed-rate borrowings as at 31 December 2025 carried interests at effective rates (which were also the contracted rates) of 2.37% per annum (2024: 1.07% to 3.52% per annum).

As at 31 December 2025, the bank borrowings amounted to approximately of HK\$45,039,000 (2024: HK\$84,711,000) were secured by unlimited corporate guarantee provided by the Company and certain corporate guarantee amount provided by Niche-Tech Kaiser (Shantou) and certain personal guarantee amounts provided by the director of the Company respectively. The corporate guarantee amount provided by Niche-Tech Holdings was released upon fully repayment of borrowings from the PRC lenders.

As at 31 December 2025, approximately HK\$32,192,000 (2024: HK\$40,332,000) were secured on bills receivables of the same amount.

Default in payment

During the year ended 31 December 2025, in respect of bank borrowings with a carrying amount of approximately HK\$30,240,000 as at 31 December 2025, the Group was default in repayment. Thus, the relevant bank borrowings become immediately due and payable should the lender exercise their rights under the bank loan agreement. The directors of the Company commenced to discuss the terms of the borrowings with the relevant banks. Up to the date of approval for issuance of the consolidated financial statements, the negotiations are still in progress.

Covenants

Certain banking facilities are subject to the fulfilment of both financial and non-financial covenants. If the Group were to breach the covenants, the drawn down facilities may become repayable on demand. In addition, the bank facilities contain clauses which give the banks the right at sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants. As at 31 December 2025 and 2024, the management of the Group did not fully compliance with the terms of the banking facilities, which are primarily related to the interest coverage ratio and certain non-financial covenants of the Group. Since the lender has right to demand immediate payment as at the end of the reporting period, the loan has been classified as a current liability as at 31 December 2025 and 2024. In any event, should the lender call for immediate repayment of the loan, the directors of the Company believe that adequate alternative sources of finance are available to ensure that there is no threat to the continuing operations of the Group and do not consider it is probable that the bank will exercise its discretion to demand repayment for so long as the Group continues utilising the facilities. Further details of the Group's management of liquidity risk are set out in Note 30(b).

(b) Bank overdraft

As at 31 December 2025, one bank overdraft of approximately HK\$17,888,000 (2024: Nil), which is repayable on demand clause and repayable within 90 days or on demand, carrying interest rates which ranged from 3.03% to 8.02% (2024: Nil) per annum. All bank overdraft was guaranteed by the Company, some directors of the Company and the HKMC Insurance Limited under the SME Financing Guarantee Scheme.

All bank overdrafts were denominated in HK\$.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2024, at 31 December 2024 and 31 December 2025	2,000,000,000	20,000
Issued and fully paid:		
At 1 January 2024, at 31 December 2024 and 31 December 2025	705,500,000	7,055

27. RETIREMENT BENEFIT SCHEMES

The Group participates in a defined contribution scheme in Hong Kong which is registered under the Mandatory Provident Fund Scheme (the “**MPF Scheme**”) established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes at the lower of HK\$1,500 or 5% of relevant payroll costs per person each month to the MPF Scheme, which contribution is matched by the employees.

The employees of the Group in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The Company’s subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits.

The only obligation of the Group with respect to these retirement benefit schemes is to make the specified contributions. During the years ended 31 December 2025 and 2024, the total amounts contributed by the Group to the schemes and costs charged to the profit or loss and capitalised as intangible assets represent contributions paid or payable to the schemes by the Group. The retirement benefit scheme contributions made by the Group amounted to approximately HK\$3,399,000 (2024: approximately HK\$3,065,000) for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. CAPITAL COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of:		
– intangible assets	–	600
– plant and equipment	224	236
	224	836

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowings and bank overdrafts disclosed in note 25 and lease liabilities in note 23 respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of the capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through new issued shares, the payment of dividends as well as the issue of new debts or the redemption of existing debts.

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Amortised cost	89,592	142,073
Financial liabilities		
Amortised cost	123,928	158,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include rental deposits, trade and bills receivables, other receivables and deposits, bank deposits, bank balances and cash, trade and other payables, lease liabilities, bank borrowings and bank overdrafts.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Certain of the Group's trade and other receivables, rental deposits, bank balances and cash, trade and other payables and lease liabilities are denominated in currencies other than the functional currencies of the respective group entities, which expose the respective group entities to foreign currency risk. In addition, intra-group balances between group entities denominated in foreign currency also expose the Group to foreign currency risk.

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
US\$	664	531	1,519	954
HK\$	2	8	2,090	983
RMB	39	40	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the fluctuation of foreign exchange rates of US\$, HK\$ and RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. 5% is the sensitivity rate used in the management's assessment of the reasonably possible change in the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, including intra-group balances, and adjusts their translation at the end of each of the reporting periods for a 5% change in the functional currencies of the relevant group entities. A positive number below indicates a decrease in post-tax loss or an increase in post-tax profit where the functional currencies of the relevant group entities strengthen 5% against the relevant foreign currencies. For a 5% weakening of the functional currencies of the relevant group entities, there would be an equal and opposite impact on the post-tax profit. In the management's opinion, the currency risk for US\$ against HK\$ is minimal as Hong Kong monetary Authority Imposed Limited Exchange Rate System to maintain a stable exchange rate between US\$ and HK\$.

The analysis is prepared on the same basis for 2024.

	2025 HK\$'000	2024 HK\$'000
Impact on post-tax loss/(profit)		
US\$	34	17
HK\$	87	41
RMB	1,102	1,177

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the relevant years.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, fixed-rate bank overdrafts, fixed-rate bank borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, variable-rate bank borrowings and variable-rate bank overdrafts due to the fluctuation of the prevailing market interest rate. The Group currently does not have a policy on hedging interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank borrowings and variable-rate bank overdrafts. The analysis is prepared assuming the amount of liabilities outstanding at the end of the reporting period were outstanding for the whole year. A 50-basis point increase or decrease in variable-rate bank borrowings and variable-rate bank overdrafts are used and represents management's assessment of the reasonably possible change in interest rates. The exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant in the view of low interest rate and therefore the sensitivity analysis is not presented.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss (2024: loss) for the year ended 31 December 2025 would increase/decrease (2024: increase/decrease) by approximately HK\$75,000 (2024: HK\$262,000).

Credit risk and impairment assessment

As at 31 December 2025 and 2024, the financial assets whose carrying amounts best represent the maximum exposure to credit risk.

Trade and bills receivables

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade and bills receivables, individually for credit-impaired debtors and collectively for the remaining debtors based on provision matrix. Credit risk associated with bills receivables is mitigated because the bills are issued by reputable financial institutions. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 99% (2024: 99%) of the total trade receivables as at 31 December 2025.

The Group has concentration of credit risk as 14% (2024: 12%) and 21% (2024: 42%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

Bank deposits and bank balances

The credit risks on bank deposits and bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables and deposits and rental deposits

For other receivables and deposits and rental deposits, the directors of the Company make periodic individual assessment on the recoverability of these balances based on historical settlement records, past experience, and/or also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Company believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provides ECL based on 12m ECL. For the years ended 2025 and 2024, the Group assessed that the 12m ECL for other receivables and deposits, rental deposits. As at 31 December 2025, no impairment losses (2024: HK\$127,000) have been recognised and approximately of HK\$127,000 has been reversed (2024: no reversal) during the year.

Other than the concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, and the concentration of credit risk on trade receivables disclosed above, the Group does not have any other significant concentration of credit risk.

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

Internal credit rating	Description	Trade and bills receivables	Other financial assets
Low risk	The debtor has historically made payments on time, the exposure at default is still remote.	Lifetime ECL – not credit-impaired	12m ECL
Watch list	The debtor has historically failed to make payments within the credit term but there is no indicator of default.	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	The debtor has past due exceeding the credit period and the ability of repayment is uncertain, but there is supportable information for the debtor, including but not limited to settlement during the year, that the amount is not considered credit-impaired.	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off	Amount is written-off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Other receivables and deposits and rental deposits (Continued)

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	
			2025 HK\$'000	2024 HK\$'000
Financial assets at amortised costs				
Bank balances	Low risk	12m ECL	6,695	19,663
Other receivables and deposits	Low risk	12m ECL	797	9,179
Rental deposits	Low risk	12m ECL	587	585
Trade receivables	(Note)	Lifetime ECL	42,580	68,188
	Loss	Credit-impaired	1,783	1,646
Bills receivables	(Note)	Lifetime ECL	39,236	45,098

Note: For trade and bills receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Trade and bills receivables with credit-impaired balances are assessed individually. The Group determines the expected credit losses on the remaining trade and bills receivables collectively by using a provision matrix, grouped by internal credit rating.

Provision matrix – internal credit rating

As part of the Group's credit risk management, the Group applies internal credit rating for its customers in relation to its operation. The following table provides information about the exposure to credit risk for those trade and bills receivables (excluding trade and bills receivables which are credit-impaired) which are assessed collectively based on provision matrix as at 31 December 2025 and 2024 within lifetime ECL (not credit-impaired). Debtors with credit-impaired with gross carrying amount of approximately HK\$1,782,000 (2024: HK\$1,646,000) as at 31 December 2025 and 2024 were assessed individually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Provision matrix – internal credit rating (Continued)

Gross carrying amount

Internal credit rating	Trade receivables as at		Trade receivables as at	
	Average loss rate	31 December 2025 HK\$'000	Average loss rate	31 December 2024 HK\$'000
Low risk	0.35%	12,526	0.37%	10,261
Watch list	0.36%	17,588	0.39%	31,377
Doubtful	1.48%	12,466	1.42%	26,550
		42,580		68,188

Internal credit rating	Bills receivables as at		Bills receivables as at	
	Average loss rate	31 December 2025 HK\$'000	Average loss rate	31 December 2024 HK\$'000
Low risk	0.18%	39,236	0.30%	45,098

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2025, the Group recorded net impairment of approximately HK\$379,000 (2024: net reversal of impairment allowance of approximately HK\$5,000) for trade receivables and net reversal of impairment allowance of approximately HK\$67,000 (2024: net impairment allowance of approximately HK\$14,000) on bills receivables, based on the provision matrix and/or individual assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Provision matrix – internal credit rating (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade and bills receivables under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2024	494	1,849	2,343
Impairment losses recognised	681	47	728
Impairment losses reversed	(488)	(231)	(719)
Transfer to credit-impaired	_*	_*	_*
Exchange realignment	(21)	(19)	(40)
As at 31 December 2024 and at 1 January 2025	666	1,646	2,312
Impairment losses recognised	350	1,058	1,408
Impairment losses reversed	(676)	(420)	(1,096)
Transfer to credit-impaired	(6)	6	–
Written-off	–	(550)	(550)
Exchange realignment	23	43	66
As at 31 December 2025	357	1,783	2,140

Receivables for which an impairment provision was recognised were written-off against the provision when the outstanding balances were uncollectible. None of the written-off amounts are still subject to enforcement activities for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the reconciliation of loss allowances that has been recognised for 12m ECL on other receivables:

	12m ECL HK\$'000
As at 1 January 2024	–
Impairment losses recognised	127
As at 31 December 2024 and 1 January 2025	127
Impairment losses reversed	(127)
As at 31 December 2025	–

Liquidity risk

In management of the 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. The management monitors the utilisation of bank borrowings and bank overdrafts and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for their financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings and bank overdrafts with a repayable on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

	Weighted average effective interest rate %	On demand or less than 1 year HK\$'000	1 year to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 December 2025						
Trade and other payables	–	19,915	–	–	19,915	19,915
Fixed-rate bank borrowings	2.37	32,192	–	–	32,192	32,192
Variable-rate bank borrowings	6.65	45,039	–	–	45,039	45,039
Variable-rate bank overdrafts	7.38	17,888	–	–	17,888	17,888
Lease liabilities	5.81	4,222	5,348	–	9,570	8,894
		119,256	5,348	–	124,604	123,928
	Weighted average effective interest rate %	On demand or less than 1 year HK\$'000	1 year to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 December 2024						
Trade and other payables	–	10,805	–	–	10,805	10,805
Fixed-rate bank borrowings	2.11	72,370	–	–	72,370	72,168
Variable-rate bank borrowings	6.80	62,425	–	–	62,425	62,425
Lease liabilities	6.14	4,847	9,271	–	14,118	12,840
		150,447	9,271	–	159,718	158,238

The amounts included above for variable-rate instruments for non-derivative financial liabilities are subject to change if changes in variable rates differ to those estimates of interest rates determined at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

Certain bank borrowings with a repayment on demand clause or repayable on demand due to default on payment or not fully compliance with the terms of the banking facilities, as disclosed in Note 25(a), are included in the “on demand or less than 1 year” time band in the above maturity analysis. As at 31 December 2025, the aggregate undiscounted principal amounts of these bank borrowings and bank overdrafts amounted to approximately HK\$62,927,000 (2024: HK\$73,037,000). The Group is actively formulating and undertaking a number of plans and measures as disclose in Note 1 to remediate the default payment.

Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings and bank overdrafts will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The following table details the Group’s aggregate principal and interest cash outflows based on scheduled repayments for bank borrowings that became repayable on demand due to the aforesaid default in payment by the Group or having repayable on demand clause. To the extent that the interest flows are at floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	On demand or less than 1 year HK\$'000	1 year to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 December 2025					
Variable-rate bank borrowings	45,039	-	-	45,039	45,039
Variable-rate bank overdraft	17,888	-	-	17,888	17,888
	62,927	-	-	62,927	62,927
	On demand or less than 1 year HK\$'000	1 year to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 December 2024					
Fixed-rate bank borrowings	2,363	8,827	-	11,190	10,612
Variable-rate bank borrowings	59,749	7,257	-	67,006	62,425
	62,112	16,084	-	78,196	73,037

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments

The management considers that the carrying amounts of the financial assets and financial liabilities of the Group recorded at amortised cost in the consolidated financial statements at the end of the reporting period approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank borrowings HK\$'000	Interest payables on bank borrowings (included in other payable) HK\$'000	Interest payables on bank overdrafts (included in other payable) HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
As at 1 January 2024	71,058	351	7	15,734	87,150
Financing cash flows (note)	139,535	(5,073)	(1,378)	(4,957)	128,127
Non-cash changes					
Finance costs	–	5,007	1,371	926	7,304
New lease entered/lease modified (note 14)	–	–	–	1,703	1,703
Settlement through bills receivables (note 32)	(73,910)	–	–	–	(73,910)
Exchange realignment	(2,090)	–	–	(246)	(2,336)
Remeasurement of lease liabilities (note 14)	–	–	–	(320)	(320)
As at 31 December 2024 and 1 January 2025	134,593	285	–	12,840	147,718
Financing cash flows (note)	52,217	(2,601)	(946)	(4,885)	43,785
Non-cash changes					
Finance costs	–	4,684	946	633	6,263
Settlement through bills receivables (note 32)	(112,196)	–	–	–	(112,196)
Exchange realignment	2,617	–	–	306	2,923
As at 31 December 2025	77,231	2,368	–	8,894	88,493

Notes:

The amounts for financing activities included:

- the cash inflows from bills discounted to the bank.
- for bank borrowings amount, the net cash flows from new bank borrowings and repayment of bank borrowings in the consolidated statement of cash flows.

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For the year ended 31 December 2025

32. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2025, short-term bank borrowings drawn on discounted bills with recourse of approximately HK\$112,916,000 (2024: HK\$73,910,000) have been repaid through settlement on maturity of bills receivables previously discounted to the relevant banks.

33. RELATED PARTY DISCLOSURES

	2025 HK\$'000	2024 HK\$'000
Compensation of key management personnel		
– Short-term benefits	7,161	7,297
– Post-employment benefits	112	107
	7,273	7,404

The remuneration of key management personnel is determined having regard to the performance of the individuals.

34. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to the Company's share option scheme (the "**Scheme**") adopted on 8 May 2018 for the primary purpose of providing incentives to directors, eligible employees, consultant or adviser of the Group, the directors, employees, consultant or adviser of the Group may, at the discretion of the directors, be granted options (the "**Options**") to subscribe for shares ("**Share**") in the Company at a price determined by its directors, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares on the date of grant of the option.

As the Company has not refreshed the scheme mandate limit since the adoption of the Scheme, based on 680,000,000 Shares in issue at the time dealings in the Shares first commenced on the Stock Exchange, the total number of Shares which the Company was authorised to issue assuming the full exercise of all options to be granted was 68,000,000 Shares, representing 10% of the total number of Shares then in issue. Pursuant to Rule 23.03D(1) of the GEM Listing Rules, the total number of Shares issued and to be issued in respect of all options granted to a Scheme participant in any 12-month period up to the date of grant must not exceed 1% of the Shares in issue, unless approved by the shareholders of the Company.

Subject to the requirements under the GEM Listing Rules and the terms and conditions of the Scheme, there is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before it can be exercised upon its grant.

Unless terminated by resolution in general meeting, the Scheme will remain in force for a period of ten years from the date of the listing of the Shares on the Stock Exchange. Options granted must be taken up not later than 30 days after the date of grant. A consideration of HK\$1 is payable on acceptance of the offer of grant of an option.

The exercisable period of an option, which shall not exceed 10 years from the date of grant, is determined by the Board of Directors of the Company at their discretion.

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For the year ended 31 December 2025

34. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Since the date of adoption of the Scheme, as at the beginning and end of the year and up to the date of this report, no option has been granted, exercised, cancelled or lapsed, and none has been outstanding under the Scheme.

No options have been granted by the Company since its adoption date. Therefore, the number of shares which may be issued in respect of options and awards granted under all schemes of the Company during the year divided by the weighted average number of shares of the relevant class in issue for the year was nil.

35. PARTICULARS OF SUBSIDIARIES

Name of subsidiary	Place and date of incorporation/ establishment	Kind of legal entity	Place of operation	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group as at		Principal activities
					31 December 2025	2024	
<i>Directly held</i>							
Niche-Tech BVI	BVI 2 January 2014	Limited liability company	Hong Kong	Ordinary share US\$1	100%	100%	Investment holding
<i>Indirectly held</i>							
Niche-Tech Holdings	Hong Kong 9 May 2012	Limited liability company	Hong Kong	Ordinary shares HK\$125,000,000	100%	100%	Development manufacture and sales of semiconductor packaging materials
Niche-Tech Kaiser International Inc.	BVI 16 March 2012	Limited liability company	Hong Kong	Ordinary share US\$1	100%	100%	Investment holding
Niche-Tech Kaiser (Shantou) Limited 汕頭市駿碼凱撒有限公司 (notes ii & iii)	THE PRC 29 April 2006	Limited liability company	The PRC	Registered capital RMB100,000,000	100%	100%	Development, manufacture and sales of semiconductor packaging materials
Niche-Tech (HK)	Hong Kong 26 April 2012	Limited liability company	Hong Kong	Ordinary shares HK\$36,000,000	100%	100%	Trading of semiconductor packaging materials
Neat Wave Limited	Hong Kong 5 January 1990	Limited liability company	Hong Kong	Ordinary shares HK\$2	100%	100%	Inactive

Notes:

- (i) None of the subsidiaries had issued any debt securities at the end of both years.
- (ii) Niche-Tech Kaiser (Shantou) Limited is a wholly foreign-owned enterprise established in the PRC.
- (iii) The statutory financial statement of the subsidiary was not audited by Gary Cheng CPA Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this report, there were no material subsequent events took place after 31 December 2025 and up to the date of this report.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS		
Plant and equipment	48	48
Investment in a subsidiary	93,936	93,936
	93,984	93,984
CURRENT ASSETS		
Prepayments	306	366
Amounts due from subsidiaries (Note)	24,056	52,241
Bank balances	2	8
	24,364	52,615
CURRENT LIABILITIES		
Other payables and accruals	2,089	983
Amount due to director (Note)	675	–
	2,764	983
NET CURRENT ASSETS	21,600	51,632
NET ASSETS	115,584	145,616
CAPITAL AND RESERVES		
Share capital	7,055	7,055
Reserves	108,529	138,561
	115,584	145,616

Note: The amounts due were unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Movement of the Company's reserves

	Share premium HK\$'000	Capital reserve HK\$'000 (note)	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	120,955	93,078	(5,567)	(65,175)	143,291
Loss for the year	–	–	–	(3,085)	(3,085)
Exchange differences arising on translation to presentation currency	–	–	(1,645)	–	(1,645)
At 31 December 2024	120,955	93,078	(7,212)	(68,260)	138,561
Loss for the year	–	–	–	(32,271)	(32,271)
Exchange differences arising on translation to presentation currency	–	–	2,239	–	2,239
At 31 December 2025	120,955	93,078	(4,973)	(100,531)	108,529

Note: The amount represented the difference between the considerations paid and the net asset value of the subsidiaries of the Company upon a group reorganisation in 2017.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the annual reports of the Company is set out below.

	2025 HK\$'000	For the year ended 31 December			
		2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Consolidated statement of profit or loss					
Revenue	146,943	194,868	212,589	217,859	249,039
Gross profit	20,132	35,133	54,911	57,992	58,341
(Loss)/profit before taxation	(39,262)	(38,988)	7,106	14,211	10,507
Income tax credit/(expense)	417	(4,092)	(6,596)	(5,571)	(3,658)
(Loss)/profit for the year	(38,845)	(43,080)	510	8,640	6,849
Consolidated statement of financial position					
Non-current assets	121,466	142,787	175,166	130,093	132,036
Current assets	156,909	191,030	182,966	181,580	199,785
Current liabilities	(131,530)	(152,229)	(112,396)	(70,139)	(70,234)
Net current assets	25,379	38,801	70,570	111,441	129,551
Non-current liabilities	(4,951)	(9,049)	(24,798)	(12,881)	(18,402)
Net assets	141,894	172,539	220,938	228,653	243,185

The summary above does not form part of the consolidated financial statements.