

Jisheng Group Holdings Limited 吉盛集團控股有限公司

Formerly known as Solomon Worldwide Holdings Limited
(incorporated in the Cayman Islands with limited liability)
Stock Code: 8133

ANNUAL REPORT 2025





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

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

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

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

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

CONTENTS

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	4
Corporate Governance Report	9
Environmental, Social and Governance Report	21
Biographical Details of Directors and Senior Management	51
Report of Directors	53
Independent Auditor's Report	61
Consolidated Statement of Profit or Loss and Other Comprehensive Income	67
Consolidated Statement of Financial Position	68
Consolidated Statement of Changes in Equity	70
Consolidated Statement of Cash Flows	72
Notes to the Consolidated Financial Statements	74
Five Years Financial Summary	128



CORPORATE INFORMATION

BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Executive Directors

Ms. Woo Lan Ying (*Chairman*)
Mr. Li Qizhi (*Vice Chairman*)
Mr. Yang Yueyong (*appointed on 2 April 2025*)

Independent Non-executive Directors

Ms. Leung Shuk Lan
Ms. Yuen Wai Man
Mr. Au Sui Keung Albert

Chief Executive Officer

Mr. Wong Thomas Wai Yuk

Chief Operating Officer

Mr. Chong Wai Moon Joe (*President of the PRC region*)

BOARD COMMITTEES

Audit Committee

Ms. Yuen Wai Man (*Chairman*)
Ms. Leung Shuk Lan
Mr. Au Sui Keung Albert

Remuneration Committee

Ms. Leung Shuk Lan (*Chairman*)
Ms. Woo Lan Ying
Ms. Yuen Wai Man

Nomination Committee

Ms. Woo Lan Ying (*Chairman*)
Ms. Leung Shuk Lan
Mr. Au Sui Keung Albert (*appointed on 27 June 2025*)
Ms. Yuen Wai Man (*resigned on 27 June 2025*)

COMPANY SECRETARY

Ms. Chan Wing Ting (*appointed on 10 March 2026*)
Mr. Tam Sik Wai (*appointed on 9 January 2026 and resigned on 10 March 2026*)
Mr. Kwong Chun Chung (*appointed on 1 March 2025 and resigned on 9 January 2026*)

AUTHORISED REPRESENTATIVES

Ms. Chan Wing Ting (*appointed on 10 March 2026*)
Ms. Woo Lan Ying
Mr. Tam Sik Wai (*appointed on 9 January 2026 and resigned on 10 March 2026*)
Mr. Kwong Chun Chung (*appointed on 1 March 2025 and resigned on 9 January 2026*)

AUDITOR

CCTH CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B3, 8/F,
Kingston International Centre,
19 Wang Chiu Road, Kowloon Bay,
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

STOCK CODE

8133

COMPANY WEBSITE

www.jishenggroup.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Jisheng Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), I am pleased to present to you the annual report of the Group for the year ended 31 December 2025 ("FY 2025").

BUSINESS PERFORMANCE REVIEW

Throughout FY2025, the Group's foundational operations remained centered on the trading and manufacturing of metal casting components in the PRC.

The industrial sector faced a complex year characterized by a global soft landing of inflation and a pivot in central bank policies. While systemic risks subsided, the manufacturing landscape in Mainland China and Hong Kong contended with a fundamental transition toward green manufacturing and high-tech integration. This period of consolidation was essential to prepare the Group for its next phase of growth into high-potential, sustainable industries.

STRATEGIC FRONTIER: THE STARCH BUSINESS & 2026 OUTLOOK

As we transition into 2026, the global economic narrative is shifting from "recovery" to "sustainability-driven growth." With international environmental regulations tightening and the demand for bio-based alternatives soaring, the Group has identified the Starch business as a strategic pillar for our expansion across Asia.

The Group is actively building an integrated supply chain for Starch related products, targeting the burgeoning biodegradable material markets in Southeast Asia and the GBA. Unlike traditional industrial commodities, starch-based material serve as critical raw materials for eco-friendly packaging, food technology, and pharmaceutical applications.

The Board anticipates that 2026 will be a year of breakthrough for our starch-based supply chain operations. By diversifying our revenue streams into this high-growth sector, we are positioning the Group to benefit from the global transition toward a circular economy while mitigating the volatility inherent in the metal casting market.

APPRECIATION

I would like to extend my heartfelt thanks to our shareholders, business partners, and customers for their enduring confidence in our strategic direction. I also commend our management and staff for their agility and commitment during this pivotal transition year. We look forward to delivering enhanced value as we embark on this sustainable journey.

Woo Lan Ying

Chairman

Hong Kong, 31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

During FY 2025, the Group was principally engaged in trading and manufacturing of metal casting parts and components in PRC.

Metal Casting Business

The metal casting products of the Group can be categorized into four main categories: (a) pump components; (b) valve components; (c) filter components; and (d) food machinery components, which are made of stainless steel, carbon steel, bronze and/or grey iron. Our largest market is Germany. We also have customers from Mainland China and the United States.

During FY 2025, the global economic environment remains challenging due to the impact of interest rate hikes and inflation. Although the release of certain lock down measure in overseas, the revenue from metal casting business increased by approximately 15.4% as compared to last year. The revenue level of this segment rebounded to that in 2019, i.e. prior to the outbreak of the COVID-19 pandemic. Although the average selling prices of the products were increased, it has almost been offset by the increase in general costs of raw materials.

FINANCIAL REVIEW

Revenue

In FY 2025, revenue of the Group increased slightly by approximately 15.4% to approximately HK\$51.6 million as compared with that in FY 2024 of approximately HK\$44.7 million. The increase in revenue was mainly due to the increased demand of the global economic environment.

Gross profit

Gross profit of approximately HK\$15.3 million (FY 2024: HK\$15.8 million) was recorded in FY 2025, representing a decrease of approximately HK\$0.5 million as compared with that in FY 2024. The Group's overall gross profit margin decreased slightly to 29.6% in FY 2025 from 35.3% in FY 2024.

Selling and distribution expenses

The Group's selling and distribution expenses in FY 2025 amounted to approximately HK\$3.6 million (FY 2024: HK\$3.2 million), representing an increase of approximately HK\$0.4 million as compared with that in FY 2024. Selling and distribution expenses comprised mainly packaging, delivery, customs, agency cost and insurance cost incurred in relation to the sales. The selling and distribution expenses recorded an increase during FY 2025.

Administrative expenses

The Group's administrative expenses in FY 2025 amounted to approximately HK\$15.7 million (FY 2024: HK\$15.1 million), representing an increase of approximately HK\$0.6 million as compared with that in FY 2024. Administrative expenses primarily consist of salaries and benefit payments paid to directors and staffs, exchange loss, audit fee and legal and professional fees to ensure on going compliance with relevant rules and regulations.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

Finance costs mainly represented the interest on lease liabilities and bank and other borrowings of approximately HK\$0.5 million in FY 2025 (FY 2024: HK\$0.5 million).

Loss for the year

Loss attributable to owners of the Company in FY 2025 amounted to approximately HK\$4.0 million (FY 2024: HK\$1.9 million), representing an increase of approximately 110.5% as compared to that in FY 2024.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal sources of funds are used to finance working capital, and the growth and expansion of the Group's operations and sales network. During FY 2025, the Group's principal sources of funds are from issue of shares and borrowings. The Group had cash and cash equivalents of approximately HK\$8.6 million as at 31 December 2025 (31 December 2024: HK\$6.2 million). As at 31 December 2025, except for the amounts due to a director HK\$3.1 million (31 December 2024: HK\$0.7 million) and bank and other borrowings approximately HK\$8.2 million (31 December 2024: HK\$5.4 million), the Group did not have any other borrowings.

GEARING RATIO

As at 31 December 2025, the Group's gearing ratio is 42.0% (31 December 2024: 23.8%), which is calculated based on the Group's total interest-bearing debt divided by the Group's total equity.

CAPITAL STRUCTURE

The capital of the Group comprises only ordinary shares. There has been no change in the capital structure of the Group during the year ended 31 December 2025.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements may affect the substantiality of its business. The Group has allocated various resources to ensure ongoing compliance with rules and regulations.

During the year under review, there is no material non-compliance with the relevant laws and regulations in Hong Kong and PRC by the Group that have a significant impact on the Group's business.

CHARGE OF ASSETS

As at 31 December 2025, the Group did not have any charge of assets (31 December 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is principally engaged in the manufacturing of metal casting parts and components in PRC, which are exposed to certain market risks including currency risk, interest rate risk, credit risk and liquidity risk. The details are set out in note 26 “Financial risk management and fair values of financial instruments” to the consolidated financial statements in the annual report.

The Group’s business and profitability growth in the year under review is affected by the increase in competition in the industry and the volatility and uncertainty of macroeconomic conditions in Hong Kong, PRC, Germany and other global nations. The Group is expected to continue to be affected by the above factors. Any increased competition in the metal casting industry in PRC could reduce the sales, prices and profit margins, and affect the operating results. Any change in the macroeconomic condition may directly or indirectly affect the cost of the production and the demand for the services and products of the Group.

FOREIGN CURRENCY RISK

The Group mainly sells the products to customers in Germany, the PRC and the United States. The Group is exposed to foreign currency risks as it receives revenue in Euro from some of its customers in Europe. The Group generally has a surcharge mechanism with its customers to protect the future profitability in certain extent against the (i) fluctuation of the cost of certain raw materials; and (ii) fluctuation of the exchange rate of Euro vs RMB, or Euro vs USD, if the purchase price is to be settled by Euro. However, there is no assurance that such mechanism could protect the Group free from foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. To manage liquidity risk, the management closely monitors the Group’s liquidity position and maintain sufficient cash and cash equivalents and an adequate amount of committed credit facilities to settle the payables of the Group.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

SIGNIFICANT INVESTMENT HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During FY 2025, the Group did not have any significant investment, material acquisitions or disposals of subsidiaries, associates or joint ventures.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclose elsewhere in this report, the Group did not have any future plans for material investments or capital assets as at 31 December 2025.

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2025 (31 December 2024: Nil).

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise employees, customers and suppliers.

Employees

Employees are regarded as the valuable assets of the Group. The employees of the Group are remunerated by way of salary, allowance and discretionary bonus. The Group has devised an assessment system for the employees and the Group uses the assessment result for salary reviews and promotion decisions. The Group maintains good working relationships with the employees and has not encountered any difficulty in the recruitment and retention of staff for the operations since the establishment of the business.

Customers

The Group's currently principal customers are suppliers of flow control devices, electromechanical equipment, and industrial machinery and equipment. The Group believes that product quality is the key to retain long-term customers. Each step in the production procedures are controlled and monitored to ensure adherence to stringent quality standard. The Group has maintained a good and long-term relationship with its customers by providing high quality and tailor-made of the metal casting parts and components which are able to meet the diversified requirements of the customers.

Suppliers

The Group maintains stable relationship with its suppliers which include distributors of well-established metal manufacturers. Most of the suppliers of the metal casting business have distribution points in Guangdong province and they are nearby the factory of the Group located in Huizhou City, which ensures prompt delivery and relatively lower transportation costs.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE AND EMOLUMENT POLICIES

As at 31 December 2025, the employee headcount (including Directors) of the Group was 95 (31 December 2024: 95) and the total staff costs, including directors' emoluments, amounted to approximately HK\$16.0 million during FY 2025 (FY2024: HK\$17.0 million). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

EVENTS AFTER THE REPORTING PERIOD

On 26 August 2025, the Company proposed to implement the Capital Reorganization and Rights Issue and Change of Company Name pursuant to which:

- (i) the board lot size for trading changed from 2,000 shares to 8,000 shares per board lot ("Change in Board Lot Size");
- (ii) the issued share capital of the Company will be reduced by cancelling the paid-up share capital of the Company to the extent of HK\$0.79 on each of the then issued shares such that the par value of each issued share will be reduced from HK\$0.80 to HK\$0.01 (the "Adjusted Shares")(the "Capital Reduction");
- (iii) immediately following the Capital Reduction becoming effective, each of the authorised but unissued existing shares of par value of HK\$0.80 each will be sub-divided into 80 authorised but unissued Adjusted Shares of par value of HK\$0.01 each (the "Share Sub-division");
- (iv) subject to the Change in Board Lot Size, the Capital Reduction and the Share Sub-division becoming effective, 114,552,000 new shares (the "Rights Shares") will be issued at the subscription price of HK\$0.3 per Rights Share on the basis of three (3) Rights Shares for every one (1) Adjusted Share (the "Rights Issue"); and
- (v) the Company name changed from "Jisheng Group Holdings Limited" to "Dincham Group Holdings Limited" and the dual foreign name in Chinese changed from "吉盛集團控股有限公司" to "鼎昌集團控股有限公司" ("Change of Company Name").

On 31 March 2026, the Company entered the supplemental placing agreement with the placing agent pursuant to which the subscription price under the Rights Issue will be amended to HK\$0.26 per Rights Share and the proposed Change of Company Name will not be proceeded.

As additional time is required for the Company to finalize the information to be contained in the Circular, the Company further delay to despatch the Circular to the Shareholders on or before 8 May 2026.

Details of the aforesaid potential transactions are set out in the announcements of the Company dated 26 August 2025, 19 September 2025, 22 September 2025, 24 October 2025, 28 November 2025, 18 December 2025, 27 February 2026 and 31 March 2026.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its shareholders. To accomplish this, the Company has adopted the principles and the code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the GEM Listing Rules.

Throughout FY 2025, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by directors 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. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company during FY 2025.

BOARD OF DIRECTORS

Composition of the Board

As at the date of this annual report, the Board comprises three executive Directors and three independent non-executive Directors. The composition of the Board during the year and up to the date of this annual report was as follows:

Executive Directors

Ms. Woo Lan Ying (*Chairman*)

Mr. Li Qizhi (*Vice Chairman*)

Mr. Yang Yueyong (*appointed on 2 April 2025*)

Independent Non-executive Directors

Ms. Leung Shuk Lan

Ms. Yuen Wai Man

Mr. Au Sui Keung Albert

The biographical details of all Directors and senior management of the Company are set out on pages 51 to 52 of this annual report. To the best knowledge of the Company, there is no financial, business, family or other material or relevant relationships among members of the Board.

Mr. Yang Yueyong, the newly appointed Director during the reporting period, confirms that he (i) has obtained the legal advice referred to under Rule 5.02D of the GEM Listing Rules, and (ii) understands his obligations as a director of a listed issuer.

CORPORATE GOVERNANCE REPORT

FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for establishing the strategic direction of the Company and its subsidiaries; setting objectives and business development plans; monitoring the performance of the senior management; and assuming responsibility for corporate governance. The management, under the leadership of the chief executive officer, is responsible for implementing the strategies and plans established by the Board and reporting on the Company's operations to the Board on a regular basis to ensure effective performance of the Board's responsibilities. The Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of the CG Code.

The Board has established the Group's purpose, values and strategy, and has satisfied itself that the Group's culture is aligned. Acting with integrity and leading by example, the Directors promote the desired culture to instill and continually reinforce across the Group the values of acting lawfully, ethically and responsibly. The Group has adopted anti-corruption and whistleblowing policy to provide forums for reporting issues and concerns on any misconduct, and to uphold business integrity in its operations.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis by the Board.

BOARD MEETINGS

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company's articles of association (the "Articles"). All minutes of the Board meetings were recorded in sufficient detail of the matters considered by the Board and the decisions made.

During FY 2025, 6 Board meetings were held. The attendance of the respective Directors at the Board meetings are set out below:

Name of Directors	Attendance/ Number of meetings
<i>Executive Directors</i>	
Ms. Woo Lan Ying	6/6
Mr. Li Qizhi	5/6
Mr. Yang Yueyong (<i>appointed on 2 April 2025</i>)	3/3
<i>Independent Non-executive Directors</i>	
Ms. Leung Shuk Lan	4/6
Ms. Yuen Wai Man	6/6
Mr. Au Sui Keung Albert	3/6

CORPORATE GOVERNANCE REPORT

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a term of three years. Either party has the right to give not less than three months' written notice to terminate the respective service contract.

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

In compliance with the code provision in B.2.2 of the CG Code, all Directors (including those appointed for a specific term) are subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 84 of the Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, 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. Pursuant to article 84 of the Articles, Mr. Yang Yueyong, Ms. Leung Shuk Lan and Ms. Yuen Wai Man will retire from office by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Any further appointment of an independent non-executive Director, who has served the Board for more than nine years, shall be subject to a separate resolution to be approved by the shareholders of the Company in accordance with code provision B.2.3 of the CG Code.

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has appointed three (3) independent non-executive Directors representing more than one-third of the Board and with at least one of whom having appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Rule 5.09 of the GEM Listing Rules. The Board considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the GEM Listing Rules in FY 2025.

The Company recognizes the importance of the Board independence to corporate governance. In particular, in order to ensure the strong independence of the Board and make ensure that the Board can obtain independent views and opinions, the following mechanisms are required: 1) in assessing the qualification of potential candidates to become independent non-executive Directors, the Nomination Committee and the Board will consider, among others, whether the candidates are able to dedicate sufficient time to fulfill their duties as independent non-executive Directors and the candidates' backgrounds and qualifications, in order to assess whether such candidates are able to bring an independent view to the Board; and 2) the Nomination Committee is authorized to assess the independence of all independent non-executive Directors on an annual basis with reference to the Independence criteria set out in the GEM Listing Rules so as to ensure that they can continue to exercise independent judgment.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In compliance with the code provision in C.2.1 of the CG Code, the roles of the Chairman and the Chief Executive Officer are distinct and separate with clear and well established division of responsibilities. Ms. Woo Lan Ying, the executive Director and Chairman of the Board is responsible for the roles of the chairman by providing leadership to the Board while Mr. Wong Thomas Wai Yuk, the Chief Executive Officer of the Company, is responsible for overseeing the general management and daily operations of the Group.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The Board has established, with written terms of reference, three board committees, namely Audit Committee, Remuneration Committee and Nomination Committee, to oversee particular aspects of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties. The written terms of reference for each Board committee are in line with the GEM Listing Rules and are available on the websites of the Stock Exchange and the Company, respectively.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

AUDIT COMMITTEE

The Company has established the Audit Committee on 10 April 2015 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the code provision D.3 of the CG Code. The Audit Committee currently consists of three independent non-executive Directors, namely, Ms. Yuen Wai Man, who has the appropriate accounting and financial related management expertise and serves as the chairman of the Audit Committee, Ms. Leung Shuk Lan and Mr. Au Sui Keung Albert.

The primary duties of the Audit Committee are (but without limitation) to assist the Board in providing an independent view of the effectiveness of the Company's financial reporting process, risk management and internal control systems, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

During FY 2025, the Audit Committee held 3 meetings. Details of the attendance of members of the Audit Committee meeting are as follows:

Members	Attendance/ Number of meetings
Ms. Yuen Wai Man (<i>chairman</i>)	3/3
Ms. Leung Shuk Lan	2/3
Mr. Au Sui Keung Albert	2/3

During FY 2025, the Audit Committee reviewed the Company's annual financial statements and interim reports; discussed the internal control systems and risk management of the Group; met with the independent external auditors and reviewed reports from the independent external auditors regarding their audit on annual financial statements.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 10 April 2015 with written terms of reference in compliance with the code provision E.1 of the CG Code. The Remuneration Committee currently comprises two independent non-executive Directors, namely Ms. Leung Shuk Lan and Ms. Yuen Wai Man, and Ms. Woo Lan Ying, the Chairman and executive Director.

CORPORATE GOVERNANCE REPORT

The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to the Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of the Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) reviewing and approving matters relating to share schemes under Chapter 23 of the GEM Listing Rules..

During FY 2025, the Remuneration Committee held 2 meetings for reviewing the policy and structure for all remuneration of the Directors. Details of the attendance of members of the Remuneration Committee meeting are as follows:

Members	Attendance/ Number of meetings
Ms. Leung Shuk Lan (<i>chairman</i>)	2/2
Ms. Woo Lan Ying	2/2
Ms. Yuen Wai Man	2/2

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

The emoluments of the Directors are recommended by the Remuneration Committee, having regard to the Group's operating results, market competitiveness, individual performance and achievement, to the Board for determination.

Each of the Directors will receive a fee which is subject to an annual adjustment at a rate to be reviewed by the Remuneration Committee and be determined at the discretion of the Board. The Company's policy concerning the remuneration of the Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload and the time devoted to the Group. The Group has adopted incentive bonus schemes and continues to maintain these schemes, seeking to align the financial well-being of the Group with that of the employees, and to retain the Directors and staff of high caliber.

No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors.

The remuneration of the senior management of the Group by band for FY 2025 is set out below:

Remuneration band (in HK\$)	Number of individuals
Nil - HK\$1,000,000	1
HK\$1,000,001 - HK\$2,000,000	1

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

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Company established a Nomination Committee on 10 April 2015 with written terms of reference in compliance with the code provision B.3 of the CG Code. Upon Ms. Yuen Wai Man ceased to be a member of the Nomination Committee, Mr. Au Sui Keung Albert has held the position of a member of the Nomination Committee with effect from 27 June 2025. The Nomination Committee currently comprises two independent non-executive Directors, namely Ms. Leung Shuk Lan and Mr. Au Sui Keung Albert, and Ms. Woo Lan Ying, the Chairman and executive Director.

The primary function of the Nomination Committee includes reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors, assessing the independence of independent non-executive Directors and making recommendations to the Board on appointment and re-appointment of Directors.

During FY 2025, the Nomination Committee held 3 meetings for reviewing the structure, size and composition of the Board and board diversity policy as well as considering the appointment of Directors. Details of the attendance of members of the Nomination Committee meeting are as follows:

Members	Attendance/ Number of meetings
Ms. Woo Lan Ying (<i>chairman</i>)	3/3
Ms. Yuen Wai Man	3/3
Ms. Leung Shuk Lan	3/3

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the “Diversity Policy”) which sets out the approach to achieve diversity on the Board. The Company embraces the benefits of having a diverse Board to enhance the quality of its performance. Pursuant to the Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of aspects, including (but not limited to) gender, regional and industry experience, skills, knowledge and educational background.

As at 31 December 2025, the Board contained three female Directors, the Board considers that the gender diversity is achieved in respect of the Board. The Board intends that female Directors should continue to comprise at least one-third of the total members of the Board. Accordingly, the Board considers that the current composition of the Board has met the Board’s objectives with respect to gender diversity. In considering the Board’s succession and to ensure diversity at the Board level, the Nomination Committee will and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified and when appropriate. The Board will review the implementation and effectiveness of the policy on Board diversity on an annual basis.

As at 31 December 2025, among the 95 employees (including senior management) of the Group, the percentages of male employees and female employees are 82.1% and 17.9%, respectively. The Board considers that the Group’s workforce (including senior management) is diverse in terms of gender and the current gender composition appropriate to the Group’s operational needs.

CORPORATE GOVERNANCE REPORT

NOMINATION PROCEDURES, PROCESS AND CRITERIA

The Nomination Committee leads the process and makes recommendations for re-election and appointment to the Board, whether as additional appointment or to fill up the casual vacancy of directorship as and when they arise, in light of the challenges and opportunities facing by the Group, as well as the business development and requirements of the Group. In evaluating and selecting candidate(s) for directorship, the Nomination Committee considers the merit and contribution that the candidates will bring to the Board, having due regard for the election criteria set out in the nomination policy including, inter alia, the character and integrity; the accomplishment and experience; the commitment in respect of available time and relevant interest; the cultural and educational background, the gender, qualification, ethnicity, professional experience, skills, knowledge and length of service; the benefits of diversity on the existing Board as well as the independence of the candidates (for independent non-executive Director). The Nomination Committee makes recommendation to the Board to appoint the appropriate person among the candidates nominated for directorship. Suitable candidate(s) shall be appointed by the Board in accordance with the Articles and the GEM Listing Rules.

CONTINUING PROFESSIONAL DEVELOPMENT

According to the code provision C.1.4 of the CG Code, all directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. During FY 2025, the Group has provided training materials for all the Directors to keep them abreast of the latest development of legal, regulatory and corporate governance. The Group continuously updates the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

All Directors confirmed that they have complied with the relevant requirements under the GEM Listing Rules on directors' training. During FY2025, all Directors have participated in continuous professional development by reading materials or attending seminars/briefing sessions to develop and refresh their knowledge and skills.

ACCOUNTABILITY AND AUDIT

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. During the year ended 31 December 2025, the Group incurred a loss attributable to owners of the Company of approximately HK\$3,977,000. In addition, as at 31 December 2025, the Group had trade and other payables, amounts due to a director, lease liabilities and bank and other borrowings amounted to approximately HK\$12,238,000 (2024: HK\$12,612,000), HK\$3,121,000 (2024: HK\$669,000), HK\$1,973,000 (2024: HK\$2,347,000) and HK\$5,402,000 (2024: HK\$1,683,000), respectively to be payable within one year after the end of the reporting period or on demand which are included in the current liabilities, while its cash and cash equivalents amounted to approximately HK\$8,645,000 (2024: HK\$6,229,000) only. These matters indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Further discussion of this issue has been set out in note 3 to the consolidated financial statements.

The Directors, based on the cash flow forecast which has been prepared on the basis that the Group will successfully implement the plans and measures as set out in note 3 to the consolidated financial statements, are satisfied that the Group will have sufficient working capital to finance its operations and financial obligations as and when they fall due. In this connection, the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

The responsibilities of the external auditors about their financial reporting are set out in the independent auditor's report attached to the Company's financial statements in FY 2025 set out in this annual report.

AUDITOR'S REMUNERATION

During FY 2025, SFAI (H.K.) CPA Limited resigned as the external auditor of the Company with effect from 10 December 2025 and CCTH CPA Limited has been appointed as the external auditor of the Company with effect from 10 December 2025 to fill the casual vacancy following the resignation of SFAI (H.K.) CPA Limited. During FY 2025, the remuneration paid or payable in respect of audit services and non-audit services provided by SFAI (H.K.) CPA Limited and CCTH CPA Limited are set out below:

Services rendered by SFAI (H.K.) CPA Limited	Remuneration paid or payable HK\$'000
Audit services	—
Non-audit services	—

Services rendered by CCTH CPA Limited	Remuneration paid or payable HK\$'000
Audit services	600
Non-audit services	—

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and reviewing their effectiveness at least annually.

As a part of the Group's risk management and internal control systems, appropriate policies and controls have been designed and established by the Group to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed.

However, the risk management and internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

CORPORATE GOVERNANCE REPORT

The Group has adopted a three-tier risk management approach to identify, evaluate and manage significant risks. The operating units of the Group, as a first line of defence, identify, evaluate, mitigate and monitor the risks, and report such risk management activities to the Group's management on a regularly basis. The Group's management, as the second line of defence, provides support to the operating units and ensure that the significant risks are properly manage and within the acceptable range and report the situation to the Board at each regularly scheduled meeting. The Board, as the final line of defence, conducts an annual review of the overall effectiveness of the Group's risk management and internal control systems.

The Board has supervised the management in the design, implementation and monitoring of the risk management and internal control systems and evaluated the effectiveness of the Group's risk management and internal control systems during FY 2025. In light of the size and nature of the Group's business, as opposed to diverting resources to establish a separate internal audit department, the Board, supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness during FY 2025. The Group will continue to review whether necessary changes should be made regarding the establishment of an independent internal audit department at the appropriate time.

During FY 2025, the Board has reviewed and discussed the risk management and internal control systems, which has covered all material controls, including financial, operational, compliance controls and the environmental, social and governance, with the Group's management and has conducted selective review of the effectiveness of internal control system of the Group and no material internal control failings, weaknesses or deficiencies have been identified during the course of the review. The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group for FY 2025 and considers them effective and adequate.

Based on the above, the Board was not aware of any areas of concern that would have a material impact on the Group's financial position or results of operations and considered the risk management and internal control systems to be generally effective and adequate including the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting, internal audit, financial reporting functions and those relating to the environmental, social and governance's performance and reporting.

WHISTLEBLOWING POLICY

In compliance with the code provision D.2.3 of the CG Code, the Board adopted a whistleblowing policy. It provides employees and the relevant third parties who deal with the Group (e.g. customers, suppliers, creditors and debtors) with guidance and reporting channels on reporting any suspected improprieties in any matters related to the Group directly addressed to the designated person.

An email account (bonnie@wmyuen.com) has been set up for this purpose. All reported matters will be investigated independently and, in the meantime, all information received from a whistleblower and its identity will be kept confidential. The Board and the Audit Committee will regularly review the whistleblowing policy and mechanism to improve its effectiveness.

CORPORATE GOVERNANCE REPORT

ANTI-FRAUD AND ANTI-CORRUPTION POLICY

In compliance with the new code provision D.2.4 of the CG Code, the Board adopted an anti-fraud and anti-corruption policy. It outlines guidelines and the minimum standards of conducts, all applicable laws and regulations in relation to the anti-corruption and anti-bribery, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, to the management or through an appropriate reporting channel. The Group would not tolerate all forms of fraud and corruption among all employees and those acting in an agency or fiduciary capacity on behalf of the Group, and in its business dealing with third parties. The Board and the audit committee will review the anti-fraud and anti-corruption policy and mechanism periodically to ensure its effectiveness and enforce the commitment of the Group to the prevention, deterrence, detection and investigation of all forms of fraud and corruption.

DISCLOSURE OF INSIDE INFORMATION

The Board acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong and the GEM Listing Rules that inside information should be announced immediately when it is the subject of a decision. The Group has established appropriate procedures and internal controls for the handling and dissemination of inside information. The Company regulates the handling and dissemination of inside information as set out in the Group's policy, which has covered the related disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012 to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company aims to provide its shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis, information of the Group to shareholders through the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements.

The general meetings of the Company provide a forum for communication between the Board and its shareholders. The Chairman of the Board and other members of the respective committees are available to answer questions at the general meeting of the shareholders. The Company recognises the importance of maintaining on-going communications with the shareholders and encourages them to attend general meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management.

The Company maintains a website at <https://www.jishenggroup.com/> where extensive information and updates on the Company's financial information, corporate governance practices and other useful information are posted and available for access by the public investors.

The Board reviewed the Company's shareholders engagement and communication activities conducted in 2025 and was satisfied with the implementation and effectiveness of the shareholders' communication policy of the Company.

During FY 2025, there has been no change in the Company's constitutional documents. The Articles are available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

The Company does not have any pre-determined dividend distribution ratio. In deciding whether to propose a dividend and in determining the dividend amount, the Board takes into account, among other things, the Group's earnings performance, financial condition, cash requirements and availability, the availability of funds to meet the financial covenants of the Group's bank loans and any other factors that the Directors may consider relevant. In addition, any final dividend for a financial year will be subject to shareholders' approval.

2025 GENERAL MEETING

The 2025 annual general meeting of the Company was held on 6 June 2025. The Company announced the results of the poll in the manner prescribed under the GEM Listing Rules. The Chairman of the Board has attended the annual general meeting to ensure effective communication with shareholders. The attendance record of the Directors at the general meeting held in 2025 is set out below:

Name of Directors	Number of annual general meeting attended/held
<i>Executive Directors</i>	
Ms. Woo Lan Ying	1/1
Mr. Li Qizhi	1/1
Mr. Yang Yueyong (<i>appointed on 2 April 2025</i>)	1/1
<i>Independent Non-executive Directors</i>	
Ms. Leung Shuk Lan	0/1
Ms. Yuen Wai Man	0/1
Mr. Au Sui Keung Albert	0/1

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting and to put forward proposal at general meetings

Pursuant to article 58 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company ("Company Secretary") for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

CORPORATE GOVERNANCE REPORT

Article 85 of the Articles provides that no person other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven (7) days. The written notice must state that person's biographical details as required by Rule 17.50(2) of the GEM Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary by mail to the principal office of the Company in Hong Kong. The Company Secretary forwards communications relating to matters within the Board's purview to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and complaints, to the Chief Executive Officer.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

COMPANY SECRETARY

Ms. Chan Wing Ting ("Ms. Chan") has appointed as the Company Secretary on 10 March 2026. She is not engaged as an employee of the Group, but as an external service provider. Ms. Woo Lan Ying, the Chairman and executive Director, is the primary corporate contact person of the Company with Ms. Chan.

Ms. Chan confirms that she has taken no less than 15 hours of relevant professional training for the year ended 31 December 2025 pursuant to Rule 5.15 of the GEM Listing Rules.

Prior to Ms. Chan's appointment and during the reporting period and up to the date of this report, Mr. Wong Ka Wah was appointed and resigned as the Company Secretary of the Company on 14 May 2024 and 1 March 2025 respectively. Mr. Kwong Chun Chung was appointed and resigned as the Company Secretary on 1 March 2025 and 9 January 2026 respectively. Mr. Tam Sik Wai was appointed and resigned as the Company Secretary of the Company on 9 January 2026 and 10 March 2026 respectively. All of them confirmed that they have taken no less than 15 hours of relevant professional training pursuant to Rule 5.15 of the GEM Listing Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

The Group principally engaged in trading and manufacturing of metal casting parts and components in PRC. The Group is committed to incorporating the principles of sustainable development into its strategic planning and day-to-day operations through transparent measures to maintain our competitive edge in the trading and manufacturing of metal casting parts industry and to deliver enduring values to our key stakeholders including shareholders, employees, customers and the wider community.

In response to the increasing concern over sustainable development and climate change, the Group is committed to enhancing its environmental, social and governance (collectively referred to as “ESG”) performance. The Group endeavours to fulfil its corporate responsibilities by considering ESG issues in decision-making and strategy formation, with the ultimate goal of realising low-carbon operations.

REPORTING FRAMEWORK

This Report is prepared with reference to Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) as set out in Appendix C2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “HKEx”). The Group has complied with the disclosure requirements of the “comply or explain” provisions set out in the ESG Reporting Guide. This Report summarised the Group’s performance in corporate and social responsibilities applying the reporting principles of “Materiality, Quantitative, Balance and Consistency” as below.

The Group is pleased to present this ESG Report, aiming to disclose the overall policies, practice, commitments and strategies on the sustainable development of the Group during the period from 1 January 2025 to 31 December 2025 (the “Reporting Period”).

REPORTING PRINCIPLES

The Group has prepared the ESG Report in accordance with the following reporting principles stated in the ESG Reporting Guide.

- **Materiality:** The Group communicates with our major stakeholder groups on a regular basis to identify and assess ESG-related issues that matter most from stakeholders’ perspectives. Key ESG issues identified through stakeholder engagement and materiality assessment.
- **Quantitative:** Quantitative information/KPI presented in this ESG Report is accompanied by narrative, explanation and comparison wherever applicable.
- **Balance:** The ESG Report aims to disclose data in an objective way, which aims to provide stakeholders with a balance overview of the Group’s overall ESG performance.
- **Consistency:** Unless otherwise stated, the Group adopts consistent methodologies and retrieves social and environmental KPIs from the Group’s internal record system. The scope of reporting and KPIs are consistent with those of the previous report to allow meaningful comparison over time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORT APPROVAL

The Group acknowledges its responsibility to ensure the accuracy and reliability of the ESG Report. All information in this ESG Report has been sourced from the internal policy documents and statistical data of the Group. The Board has reviewed and approved this ESG Report.

INFORMATION DISCLOSURE

The information in the ESG Report was collected through an array of channels, including official documents and statistics of the Group, the integrated information of supervision, management and operation under the relevant policy, the internal quantitative and qualitative questionnaires based on the reporting framework.

This ESG Report is prepared in both English and Chinese. Should there be any conflict or inconsistency, the English version shall prevail.

INFORMATION AND FEEDBACK

The opinions of stakeholders are vastly beneficial to formulating and implementing sustainable development strategies which enables the Group to improve its ESG performance. If you have any opinions or suggestions, please do not hesitate to contact us by mail to Unit B3, 8/F, Kingston International Centre, 19 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

SUSTAINABLE DEVELOPMENT

The Group understands that sustainability is particularly important to the long-term development of the Group, the society as well as our next generation. The Group is committed to create a business that contributes to global efforts in environmental care and will introduce various environmental protection and social welfare activities in order to foster the sustainability development of the society.

BOARD STATEMENT ON ESG GOVERNANCE

The Board is committed to incorporating the ESG mindset into business operations. The Board accepts full responsibility for the sustainability of the Group, including formulating strategies, overseeing the Group's ESG related risks and opportunities, and approving the ESG Report. The Board is also required to keep abreast of and comply with the latest regulatory requirements before the approval of the ESG Report.

The Board believes that the management of ESG-related risks and opportunities are essential to the Group's efficient and effective operation. The risk management and internal control systems assure accuracy, reliability and the timeliness of the data presented and sustainable development measures. The Board will also regularly review the implementation effectiveness of the systems and whether they cover major control measures on material ESG issues.

REPORTING BOUNDARY

This ESG Report focuses on the environmental and social performance of the trading and manufacturing of metal casting parts and components in PRC.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDERS ENGAGEMENT

The Group endeavours to create sustainable growth and long-term value for its stakeholders, who comprise the Group's employees, investors, customers and the wider community. The Group continues to interact with its stakeholders on an ongoing basis in order to understand their views and collect their feedback. The Group has also established effective communication channels with its stakeholders through its company website, annual general meeting and staff meetings.

Regular engagement is arranged for the Group to update new ESG objectives and performance with key stakeholders while collecting their feedback and expectations to enhance the development of sustainability approaches. The results shared in the following section show the meaningful feedback that the Group received from the key stakeholders, including shareholders, employees, customers, suppliers, government, and the general public. The Group maintains stable connections with the stakeholders through their preferred channels for communication in a proactive manner, which are also summarised in the table below:

Stakeholder group	Engagement channels	Topics of interest/concern
Shareholders	<ul style="list-style-type: none"> Annual report Annual general meetings Corporate website Direct communication 	<ul style="list-style-type: none"> Business strategies and financial performance Corporate governance Business sustainability Human resource allocation
Employees	<ul style="list-style-type: none"> Interviews Training sessions Internal memos 	<ul style="list-style-type: none"> Rights and benefits Employee compensation Training and development Working hours Occupational health and safety Communication effectiveness
Customers	<ul style="list-style-type: none"> Direct communication and emails Complaint hotlines Opinion boxes Customer surveys 	<ul style="list-style-type: none"> Products and service quality Service safety and stability Protection of privacy
Suppliers	<ul style="list-style-type: none"> Business meetings 	<ul style="list-style-type: none"> Fulfilment of promises Payment schedule Regular updates on business and product requirements
Government	<ul style="list-style-type: none"> Statutory filings and notification Regulatory or voluntary disclosures Tax return 	<ul style="list-style-type: none"> Compliance with law and regulations Fulfilment of tax obligation Environmental protection
General public	<ul style="list-style-type: none"> Community activities Corporate donations 	<ul style="list-style-type: none"> Fair employment opportunities Environmental awareness

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. During the Reporting Period, the Company undertook its annual materiality assessment exercise. The objective of materiality assessment is to identify ESG topics that are material and relevant to the Group's operation. This involved conducting interviews and/or surveys with internal and external stakeholders to identify the most significant environmental and social impacts on its business. To identify potential material topics for disclosure in the ESG Report, we took reference to the ESG Reporting Guide and set possible topics for assessment. According to the results of the materiality assessment:

The following table summaries the Group's material ESG issues identified by the Group:

The ESG Reporting Guide	Material ESG aspects of the Group	Materiality to the Group
A. Environment		
A1: Emissions	Emission and Use of resources	High
	Waste Management	High
A2: Use of Resources	Emission and Use of resources	High
	Waste Management	High
	Packaging Material	Medium
A3: The Environment and Natural Resources	Environmental and Natural Resources	High
A4: Climate Change	Climate Change	High
B. Society		
B1: Employment	Employment	Low
B2: Health and Safety	Health and Safety	Medium
B3: Development and Training	Development and Training	High
B4: Labour Standards	Labour Standards	Medium
B5: Supply Chain Management	Supply Chain Management	Medium
B6: Product Responsibility	Product Responsibility	High
B7: Anti-Corruption	Anti-corruption	High
B8: Community Investment	Community Investment	Low

Based on the material ESG issues, the Group shall strategize and plan resources accordingly to promote environmental and social issues, and address related concerns. Additionally, the Group continues to look for ways to engage in different stakeholders such as investors, customers or local communities, so as to gain a wider understanding of ESG material issues.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. ENVIRONMENTAL PROTECTION

Emission and Use of resources

The Group is principally engaged in the trading and manufacturing of metal casting parts and components in PRC and provision of financial printing services in Hong Kong. Resources such as liquid petroleum gas, electricity and raw materials are essential inputs to our business and greenhouse gas emissions are unavoidable during our production process.

The Group is also committed to use resources wisely and efficiently and reduce waste generation within our operations. Throughout all of our operations, we have been progressively implementing different resource-saving measures including but not limited to the environmental education to our people. The Group's target is set to achieve 5% reduction of energy consumption, greenhouse gas emissions and water by 2030 from the base year of 2025.

The Group's direct air emission during the Reporting Period are as follows:

	Units	2025
Direct air emission		
Nitrogen oxides ("NOx")	kg	1.00
Sulphur oxides ("SOx")	kg	0.02
Particulate matter ("PM")	kg	0.07

The Group's energy consumption, waste and greenhouse gas emissions during the Reporting Period are as follows:

	Units	2025
Greenhouse gas emission		
Direct emissions (Scope 1) ¹	tCO ₂ e	11.75
Intensity ²	tCO ₂ e/employee	0.12
Energy indirect emissions (Scope 2) ³	tCO ₂ e	2,810.59
Intensity ²	tCO ₂ e/employee	29.59
Other indirect emissions (Scope 3) ⁴	tCO ₂ e	3.28
Intensity ²	tCO ₂ e/employee	0.03
Total emission	tCO ₂ e	2,825.62
Intensity ⁵	tCO ₂ e/revenue (HK\$' Million)	54.71
	tCO ₂ e/employee	29.74
Waste		
Hazardous waste	tonne	1.85
Intensity	tonne/employee	0.02
Non-hazardous waste	tonne	49.00
Intensity	tonne/employee	0.52
Use of resources		
Liquid Petroleum Gas and Diesel	Litre	7,566.71
Intensity ⁶	Litre/output tonne	16.84

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Units	2025
Electricity consumption	MWh	4,185.03
Intensity ⁷	MWh/output tonne	9.31
Water Consumption	cubic metre	1,113,500
Intensity ⁸	cubic metre/employee	117.21
Paper Consumption ⁹	tonne	37.91
Intensity ¹⁰	tonne/employee	0.40

Note 1: Scope 1 refers to direct greenhouse gas emissions which resulted from the liquid petroleum gas and diesel consumed by our wholly-owned operating subsidiary which principally engaged in manufacturing of metal casting in PRC as do not generate direct greenhouse gas emissions.

Note 2: Intensity is calculated by the emission over the number of employees of the Group.

Note 3: Scope 2 refers to energy indirect emissions which resulted only from the generation of the Group's purchased electricity.

Note 4: Scope 3 refers to other indirect greenhouse gas emissions which resulted from the water and paper consumption and business air travel by employees.

Note 5: Intensity is calculated by the emissions over the Group's revenue for HK\$51.65 million (2024: HK\$44.73 million).

Note 6: Intensity is calculated by the consumption of liquid petroleum gas and diesel over the production output of manufacturing of metal casting.

Note 7: Intensity is calculated by the consumption of electricity over the production output of manufacturing of metal casting.

Note 8: Intensity is calculated by the consumption of water over the number of employees of the Group.

Note 9: Total packaging material used for finished products.

Note 10: Intensity is calculated by the consumption of paper over the number of employees of the Group.

Wastes Management

The Group attaches great importance to the management of solid waste, and we implement waste management strategies to reduce the impact from disposal of hazardous and non-hazardous waste on the environment. The Group undertakes to put into practice the storage, cleaning, transportation and disposal of waste and to keep the environment clean and sanitary. In respect of non-hazardous waste generated in offices, the Group advocates reducing the generation of solid waste and encourages employees to develop good habits of recycling waste, so as to get twice the result in environmental protection with half the effort. In order to reduce the use of paper, the Group proactively encourages employees to put into practice double sided printing. The Group's target is set to achieve 5% reduction of hazardous and non-hazardous waste by 2030 from the base year of 2025.

Packaging Material

The Group promotes saving packaging material and avoid wastage and encourage packaging materials including paper and wooden boxes. During the Reporting Period, the Group consumed approximately 37.91 tonnes of packaging materials.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment and Natural Resources

The Group will continue to monitor the production and operations process in order to ensure that it does not have a significant adverse effect on the environment and that the Group's environmental protection measures are adequate to ensure compliance with all applicable current local and national regulations.

Climate Change

Global warming has been one of the utmost concerned issues in recent years, which might induce extreme weather conditions such as storms, flooding and earthquakes, etc.

During the Reporting Period, the Group has not been seriously affected by the extreme weather conditions as the Group adopted various emergency plans to prevent the disruption of the operation such as working arrangement in black rainstorm warning and/or typhoon signal 8 situation.

Even though the Group expected that potential extreme weather condition, sustained high temperature do not have a material impact on the Group's operations, the Group will continue to monitor the climate-related risks and implement relevant measures to minimize the potential impact of climate change.

Governance

The Board of Directors bears ultimate oversight responsibility for the climate-related governance of the Group's metal casting manufacturing and trading business. It has integrated climate-related risks and opportunities into the Group's overall corporate strategy, reviews the effectiveness of risk management systems, and ensures full compliance with applicable environmental, energy conservation and carbon-related laws and regulations covering moulding, casting, finishing and packaging processes. The Board conducts regular quarterly reviews to monitor progress and steer the sustainable development of the metal casting business.

The management team is delegated with the day-to-day implementation of climate action plans across production facilities. It is responsible for on-site execution of energy saving, emission control, waste reduction and extreme weather response measures; monitors real-time operational data on energy consumption, greenhouse gas emissions and waste generation; coordinates cross-departmental collaboration to meet climate objectives; and ensures climate risk management is embedded into daily production, occupational safety and environmental compliance procedures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Strategy

The Group has developed a specific low-carbon development strategy for its metal casting business, focusing on enhancement of energy efficiency, promotion of circular resource utilisation and improvement of operational climate resilience. The strategy addresses physical risks including production disruption, equipment damage and supply chain interruption caused by extreme weather events, as well as transition risks arising from tightening environmental regulations, rising energy and carbon costs, and increasing green procurement requirements from downstream customers.

To support long-term sustainable growth, the Group will reduce fuel and power consumption; optimise production processes to minimise material waste; incorporate climate and ESG criteria into supplier qualification and assessment; and develop low-carbon casting products to strengthen market competitiveness and support the green transformation of the industrial value chain.

Risk Management

The Group manages climate-related risks in the course of its daily metal casting production and operation, with a focus on key areas including energy use, emissions, waste disposal, and operational stability under extreme weather conditions. Relevant environmental and operational risks are addressed through compliance with regulatory requirements and on-site management practices.

The Group maintains regular oversight of operational indicators such as energy consumption, greenhouse gas emissions and waste generation, and adopts appropriate improvement measures to reduce potential impacts on production and business activities. It will continue to enhance risk awareness and strengthen daily control to support the stable development of the metal casting business.

Metrics and Targets

In 2025, the Group's metal casting business recorded total greenhouse gas emissions of 2,825.62 tCO₂e, comprising Scope 1 direct emissions from the liquefied petroleum gas and diesel, Scope 2 indirect emissions from purchased electricity and Scope 3 indirect emissions from water consumption, paper usage and employee business travel. The business also consumed liquefied petroleum gas, diesel, electricity and water, and generated controlled volumes of hazardous and non-hazardous industrial waste, with all activities conducted in compliance with relevant environmental standards.

With 2025 as the base year, the Group has set measurable 2030 climate targets for the metal casting business: a 5% reduction in total energy consumption, a 5% reduction in total greenhouse gas emissions. The Group adopts consistent measurement methodologies and statistical standards to track annual progress, disclose performance publicly and optimise processes and equipment to ensure steady delivery of the 2030 low-carbon objectives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. SOCIAL

Employment

The success of our business has been, and will continue to be, heavily dependent upon the continuing service of our employees. The Group provides competitive remuneration, implements a sound performance appraisal, advocates ethics and human rights at the workplace.

As of 31 December 2025, the Group has 95 (2024: 95) employees in offices located in Hong Kong and Qiuchang county, Huizhou City, Guangdong Province, PRC. The Group strictly complies with the Employment Ordinance (Cap. 57), the Employee's Compensation Ordinance (Cap. 282), the Mandatory Provident Fund Schemes Ordinance (Cap. 485), the Minimum Wage Ordinance (Cap. 608) in Hong Kong and PRC's Labour Law and PRC's Labour Contract Law:

1. The Group prohibits the employment of child, forced or compulsory labour in any of our operations;
2. Wages, overtime payments and related benefits are made in accordance with minimum wage or above (if any);
3. Holidays and statutory paid leaves are compliant respective Labour Law or Regulations; and
4. The Group is also dedicated to implementing equal opportunity employment practices by maintaining a diverse workforce that includes age, gender, family status, sexual orientation, disability, ethnicity and religion, which are in compliance with the requirements of the legislation on anti-discrimination in Hong Kong, including Sex Discrimination Ordinance (Cap. 480), Disability Discrimination Ordinance (Cap. 487), Family Status Discrimination Ordinance (Cap. 527) and Race Discrimination Ordinance (Cap. 602).

During FY 2025, there were no non-compliance or notification from governmental authorities for contravention of any of the employment practices referred to above.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The employee compositions by gender, age, employment type and geographical region were as follows:

Employee Structure		Number of employees as at 31 December 2025	Percentage of employees as at 31 December 2025
Total number of employees		95	100.0%
By gender	Male	78	82.1%
	Female	17	17.9%
		95	100.0%
By age	Aged 18–30	8	8.4%
	Aged 31–40	18	19.0%
	Aged 41–60	57	60.0%
	Aged over 60	12	12.6%
		95	100.0%
By employment type	General Staff	72	75.8%
	Middle Management	17	17.9%
	Senior Management	6	6.3%
		95	100.0%
By geographical region	Hong Kong	1	0.1%
	PRC	94	99.9%
		95	100.0%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The following table sets for the turnover rates of the Group's employees by gender, age and geographical region for the Reporting Period:

Summary of Employee Data		Number of employees resigned in 2025	Turnover rates
By gender	Male	15	19.2%
	Female	2	11.8%
		17	
By age	Aged 18–30	3	37.5%
	Aged 31–40	4	22.2%
	Aged 41–60	7	12.3%
	Aged over 60	3	25.0%
	17		
By geographical region	Hong Kong	—	0.0%
	PRC	17	18.1%
		17	

Health and Safety

The Group gives priority for providing a safe and convenient working environment to employees.

The Group has formulated a series of code of practice for safety at work, comprised of sanitation and clean, machine operation, smoking prohibition and fire prevention, as well as emergency treatment, etc. The Group provides training for code of practice of safety at work and requires employees strictly comply with the code.

The government authorities keep regular monitoring on the Group's working environmental. Rectification will be made by the Group in accordance with the monitoring results, if necessary.

The Group was also not aware of any material non-compliance with the Occupational Safety and Health Ordinance (Cap. 509) in Hong Kong and other health and safety-related laws and regulations which have a significant impact on the Group.

Health and safety statistics	2025	2024	2023
Number of work-related fatalities	0	0	0
Number of work-related injuries	6	9	11
Number of lost days due to work injury	132.8	99.9	172.6

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Development and Training

The Group ample resources to staff training and development with the aim of sustaining a competent and professional staff force that will contribute to the success of the Group. In 2025, training sessions were provided to our employees on different aspects such as technology, internal system, safety and staff induction.

In additions, a number of staff activities were organised to show appreciation to employees for their contribution and to enhance their sense of belonging.

Statistics in respect of development and training for the Reporting Period is set out below:

Summary of Employee Data	Units	2025
Average training hours per employees by gender		
Male	hours/employee	28
Female	hours/employee	28
Average training hours per employees by employee category		
General Staff	hours/employee	28
Middle Management	hours/employee	28
Senior Management	hours/employee	28
Percentage of employees trained by gender		
Male		100%
Female		100%
Percentage of employees trained by employee category		
General Staff		100%
Middle Management		100%
Senior Management		100%

Labour Standards

The Group's employment policies regarding prohibiting child and forced labour are implemented to ensure the adherence of the local employment laws and regulations. Before the confirmation of employment, the Group's human resources department will require job applicants to provide valid identity documents to verify that the applicants are lawfully employable and ensure full compliance with relevant laws and regulations that prohibit child and forced labour. The Group will regularly review the employees' information to ensure there is no violation of any regulations and policies.

The Group has zero-tolerance in the use of forced labour or child labour in its business operations. The Group enters into an employment contract with each of its employees in accordance with the relevant laws and regulations. If the use of forced labour or child labour is discovered, the Group will terminate the employment contract and investigate if further action is needed.

The Group is not aware of any material non-compliance with the Employment Ordinance, Employment of Children Regulations and other applicable laws and regulations relating to preventing child or forced labour on the Group in the Reporting Period. No non-compliance with the law that resulted in significant fines or sanctions had been reported in the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Supply Chain Management

Effective supply chain management can have implications on cost, quality and serve to mitigate social or environmental risks that an organization may face. As such, supply chain management is always one of the key links in the Group's quality control system. The Group exercises a high level of scrutiny over the selection of suppliers. The suppliers should comply with all relevant local and national laws and regulations about unethical behaviour, bribery, corruption and other prohibited business practices. The Group expects the suppliers to implement good employment measures by dealing with their employees fairly and reasonably, respecting employees' rights and providing employees with an environment free from discrimination, child labour and forced labour. The suppliers also need to adhere to transparent business processes and high standards of conduct which they have to avoid conflicts of interest and prohibit corruption and bribery. The Group has carried out long-term quality monitoring and regular review over major suppliers and subcontractors. They are subject to regular on-site assessment on product quality as well as suitability made by our Group. In case of a significant change in their qualification or serious quality issue, the Group may suspend them from our supplier list. During the Reporting Period, the Group had 100 suppliers based in PRC.

Product Responsibility

The nature of our business requires the highest degree of accuracy, precision and quality in developing our products. To bolster our efforts in quality assurance, we undergo stringent certification programs from unbiased organisations that enforce international, national and industry standards. Each step in our production procedures is controlled and monitored to ensure adherence to stringent quality standard. This is our way of ensuring we deliver only qualified products and services to the market, and maintaining our outstanding track record in the metal casting industries.

In recognition of our quality control system, a wholly owned subsidiary of the Group has obtained the certification from TÜV Rheinland for the European Directive 97/23/EC for Pressure Equipment & AD 2000-Merkblatt W0/TRD100.

As a result of our stringent quality control procedures, our clients are satisfied with our products and we did not receive any material complaints in relation to our products and services. During FY 2025, there were no non-compliance cases noted in relation to health and safety, advertising, labelling and privacy matters.

The Group understands and complies with the IP rights regulations. During the Reporting Period, there was no material infringement of the IP rights and the Group is confident that all reasonable measures have been taken to prevent any infringement of its IP rights and the IP rights of third parties.

The Group emphasizes the importance of data privacy. It strives to protect the privacy of its customers, business partners and staff in the collection, processing and use of their business or personal data. Any information related to customers or suppliers, including contact or quotation or working terms, should be kept confidential. The Group strictly follows the data protection laws and regulations of Hong Kong and PRC. During the Reporting Period, the Group has not identified any material non-compliance on data privacy issues.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-corruption

The Code of Conduct included in our Human Resources Manual allows our people to understand explicitly on several areas, which include the provisions of anti-bribery and corruption. All of the Group's operations comply with local and national legislation on standards of conduct, such as with the Prevention of Bribery Ordinance in Hong Kong and PRC's Law on Anti-money Laundering. The Group definitely has zero tolerance on bribery and corruption behavior.

All employees not only have the responsibility to understand and comply with the above policies on preventing bribery, extortion, fraud and money laundering, but also have the obligation to report any possible violations to the person responsible or the Board. Any person, who contravenes the regulations, will be subject to disciplinary sanction.

To ensure the staff is aware of the regulatory obligations and the possible consequences of breaching the obligations, the Group provides regular training to staff on anti-corruption. The Group also send notice to all staff in order to ensure they are fully aware with the compliance of law and regulations.

To achieve and maintain the highest standards of openness, probity and accountability, the Group's "Whistleblowing Policy" encourages and enables employees to report on observed and suspected non-compliance and questionable practice by mail, email or phone. The Group treats all disclosures in a confidential and sensitive manner to reasonably protect whistle blowers against intimidation and reprisal. The Group encourages whistleblowing whereas an employee or a third party could report any suspected cases of corruption, theft, fraudulent activities, and conflict of interest to the Company anonymously. The identity of the whistle-blower making the allegation will not be divulged without his/her consent. Incidents and allegations or suspicions of fraud are assessed and investigated.

There were no non-compliance cases noted in relation to corruption related laws and regulations as of 31 December 2025.

Community Investment

As a socially responsible enterprise, the Group is constantly aware of the community needs and strives to bring a positive impact on community development for a long-term investment. The Group always encourages its employees to dedicate their time and skills to participate in different voluntary activities and be aware of community needs. We also encourage our employees, customers and business partners to make donations in supporting the sustainable development of the community.

During the Reporting Period, the Group supports community development by cash donation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Report disclosure index

Aspects	ESG Indicators	Description	Section/Statement
A. Environmental			
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. Note: Air emissions include NO _x , SO _x , and other pollutants regulated under national laws and regulations. Hazardous wastes are those defined by national regulations.	Emission and Use of resources
	KPIA1.1	The types of emissions and respective emissions data.	Emission and Use of resources
	KPIA1.2	[Repealed 1 January 2025]	N/A
	KPIA1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
	KPIA1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
	KPIA1.5	Description of emissions target(s) set and steps taken to achieve them.	Emission and Use of resources
	KPIA1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Emission and Use of resources
	KPIA2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Emission and Use of resources
	KPIA2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Waste Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	Section/Statement
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Emission and Use of resources
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Emission and Use of resources
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Packaging Material
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environment and Natural Resources
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources
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.	Climate Change
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change
B. Social			
Employment and Labour Practices			
B1: Employment	General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. 	Employment
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	Section /Statement
B2: Health and Safety	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 providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
	KPI B2.2	Lost days due to work injury.	Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Development and Training
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
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.	Labour Standards
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	Section/Statement
Operating Practices			
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on:	Product Responsibility
		(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.	
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects	ESG Indicators	Description	Section/Statement
B7: Anti-corruption	General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. 	Anti-corruption
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Community			
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.	Community Investment
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Section/ Statement
Part D: Climate-related Disclosures	
(I) Governance	
<p>19. An issuer shall disclose information about:</p> <p>(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:</p> <p>(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;</p> <p>(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;</p> <p>(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer’s strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;</p> <p>(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and</p> <p>(b) management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:</p> <p>(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and</p> <p>(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.</p>	<p>Governance</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Section/ Statement
(II) Strategy	
Climate-related risks and opportunities	
<p>20. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:</p> <ul style="list-style-type: none"> (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making. 	Strategy
Business model and value chain	
<p>21. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). 	Strategy

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Section/ Statement
----------------	-----------------------

Strategy and decision-making

- | | |
|--|----------|
| <p>22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <p>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:</p> <p>(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;</p> <p>(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);</p> <p>(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan;</p> <p>(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and</p> <p>(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).</p> | Strategy |
| <p>23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).</p> | Strategy |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Section/ Statement
Financial position, financial performance and cash flows	
Current financial effect	Strategy
<p>24. An issuer shall disclose qualitative and quantitative information about:</p> <ul style="list-style-type: none"> (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. 	
Anticipated financial effect	
<p>25. The issuer shall provide qualitative and quantitative disclosures about:</p> <ul style="list-style-type: none"> (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: <ul style="list-style-type: none"> (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. 	Strategy

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Section/ Statement
----------------	-----------------------

Climate resilience

- | | |
|---|-----------------|
| <p>26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <p>(a) the issuer's assessment of its climate resilience as at the reporting date;</p> <p style="padding-left: 20px;">(i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;</p> <p style="padding-left: 20px;">(ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and</p> <p style="padding-left: 20px;">(iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;</p> | <p>Strategy</p> |
|---|-----------------|

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Section/ Statement
<p>(b) how and when the climate-related scenario analysis was carried out, including:</p> <p>(i) information about the inputs used, including:</p> <ol style="list-style-type: none"> (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); <p>(ii) the key assumptions the issuer made in the analysis; and</p> <p>(iii) the reporting period in which the climate-related scenario analysis was carried out.</p>	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Section/ Statement
(III) Risk Management	
<p>27. An issuer shall disclose information about:</p> <ul style="list-style-type: none"> (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: <ul style="list-style-type: none"> (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; (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 processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process. 	Risk Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Section/ Statement
(IV) Metrics and Targets	
<p>28. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent, classified as:</p> <ul style="list-style-type: none"> (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions. 	Metrics and Targets
<p>29. An issuer shall:</p> <ul style="list-style-type: none"> (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions including: <ul style="list-style-type: none"> (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). 	Metrics and Targets

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Section/ Statement
Climate-related transition risks	
30. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Metrics and Targets
Climate-related physical risks	
31. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Metrics and Targets
Climate-related opportunities	
32. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Metrics and Targets
Capital deployment	
33. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Metrics and Targets
Internal carbon prices	
34. An issuer shall disclose:	Metrics and Targets
(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and	
(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;	
or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	
Remuneration	
35. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Metrics and Targets
Industry-based metrics	
36. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Metrics and Targets

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Section/ Statement
Climate-related targets	
<p>37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. 	Metrics and Targets
<p>38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <ul style="list-style-type: none"> (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions. 	Metrics and Targets

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Section/ Statement
39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Metrics and Targets
<p>40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ul style="list-style-type: none"> (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). 	Metrics and Targets
Applicability of cross-industry metrics and industry-based metrics	
41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Metrics and Targets

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. Woo Lan Ying, aged 58, was appointed as an executive Director on 1 December 2020 and redesignated as Chairman of the Board on 30 June 2021. Ms. Woo is an entrepreneur operating various businesses, including but not limited to consultancy and entertainment business. Ms. Woo has extensive experience in corporate management and project investments. Ms. Woo also involved in a lot of charitable and community activities and was a member of the Campaign Committee of The Community Chest of Hong Kong for the year of 2018/2019. Ms. Woo is an executive Director and the chief executive officer of Yuk Wing Group Holdings Limited (Stock Code: 1536) and an executive director and vice chairman of World Digital Economy Asset Group Limited (formerly known as China Supply Chain Holdings Limited) (Stock Code: 3708), the shares of both companies are listed on the Main Board of the Stock Exchange. Ms. Woo was an executive director and vice chairman of Hing Ming Holdings Limited (Stock Code: 8425) from March 2021 to January 2022, a company listed on the GEM of the Stock Exchange. Ms. Woo was also an executive director and vice chairperson of Silkwave Inc (Stock Code: 471) from May 2024 to February 2026, a company listed on the Main Board of the Stock Exchange. Ms. Woo also served as an executive director and chairman of NOVA Group Holdings Limited (Stock Code: 1360) from January 2025 to August 2025. The shares of the above-named company were delisted from the Stock Exchange on 7 August 2025.

Mr. Li Qizhi, aged 45, was appointed as an executive Director and Vice Chairman of the Board on 26 July 2024. Mr. Li is a veteran entrepreneur who has invested in and operated a variety of businesses, involving in (including but not limited to) business development, food grain management and provision of other foodstuff related services, corporate management and consulting services, promotion of corporate images etc. Mr. Li has accumulated nearly 20 years of extensive experience in corporate management and project investments.

Mr. Yang Yueyong, aged 59, was appointed as an executive Director on 2 April 2025. Mr. Yang is a veteran entrepreneur who has invested in and operated a variety of businesses, involving in (including but not limited to) mining and agricultural businesses. In 2021, Mr. Yang founded Guangxi Zhonghua Shengshi Agricultural Technology Company Limited (廣西忠華盛世農業科技有限公司) (“Guangxi Zhonghua”) and holds the position of managing director. Guangxi Zhonghua has planting bases in Laos, Cambodia and other places in South East Asia, adopting a cross-border supply chain model, from planting production materials to terminal sales market and providing a package of solutions for the entire life cycle of products. Mr. Yang has accumulated approximately 27 years of extensive experience in corporate management and project investments.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Leung Shuk Lan, aged 69, was appointed as an independent non-executive Director on 10 April 2015. Ms. Leung had been the chairman of the executive committee of the Professional Insurance Brokers Association from 2008 to 2011. Ms. Leung is currently the chief executive of K U M Insurance Brokers Limited and Charter Management Group Limited and was appointed as a Committee member of Insurance Industry Training Advisory, Qualifications Framework Hong Kong since 2017 until 2025. Ms. Leung has accumulated over 30 years of experience in the Hong Kong insurance industry.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Yuen Wai Man, aged 54, was appointed as an independent non-executive Director on 11 April 2022. Ms. Yuen graduated from The University of Hong Kong with a Bachelor Degree in Business Administration in 1994. She is the fellow member of both The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants, and also the overseas member of The Chinese Institute of Certified Public Accountants. Ms. Yuen is an independent non-executive director of CCIAM Future Energy Limited (Stock Code: 145) and Du Du Holdings Limited (formerly known as Silk Road Energy Services Group Limited) (Stock Code: 8250). The shares of the above-named companies are listed on the Main Board and GEM of the Stock Exchange respectively. Ms. Yuen was an independent non-executive director of Hao Bai International (Cayman) Limited (Stock Code: 8431) from December 2022 to August 2023, a company listed on the GEM of the Stock Exchange. Ms. Yuen also served as an independent non-executive director of China Eco-Farming Limited (Stock Code: 8166) from September 2016 to July 2023 and Chinese Strategic Holdings Limited (Stock Code: 8089) from July 2008 to June 2021. The shares of the above companies were delisted from the Stock Exchange on 16 August 2024 and 4 May 2022 respectively. Ms. Yuen is currently also the managing director of W.M. Yuen CPA Limited. Ms. Yuen has accumulated extensive working experience in accounting and auditing area for over 29 years.

Mr. Au Sui Keung Albert, aged 70, was appointed as an independent non-executive Director on 20 September 2022. Mr. Au graduated from the Communication Department of Hong Kong Baptist College in 1981. Mr. Au is the founder of a charitable organisation “Music Farm”. Mr. Au is a famous Hong Kong senior musician (singing, recording, recording and concert) and also a long term host of Radio Television Hong Kong (RTHK) since 1977.

SENIOR MANAGEMENT

Mr. Wong Thomas Wai Yuk, aged 63, the founder of our Group, was appointed as a Director on 24 February 2014 and redesignated as an executive Director of the Company on 10 April 2015. Mr. Wong resigned as an executive Director of the Company on 20 September 2016 but remain as the chief executive officer of the Group. Mr. Wong is also a director of various subsidiaries of the Company.

Mr. Wong obtained a Higher Diploma in Mechanical Engineering from Hong Kong Polytechnic in November 1984. Mr. Wong worked at Fong’s National Engineering Company Limited between 1987 and 1992 as an executive in production planning section, and subsequently as an assistant manager of sales and marketing department, of that company. Mr. Wong went to Australia for study in around 1993 and obtained a Bachelor of Manufacturing Management from University of Technology, Sydney in April 1996. Mr. Wong was appointed as a director of Tycon Alloy Industries (Hong Kong) Company Limited and Tycon Alloy Industries (Shenzhen) Company Limited, both of which were the then subsidiaries of Fong’s National Engineering Company Limited, in 1996. Mr. Wong resigned his directorships and ceased his employment with Fong’s National Engineering Company Limited in the early 2003.

Mr. Wong has over 30 years of experience in the metal casting industry in PRC.

Mr. Chong Wai Moon Joe, aged 59, was appointed as a president of the PRC region on 20 January 2023 and appointed as a chief operating officer on 1 June 2023. Mr. Chong is an entrepreneur and has over 30 years of experience in the commercial and financial sectors in both Hong Kong and PRC. Mr. Chong is familiar with corporate management, marketing, mergers and acquisitions, project management and project financing.

REPORT OF DIRECTORS

The Board are pleased to present this report together with the audited financial statements in FY 2025.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 February 2014 under the Companies Act of the Cayman Islands. Pursuant to a reorganisation (the “Reorganisation”) in preparation for the listing of the shares of the Company (the “Listing”) on GEM of the Stock Exchange, the Company became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 23 April 2015 (the “Prospectus”). The Company’s shares were listed on GEM on 30 April 2015 (the “Listing Date”).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 29 to the consolidated financial statements.

A fair review of the Group’s business during the year, an indication of likely future development in the Group’s business, relationships with its key stakeholders, compliance with relevant laws and regulations which have a significant impact on the Group and a description of principal risks and uncertainties that the Group may be facing can be found in the “Management Discussion and Analysis” section on pages 4 to 8 and “Chairman’s Statement” section on page 3 of this annual report.

In addition, discussions on the Group’s environmental policies, are contained in the “Environmental, Social and Governance Report” section on pages 21 to 50 of this annual report. Such discussion form part of this Report of Directors.

RESULTS AND APPROPRIATIONS

The results of the Group in FY 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 67 of this annual report.

The Board does not recommend the payment of a dividend in FY 2025 (FY 2024: Nil).

DISTRIBUTABLE RESERVES

Details of distributable reserves of the Company as at 31 December 2025 are set out in note 23 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 23 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

REPORT OF DIRECTORS

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group, as extracted from the consolidated financial statements of the Company for the past five financial years, is set out on page 128 of this annual report. This summary does not form part of the audited financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During FY 2025, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's shares.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of its respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during FY 2025.

CHANGE IN INFORMATION OF DIRECTORS

Change in the information of Directors since the disclosures made in the Company's 2025 interim report, which is required to be disclosed pursuant to the requirements of Rule 17.50A(1) of the GEM Listing Rules is set out as below:

Ms. Woo Lan Ying resigned as an executive director and vice chairperson of Silkwave Inc (Stock Code: 471) on 25 February 2026 and appointed as an executive director and vice chairman of World Digital Economy Asset Group Limited (formerly known as China Supply Chain Holdings Limited) (Stock Code: 3708) on 9 January 2026.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Share Option Scheme") which was approved and adopted pursuant to the written resolutions of the shareholders passed on 10 April 2015 (the "Adoption Date"). The following is a summary of the principal terms and conditions of the Share Option Scheme.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives or rewards to Participants (as defined below) for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group.

(b) Participants

The Board may, at its absolute discretion and on such terms as it may think fit, grant options to any employee (full-time or part time), director, consultant or adviser of the Group, or any shareholder of the Group, or supplier, customer, business partner or service provider of the Group.

(c) Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of all the shares in issue as at the Listing Date (i.e. a total of 875,000 Shares of HK\$0.8 each after taking effect of the Share Consolidation on 14 July 2023).

(d) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting.

(e) Term of subscription of Shares upon exercise of the options

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant.

(f) Minimum period for which an option must be held before it can be exercised

The Board may in its absolute discretion set a minimum period for which an option must be held before an option can be exercised.

(g) Time of acceptance and the amount payable on acceptance of the option

An offer for the grant of options must be accepted within twenty one (21) days from the date on which the option is granted. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

(h) Basis of determining the subscription price

The subscription price of a share of the Company in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

(i) Life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten year commencing on the Adoption Date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

Since the adoption of the Share Option Scheme up to the date of this annual report, no share options have been granted pursuant to the Share Option Scheme and there are no outstanding share options and no Shares are available for issue under the Share Option Scheme.

REPORT OF DIRECTORS

As the Share Option Scheme has expired in April 2025, no option was available for grant under the Share Option Scheme as at the date of this annual report.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out in this section, there was no other equity-linked agreements entered into by the Company during FY 2025.

DIRECTORS

The directors of the Company during FY 2025 and up to the date of this annual report were:

Executive Directors

Ms. Woo Lan Ying (*Chairman*)

Mr. Li Qizhi (*Vice Chairman*)

Mr. Yang Yueyong (*appointed on 2 April 2025*)

Independent Non-executive Directors

Ms. Leung Shuk Lan

Ms. Yuen Wai Man

Mr. Au Sui Keung Albert

Pursuant to article 84 of the Articles, Mr. Yang Yueyong, Ms. Leung Shuk Lan and Ms. Yuen Wai Man shall retire from office until the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election at such meeting.

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules. As at the date of this annual report, the Board considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors have entered into a service contract with the Company for a term of three years and will continue thereafter until terminated by either party giving not less than three months' prior written notice to the other. They are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years, subject to retirement by rotation and re-election at annual general meeting and until terminated by not less than three months' notice in writing served by either party on the other.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during FY 2025.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

During the year ended 31 December 2025, there had been no contract of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined in the GEM Listing Rules) or any of its subsidiaries, nor any contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 51 to 52 of this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company maintains directors and officers liability insurance, which gives appropriate cover for any legal action brought against the Directors. The level of the coverage is reviewed annually.

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

As at 31 December 2025, interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

REPORT OF DIRECTORS

Long positions in shares of the Company:

Name of Director	Capacity	Number of shares held	Percentage of the Company's issued share capital
Ms. Woo Lan Ying	Beneficial owner	8,014,652	20.99%
Mr. Li Qizhi	Beneficial owner	1,909,200	5.00%

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executives of the Company had registered an interest or short position in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2025, the following persons (not being Directors or chief executive of our Company) have an interest or a short position in the shares or the underlying shares of the Company which were disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO, are as follows:

Long position in shares of the Company:

Name	Nature of interest	Number of shares held	Percentage of the Company's issued share capital
Mr. Cheung Siu Wo	Beneficial owner	2,056,600	5.39%
Mr. Fang Jinhua	Beneficial owner	2,661,150	6.97%

Save as disclosed above, as at 31 December 2025, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Divisions 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the paragraphs headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES, AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION" and "SHARE OPTION SCHEME" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during FY 2025.

CHARITABLE DONATION

Charitable donations made by the Group in FY 2025 amounted to Nil (FY 2024: Nil).

MAJOR SUPPLIERS AND CUSTOMERS

During FY 2025, sales from the Group's five largest customers accounted for 63.83% of the total sales in FY 2025 and sales from the largest customer included therein amounted to 22.19%. Purchases from the Group's five largest suppliers accounted for 63.32% of the total purchases in FY 2025 and purchase from the largest supplier included therein amounted to 26.36%.

Save as disclosed, none of the Directors, their close associates nor any shareholder (who to the knowledge of the Directors owns more than 5% of the Company's issued shares) had any interest in the Group's major suppliers or customers as disclosed above.

MATERIAL RELATED PARTY TRANSACTION

During FY 2025, there were no material related party transactions in relation to the key management personnel remuneration to the consolidated financial statements.

REPORT OF DIRECTORS

COMPETING INTERESTS

Based on the information available to the Company and within the knowledge and belief of the Directors, none of the Directors or the controlling shareholders of the Company (as defined under the GEM Listing Rules) had any business or interest which competes or may compete with the business of the Group, or had any other conflict of interest with the Group during FY 2025.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During FY 2025, the Group had not entered into any connected transactions or continuing connected transactions that are not exempted under Rule 20.71 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 9 to 20 of this annual report.

AUDITORS

The consolidated financial statements in FY 2025 were audited by CCTH CPA Limited, who will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment.

On 10 December 2025, CCTH CPA Limited has been appointed as auditor of the Company to fill the casual vacancy arising from the resignation of SFAI (HK) CPA Limited.

On behalf of the Board

Jisheng Group Holdings Limited

Woo Lan Ying

Chairman

Hong Kong, 31 March 2026

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF JISHENG GROUP HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Jisheng Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 67 to 127, 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.

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3 to the consolidated financial statements, during the year ended 31 December 2025, the Group incurred a loss attributable to owners of the Company of approximately HK\$3,977,000. In addition, as at 31 December 2025, the Group had trade and other payables, amounts due to a director, lease liabilities and bank and other borrowings amounted to approximately HK\$12,238,000 (2024: HK\$12,612,000), HK\$3,121,000 (2024: HK\$669,000), HK\$1,973,000 (2024: HK\$2,347,000) and HK\$5,402,000 (2024: HK\$1,683,000), respectively to be payable within one year after the end of the reporting period or on demand which are included in the current liabilities, while its cash and cash equivalents amounted to approximately HK\$8,645,000 (2024: HK\$6,229,000) only. These matters, along with other matters set forth in note 3 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The directors, having considered the measures and plans being taken by the Group, are of the opinion that the Group would be able to continue as a going concern basis. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

The Key Audit Matter

Impairment of trade receivables

As at 31 December 2025, the Group's trade receivables amounted to HK\$6.0 million, net of loss allowance. The assessment of expected credit losses ("ECL") under HKFRS 9 involves significant management judgement, particularly in determining customer credit risk profiles, the application of historical default experience, and the incorporation of forward-looking information.

The Group's trade receivables are highly concentrated, with a significant portion attributable to a small number of major customers. Judgement is therefore required in assessing whether historical payment behaviour remains representative of future collectability, especially in light of prevailing economic conditions. Accordingly, we identified the impairment of trade receivables as a key audit matter.

How the matter was addressed in our audit

Our audit procedures in relation to impairment of trade receivables included, among others, the following:

- evaluating the design and application of management's ECL model, including the segmentation of trade receivables and the reasonableness of key assumptions applied;
- assessing the appropriateness of historical loss rates by comparing them to actual write-offs and payment history;
- evaluating the incorporation of forward-looking information, including consideration of customer-specific circumstances and prevailing economic conditions;
- performing sensitivity analysis on key assumptions to assess the impact of changes in assumptions on the loss allowance;
- testing the ageing of trade receivables on a sample basis and inspecting subsequent settlements received after year-end; and
- evaluating the adequacy of disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

The Key Audit Matter

Revenue Recognition – Export Sales Cut-off

The Group generates a significant portion of its revenue from export sales of metal casting products to overseas customers. Revenue is recognised at a point in time when control of goods is transferred to customers in accordance with HKFRS 15.

Determining the appropriate timing of revenue recognition for export sales requires judgement, particularly where different Incoterms are applied and where shipping lead times are extended. There is an inherent risk that revenue may be recognised in an incorrect accounting period if the point of control transfer is not appropriately identified, especially for shipments made close to the year-end.

Given the significance of export revenue to the Group and the judgement involved in determining the cut-off for revenue recognition, we identified revenue recognition as a key audit matter.

How the matter was addressed in our audit

Our audit procedures in relation to sale cut-off included, among others, the following:

- obtaining an understanding of the Group's revenue recognition policies and assessing their compliance with HKFRS 15;
- reviewing major customer contracts and purchase orders to identify the applicable Incoterms and the corresponding point of transfer of control;
- performing cut-off testing on a sample of export sales recorded before and after year-end by inspecting sales invoices, internal dispatch records, and independent third-party shipping documents, including bills of lading;
- reconciling shipping date to revenue recognition date to assess whether revenue was recorded in the appropriate accounting period;
- performing customer confirmations on a sample basis and alternative procedures, including inspection of subsequent receipts, where confirmations were not returned; and
- evaluating whether identified cut-off differences were appropriately adjusted and assessing whether such differences indicated systematic issues or management override.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on 31 March 2025.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

CCTH CPA Limited

Certified Public Accountants

Kwong Tin Lap

Practising Certificate Number: P0953

Hong Kong, 31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	5	51,649	44,728
Cost of sales		(36,356)	(28,925)
Gross profit		15,293	15,803
Other income	6	514	1,476
Selling and distribution expenses		(3,566)	(3,168)
Administrative expenses		(15,729)	(15,056)
Finance costs	7	(489)	(523)
Loss before taxation	8	(3,977)	(1,468)
Income tax expense	9	-	-
Loss for the year		(3,977)	(1,468)
Other comprehensive expense for the year			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
- Exchange differences on translation of financial statements of a foreign operation, net of tax		702	15
- Reclassification of cumulative translation reserve upon disposal of subsidiary to profit or loss		-	(5)
Total comprehensive expense for the year		(3,275)	(1,458)
Loss for the year attributable to:			
- Owners of the Company		(3,977)	(1,942)
- Non-controlling interests		-	474
		(3,977)	(1,468)
Total comprehensive expense for the year attributable to:			
- Owners of the Company		(3,275)	(1,932)
- Non-controlling interests		-	474
		(3,275)	(1,458)
Loss per share	11	HK cents	HK cents
- Basic and diluted		(10.42)	(5.09)

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025
(Expressed in Hong Kong dollars)

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Plant and equipment	13	1,444	1,729
Right-of-use assets	14	355	984
Rental deposits	16	446	424
		2,245	3,137
Current assets			
Inventories	15	16,231	18,626
Trade and other receivables	16	19,152	18,642
Cash and cash equivalents	18	8,645	6,229
		44,028	43,497
Current liabilities			
Trade and other payables	19	12,238	12,612
Contract liabilities	17	773	591
Amount due to a director	20	3,121	669
Lease liabilities	21	1,973	2,347
Bank and other borrowings	22	5,402	1,683
		23,507	17,902
Net current assets		20,521	25,595
Total assets less current liabilities		22,766	28,732
Non-current liabilities			
Lease liabilities	21	2,252	4,019
Bank and other borrowings	22	2,786	3,710
		5,038	7,729
NET ASSETS		17,728	21,003

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2025
(Expressed in Hong Kong dollars)

	Notes	2025 HK\$'000	2024 HK\$'000
CAPITAL AND RESERVES			
Share capital	23	30,547	30,547
Reserves		(12,819)	(9,544)
Attributable to equity shareholders of the Company			
Non-controlling interests		–	–
TOTAL EQUITY			
		17,728	21,003

The consolidated financial statements on pages 67 to 127 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Ms. Woo Lan Ying
Director

Mr. Li Qizhi
Director

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company							Sub-total	Non-controlling interest	Total
	Share capital	Share premium	Exchange reserve	Capital reserve	Special reserve	Other reserve	Accumulated losses			
	HK\$'000 (note 23)	HK\$'000 (note i)	HK\$'000 (note ii)	HK\$'000 (note iii)	HK\$'000 (note iv)	HK\$'000 (note v)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	30,547	45,147	760	(7,045)	2	27,650	(74,126)	22,935	(560)	22,375
Total comprehensive (expense) income for the year										
Loss for the year	-	-	-	-	-	-	(1,942)	(1,942)	474	(1,468)
Other comprehensive expense for the year										
- Exchange differences arising on translation of foreign operations	-	-	15	-	-	-	-	15	-	15
- Reclassification of cumulative transaction reserve upon disposal of subsidiaries to profit or loss	-	-	(5)	-	-	-	-	(5)	-	(5)
Total comprehensive income (expenses) for the year	-	-	10	-	-	-	(1,942)	(1,932)	474	(1,458)
Disposal of a subsidiary (note 30)	-	-	-	-	-	-	-	-	86	86
At 31 December 2024 and 1 January 2025	30,547	45,147	770	(7,045)	2	27,650	(76,068)	21,003	-	21,003
Total comprehensive (expense) income for the year										
Loss for the year	-	-	-	-	-	-	(3,977)	(3,977)	-	(3,977)
Other comprehensive expense for the year										
- Exchange differences arising on translation of foreign operations	-	-	702	-	-	-	-	702	-	702
Total comprehensive income (expenses) for the year	-	-	702	-	-	-	(3,977)	(3,275)	-	(3,275)
Utilisation of special reserve	-	-	-	-	(2)	-	2	-	-	-
At 31 December 2025	30,547	45,147	1,472	(7,045)	-	27,650	(80,043)	17,728	-	17,728

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025
(Expressed in Hong Kong dollars)

See accompanying notes to consolidated financial statements.

Notes:

(i) Share premium reserve

Under the Companies Laws of the Cayman Islands where a company issues shares at a premium, whether for cash for otherwise, a sum equal to the aggregate amount of the value of the premiums on their shares shall be transferred to share premium account. The application of the share premium account is governed by the Companies Laws of the Cayman Islands.

No distribution or dividend may be paid to shareholders of the Company out of the share premium account unless immediately following the date on which the distribution or the dividend is proposed to be paid, the Company will be in a position to pay its debts as they fall due in the ordinary course of business.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with accounting policy set out in note 3.3.

(iii) Capital reserve

The capital reserve represents the difference between the nominal value of the 47% issued capital of a subsidiary, G. Force (Hong Kong) Limited, previously held by Mr. Wong Thomas Wai Yuk, a substantial shareholder of the Group, acquired pursuant to the group reorganisation in preparation for the Listing and the consideration for acquiring 47% of the issued capital of the subsidiary from Mr. Wong Thomas Wai Yuk.

(iv) Special reserve

According to relevant PRC regulations, the Group is required to transfer an amount to special reserve for the safety production fund based on the turnover metal casting production in the PRC.

When safety expenses of the enterprises is provided as per the standards, debit "cost of inventories sold" and credit "special reserve".

When the safety protection equipment and facilities are purchased with safety production reserve within specified limit, it should debit "construction in progress" and credit "cash and cash equivalents" based on the amount included into assets cost. The safe projects will be deemed as fixed assets upon completion and reaching the reserved serviceable condition; the special reserves will be written down as per the cost of fixed assets and the cumulative depreciation in the same amount will be confirmed: debit "special reserve" and credit "accumulated depreciation". The fixed asset will not withdraw depreciation later. But amount carried forward is within the limit of the balance of "special reserve" being offset to be zero.

When the safety protection reserve is used to pay the expenses in safety production inspection, evaluating expenditure, safety skills training and emergency rescue drill, it should be directly written down special reserve, debit "special reserve" and credit "cash and cash equivalents". The amount carried forward should be within the scope that the balance of "special reserve" is written down to zero.

(v) Other reserve

The other reserve represents the difference between the nominal amount of the share capital and share premium of a subsidiary, Xetron Group Limited and the nominal amount of the share capital issued by the Company pursuant to the group reorganization in prior years.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025

(Expressed in Hong Kong dollars)

	2025 HK\$'000	2024 HK\$'000
Operating activities		
Loss for the year	(3,977)	(1,468)
	(3,977)	(1,468)
Adjustments for:		
– Interest income	(9)	(11)
– Finance costs	476	523
– Depreciation of plant and equipment	836	702
– Depreciation of right-of-use assets	631	908
– Gain on early termination of lease	–	(6)
– Loss on disposal of plant and equipment	51	13
– Impairment on trade receivables	107	–
– (Reversal) impairment of provision of inventories	2,077	(2,453)
– Gain on disposal of subsidiaries/Discontinued Operation	–	(83)
Operating cash flows before movements in working capital	192	(1,875)
Decrease (increase) in inventories	897	(4,606)
Increase in trade and other receivables	(62)	(1,652)
Increase in trade and other payables	(812)	3,863
Increase in contract liabilities	182	591
Net cash generated from (used in) operating activities	397	(3,679)
Investing activities		
Payment for purchase of plant and equipment	(544)	(1,126)
Proceeds from disposal of plant and equipment	4	78
Interest received	9	11
Net cash inflow/(outflow) on disposal of subsidiaries/Discontinued Operation	–	1
Net cash used in investing activities	(531)	(1,036)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2025
(Expressed in Hong Kong dollars)

	2025 HK\$'000	2024 HK\$'000
Financing activities		
Advance from a director	2,452	3,219
Proceeds from bank and other borrowings	3,141	5,613
Repayment of bank and other borrowings	(1,114)	(634)
Capital element of lease rentals paid	(2,667)	(2,481)
Interest element of lease rentals paid	(274)	(417)
Net cash generated from financing activities	1,538	5,300
Increase in cash and cash equivalents	1,404	585
Cash and cash equivalents at 1 January	6,229	5,483
Effect of foreign exchange rate changes	1,012	161
Cash and cash equivalents at 31 December	8,645	6,229

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

1. COMPANY INFORMATION

Jisheng Group Holdings Limited (formerly known as Solomon Worldwide Holdings Limited, the “Company”) was incorporated in the Cayman Islands on 24 February 2014 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the 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.

During the year, the Company and its subsidiaries (the “Group”) was principally engaged in designing, development, manufacturing and selling of cast metal products which are either sourced externally or are manufactured in the Group’s manufacturing facilities located primarily in the PRC (i.e. the “Metal Casting” business).

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”). Other than its major subsidiaries, G. Force (Hong Kong) Limited and KTech Industrial Technology (Huizhou) Limited, of which the functional currency is United States dollars (“USD”) and Renminbi (“RMB”), respectively, the functional currency of the Company and other subsidiaries is HK\$.

The English names of all the companies established in the PRC presented in these consolidated financial statements represent the best efforts made by the directors of the Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

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

Amendments to HKAS 21	Lack of Exchangeability
-----------------------	-------------------------

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

New and Amendments to HKFRS Accounting Standards issued 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 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature - dependent Electricity ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³

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

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

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

HKFRS 18 Presentation and Disclosure in Financial Statements (“HKFRS 18”)

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of HKFRS 18 is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements but has no impact on the Group’s financial positions and performance. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group’s consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.1 Basis of preparation of consolidated financial statements

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

3.2 Going concern assessment

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

During the year ended 31 December 2025, the Group incurred a loss attributable to owners of the Company of approximately HK\$3,977,000 (2024: HK\$1,942,000). In addition, as at 31 December 2025, the Group had trade and other payables, amounts due to a director, lease liabilities and bank and other borrowings amounted to approximately HK\$12,238,000 (2024: HK\$12,612,000), HK\$3,121,000 (2024: HK\$669,000), HK\$1,973,000 (2024: HK\$2,347,000) and HK\$5,402,000 (2024: HK\$1,683,000), respectively to be payable within one year or on demand which are included in the current liabilities, while its cash and cash equivalents amounted to approximately HK\$8,645,000 (2024: HK\$6,229,000) only.

The conditions described above indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.2 Going concern assessment (Continued)

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group. The directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of at least the next twelve months from 31 December 2025. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next twelve months from 31 December 2025, after taking into consideration of the measures and plans made by the Group as detailed below:

- (i) The Company obtained a letter of undertaking (the "Letter of Undertaking") from Ms. Woo Lan Ying, a director of the Company that she has undertaken not to demand the Group to repay the amount due to her unless the Group had financial ability to do so;
- (ii) The Group is continuing to seek for other alternative financing by executing a right issue to raise capital to finance the settlement of its existing financial obligations and future operating and capital expenditures; and
- (iii) The directors of the Company are continuing to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs.

In light of the above measures and plans implemented to date, the directors of the Company are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for a period of at least the next twelve months from 31 December 2025 after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its business. Accordingly, the directors of the Company are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, uncertainties exist as to whether the management of the Company will be able to achieve its plans and measures as described above including but not limited to the amount of the borrowing being approved by financial institution. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future and obtain the continuous financial support from its substantial shareholder.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the noncontrolling interests according to the Group's and the non-controlling interests' proportionate interests.

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

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

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Investments in associates (Continued)

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

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

Revenue from contracts with customers

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

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

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

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

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

Further information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 5 to the consolidated financial statements.

Leases

Definition of a lease

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Leases (Continued)

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.

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

Refundable rental deposits

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Leases (Continued)

Lease liabilities

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

The lease payments include:

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

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

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

- the 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 which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Leases (Continued)

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, less any lease incentives receivable, 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.

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, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Foreign currencies (Continued)

On the disposal of a foreign operation (that is, 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, or a partial disposal of an associate that includes a foreign operation of which the retained interest becomes a financial asset), 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.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

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

Government grants

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

Government grants 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.

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 recognised as other income, rather than reducing the related expenses.

Employee benefits

Retirement benefit costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Employee benefits (Continued)

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense 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 (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax 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 (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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 and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Taxation (Continued)

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

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

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

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.

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.

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.

Plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Plant and equipment (Continued)

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. The items of plant and equipment are depreciated on a straight-line basis at the following useful lives after taking into account the residual value:

Plant and machinery	9% straight line
Office equipment	10% — 20% straight line
Motor vehicles	18% — 20% straight line

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.

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

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

The recoverable amount of plant and equipment and right-of-use assets. 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 the relevant cash-generating unit 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 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

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Impairment on plant and equipment and right-of-use 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 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.

Cash and cash equivalents

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Inventories

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

Provisions

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 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 instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. 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.

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

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

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, contract assets, amount due from an associate and cash and cash equivalents which are subject to impairment assessment under HKFRS 9 *Financial Instruments*). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables and contract assets.

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

(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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments (Continued)

(i) Significant increase in credit risk (Continued)

- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments (Continued)

(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

(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 one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 Financial Instruments (Continued)

(v) Measurement and recognition of ECL (Continued)

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

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

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

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

3.3 Material accounting policy information (Continued)

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

The Group recognised 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 recognised and the consideration paid and payable is recognised in profit or loss.

Related parties

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3.3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

Going concern consideration

As explained in note 3.2, the consolidated financial statements have been prepared on a going concern basis and have not included any adjustments that would be required should the Group fail to continue as a going concern since the directors of the Company are satisfied that the liquidity of the Group can be maintained in the coming year after taking into the considerations as detailed in note 3.2. The directors of the Company also believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements for a period of at least the next twelve months from 31 December 2025.

Key sources of estimation uncertainty

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

Impairment of plant and equipment and right-of-use assets

If the circumstances indicate that the carrying values of these assets may not be recoverable, the assets may be considered "impaired", and an impairment loss may be recognised in accordance with HKAS 36 *Impairment of assets*. Under HKAS 36, these assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of its fair value less costs of disposal and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, selling prices and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, selling prices and amount of operating costs. However, actual sales volumes, selling prices and operating costs may be different from assumptions which may require a material adjustment to the carrying amount of the assets affected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of plant and equipment and right-of-use assets (Continued)

As at 31 December 2025 and 31 December 2024, details of the Group's plant and equipment and right-of-use assets are set out in notes 13 and 14, respectively.

Impairment of trade and other receivables

The policy for making impairment loss on trade and other receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, the past collection history and forward-looking information of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required.

As at 31 December 2025 and 31 December 2024, details of the Group's trade and other receivables are set out in note 16.

Impairment of inventories

The management of the Group reviews the ageing of the inventories at the end of the reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer salesable in the market. The identification of obsolete inventories requires the use of estimation of the net realisable value of items of inventory and judgements on the conditions and usefulness of items of inventories. Where the expected net realisable value is lower than the cost of certain items, a write-down of inventories may arise.

As at 31 December 2024 and 31 December 2025, details of the Group's inventories are set out in note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the Group's regarding the transfer of goods and services by categorise of major product lines and business.

	Total	
	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
<i>Metal Casting business (at a point in time):</i>		
Sales of cast metal products	51,649	44,728
	51,649	44,728

(b) Contract balances

	Notes	As at 31 December		As at 1 January
		2025 HK\$'000	2024 HK\$'000	2024 HK\$'000
Trade receivables	16	6,106	6,203	5,707
Less: Allowances		107	–	–
		5,999	6,203	5,707
Contract liabilities	17	773	591	–

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

During the year, the Group was principally engaged in: (i) designing, development, manufacturing and selling of cast metal products which are either sourced externally or are manufactured in the Group's manufacturing facilities located primarily in the PRC.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

5. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

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

(i) *Revenue from designing, development, manufacturing and selling of cast metal products and related components*

Revenue from sales of cast metal products represents the sales value of goods supplied to customers, net of discounts, returns and value added tax or other sales taxes.

The Group enters into sales contracts with customers for each transaction. Revenue from the sale of goods and services rendered is recognised based on the price specified in the contract when the customers take the possession of and accepted the products in accordance with the contracts with the customers. If the products are a partial fulfillment of a contract, then the amount of revenue recognition is an appropriate proportion of the total transaction price under the contract. The Group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. Delivery occurs when the products have been shipped to the specific location in accordance with the contracts with the customers.

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

(ii) *Other income*

(i) *Interest income*

Interest income is recognised as it accrues using the effective interest method.

(ii) *Rental income*

Rental income for factory from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Further information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 3.3 to the consolidated financial statements.

(d) Translation price allocated to remaining performance obligation for contracts with customers

The Group has applied the practical expedient of HKFRS 15 to its revenue contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under those revenue contracts that had an original expected duration of one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

6. OTHER INCOME

The Group's other income is as following:

	2025 HK\$'000	2024 HK\$'000
Other income comprise of:		
Bank interest income	9	11
Gain on early termination of lease	-	6
Government grants	180	-
Waiver of director's remuneration	-	615
Gain on disposal of subsidiaries	-	83
Net exchange loss	(640)	(264)
Sundry income	965	1,025
	514	1,476

7. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Finance costs comprise of:		
Interest expense on lease liabilities	274	417
Interest expense on bank and other borrowing	215	106
	489	523

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

8. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting):

	2025 HK\$'000	2024 HK\$'000
Staff costs (including directors' remuneration (note 10)):		
Salaries, wages and other benefits	14,482	15,717
Contributions to defined contribution retirement plan	1,549	1,308
	16,031	17,025
Depreciation and amortisation of:		
– Plant and equipment	836	702
– Right-of-use assets	648	908
	1,484	1,610
(Reversal of) impairment losses on:		
– Inventories	2,077	(2,453)
– Trade receivables	107	–
	2,184	(2,453)
Other items:		
Auditor's remuneration	600	530
Cost of sales (note (i) below)	36,356	28,925
Loss on disposal of plant and equipment	40	13
Net exchange loss	640	264
Gain on disposal of subsidiaries (note (ii) below)	–	(83)

Note:

- (i) Cost of sales includes HK\$9,308,000 (2024: HK\$9,076,000) relating to staff costs amounting to approximately HK\$7,962,000 (2024: HK\$7,528,000), depreciation of plant and equipment amounting to approximately HK\$698,000 (2024: HK\$640,000) and right-of-use assets amounting to approximately HK\$648,000 (2024: HK\$908,000). Further, the cost of sales includes provision of inventories of approximately HK\$2,077,000 for the year ended 31 December 2025 and the reversal of the provision of inventories of approximately HK\$2,453,000 for the year ended 31 December 2024.
- (ii) During the year ended 31 December 2024, the Company disposed of its entire equity interest in a subsidiary Jisheng Group (China) Limited, resulting in a gain on disposal of the subsidiaries of HK\$83,000 which was charged to profit or loss for the year ended 31 December 2024 and details of which are set out in note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

9. INCOME TAX EXPENSE

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 HK\$'000	2024 HK\$'000
Current tax		
– Hong Kong Profits Tax	–	–
– PRC Enterprise Income Tax	–	–
	–	–

Pursuant to the income tax rule and regulations of Cayman Islands and British Virgin Islands (“BVI”), the Group is not subject to income tax in the respective jurisdictions.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

For the years ended 31 December 2025 and 2024, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

The provision for PRC Enterprise Income Tax of the Group’s PRC subsidiaries is based on the estimated taxable income for each PRC subsidiary and at its applicable tax rate. Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

One of the Group subsidiary, KTech Industrial Technology (Huizhou) Limited was accredited as a “Hi-tech Enterprise” for three years starting from 19 December 2025 and such qualification will expire on 18 December 2028, effective from December 2023 to enjoy a preferential EIT rate of 15%.

No provision for Hong Kong Profits Tax and PRC Enterprise Income tax has been made for the years ended 31 December 2025 and 2024 as the Company and its subsidiaries have no Hong Kong and PRC assessable profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

9. INCOME TAX EXPENSE (Continued)

The taxation 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	(3,977)	(1,468)
Tax at applicable tax rates applicable to profit or loss in the jurisdictions concerned	(331)	808
Tax effect of non-taxable income	(8)	(443)
Tax effect of non-deductible expenses	708	1,271
Tax effect of tax losses and other temporary differences not recognised	–	(270)
Tax effect on utilisation of tax losses previously not recognised	(369)	(1,366)
Income tax expense	–	–

At 31 December 2025, the Group has unused tax losses of HK\$11,231,000 (2024: HK\$12,112,000) that may give rise to deferred tax assets. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely. Of the total tax losses, HK\$320,000 (2024: HK\$968,000) will expired in 2027 and HK\$803,000 (2024: HK\$803,000) will expired in 2028 and the remaining tax losses of HK\$10,108,000 (2024: HK\$10,341,000) have no expiry date under the current tax legislation.

As 31 December 2025 and 2024, no aggregate amount of temporary differences associated with the PRC subsidiary's undistributed retained profits for which deferred tax liabilities has been recognised and no deferred tax liabilities have been recognised in respect of these differences as the Company is in a position to control the dividend policies of the PRC subsidiary and no distribution of such profits is expected to be declared by the PRC subsidiary in the foreseeable future.

At 31 December 2025, the Group has no deductible temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements (2024: HK\$6,754,000). No provision for deferred tax assets has been made as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and Chief Executive's remuneration

The emoluments paid or payable to the directors and Chief Executive of the Company for their services in connection with the management affairs of the Group disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance, Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and the GEM Listing Rules are as follows:

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
Year ended 31 December 2025					
Executive directors:					
Ms. Woo Lan Ying	600	–	–	18	618
Mr. Li Qizhi	–	–	–	–	–
Mr. Yang Yueyong (appointed on 2 April 2025)	–	–	–	–	–
Independent non-executive directors:					
Ms. Yuen Wai Man	200	–	–	–	200
Mr. Au Sui Keung Albert	200	–	–	–	200
Ms. Leung Shuk Lan	200	–	–	–	200
	1,200	–	–	18	1,218
Year ended 31 December 2024					
Executive directors:					
Ms. Woo Lan Ying	1,300	–	–	18	1,318
Mr. Li Qizhi (appointed 26 July 2024)	260	–	–	–	260
Mr. Shang Ruisen (retired on 24 May 2024)	5	–	–	–	5
Independent non-executive directors:					
Ms. Yuen Wai Man	200	–	–	–	200
Mr. Au Sui Keung Albert	200	–	–	–	200
Ms. Leung Shuk Lan	200	–	–	–	200
	2,165	–	–	18	2,183

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

Note: Mr. Chong Wai Moon, the Chief Operating Officer and Mr. Wong Wai Yuk, the chief executive officer of the Company received remuneration amounted to HK\$ nil (2024: HK\$1,040,000) and HK\$1,560,000 (2024: HK\$1,440,000) respectively for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' and Chief Executive's remuneration (Continued)

During the year ended 31 December 2025, no directors' fees was paid to Mr. Li Qizhi and Mr. Yang Yueyong, (2024: nil). Apart from this, there was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2025 and 2024. No inducement payments to join or upon joining the Group or as compensation for loss of office were paid or payable to any director for the years ended 31 December 2025 and 2024.

In addition to the information disclosed in the 2018, 2019, 2020, 2021, 2022, 2023, 2024 Annual Report and the 2025 Annual Report, the board (the "Board") of directors (the "Directors") of the Company would like to provide the shareholders and the potential investors of the Company with the following supplemental information.

The remuneration of the chief executive officer of the Company during the year ended 31 December 2025 is as follows:

	Fees HKD'000	Salaries and other benefits HKD'000	Performance related bonus HKD'000	Retirement benefits scheme contributions HKD'000	Total HKD'000
Mr. Wong					
Thomas Wai Yuk	—	1,560	—	18	1,578

The remuneration of the chief executive officer of the Company during the year ended 31 December 2024 is as follows:

	Fees HKD'000	Salaries and other benefits HKD'000	Performance related bonus HKD'000	Retirement benefits scheme contributions HKD'000	Total HKD'000
Mr. Wong					
Thomas Wai Yuk	—	1,440	—	18	1,458

(b) Five highest paid individuals

The five highest paid employees of the Group during the years ended 31 December 2025 and 2024 included one director, details of whose remunerations are set out above. Details of the remuneration for the remaining four highest paid employees who are not directors of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other emoluments	2,989	3,122
Retirement scheme contributions	54	60
	3,043	3,182

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)**(b) Five highest paid individuals (Continued)**

The emoluments of these four individuals with the highest emoluments are within the following band:

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

11. LOSS PER SHARE

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

	2025	2024
	HK\$'000	HK\$'000
Loss for the year attributable to owners of the Company	(3,977)	(1,942)

Weighted average numbers of ordinary shares for the purpose of basic loss per share

	2025	2024
	'000	'000
Issued ordinary shares at 1 January 2024, 31 December 2024, and 31 December 2025	38,184	38,184
Weighted average number of ordinary shares for the purpose of basic loss per share	38,184	38,184

	2025	2024
	HK cents	HK cents
Total basic and diluted loss per share attributable to the ordinary owner of the Company	(10.42)	(5.09)

There is no potential dilutive share issued during the both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

12. DIVIDEND

No dividend was paid or proposed for the ordinary shareholders of the Company during the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (2024: Nil).

13. PLANT AND EQUIPMENT

	Leasehold improvements	Plant and equipment	Office equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost					
At 1 January 2024	11,693	10,538	1,041	550	23,822
Additions	—	310	358	458	1,126
Disposal	—	(408)	(38)	(561)	(1,007)
Exchange adjustment	(385)	(345)	(40)	(2)	(772)
At 31 December 2024 and 1 January 2025	11,308	10,095	1,321	445	23,169
Additions	—	416	129	—	545
Disposal	—	(415)	(25)	—	(440)
Exchange adjustment	579	517	67	3	1,166
At 31 December 2025	11,887	10,614	1,492	448	24,440
Accumulated depreciation and impairment					
At 1 January 2024	11,693	9,435	726	523	22,377
Change for the year	—	482	169	51	702
Elimination on disposals	—	(331)	(34)	(551)	(916)
Exchange adjustment	(385)	(306)	(32)	—	(723)
At 31 December 2024 and 1 January 2025	11,308	9,280	829	23	21,440
Change for the year	—	551	178	107	836
Elimination on disposals	—	(360)	(25)	—	(385)
Exchange adjustment	579	231	295	—	1,105
At 31 December 2025	11,887	9,702	1,277	130	22,996
Carrying amounts					
At 31 December 2025	—	912	215	318	1,444
At 31 December 2024	—	815	492	422	1,729

As at 31 December 2025 and 2024, the management reviewed the carrying value of the assets of the Group and assessed that the recoverable value of non-current assets are higher than their carrying amounts in light of the current market conditions. Accordingly, no provision for impairments was made for the year (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

14. RIGHT-OF-USE ASSETS

	Leased properties
	HK\$'000
Cost:	
At 1 January 2024	15,910
Early termination of lease	(537)
Exchange adjustments	(459)
At 31 December 2024 and 1 January 2025	14,914
Exchange adjustments	691
At 31 December 2025	15,605
Accumulated depreciation and impairment:	
At 1 January 2024	13,898
Charge for the year	908
Elimination on disposal of Discontinued Operation	(347)
Exchange adjustments	(529)
At 31 December 2024 and 1 January 2025	13,930
Charge for the year	648
Exchange adjustments	672
At 31 December 2025	15,250
Carrying amount:	
At 31 December 2025	355
At 31 December 2024	984

The Group has obtained the right to use certain properties as its office premises and factory through tenancy agreements. The leases typically run for an initial period of 2 to 15 years and do not include variable lease payments and extension/termination option.

For the year ended 31 December 2025, no expenses relating to short-term leases (2024: HK\$500,000) and total cash outflows for leases are HK\$2,941,000 (2024: HK\$3,398,000), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

15. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	3,783	2,982
Work in progress	6,042	6,809
Finished goods	8,632	8,953
Subtotal	18,457	18,744
Less: provision for impairment of inventories	(2,226)	(118)
Total	16,231	18,626

The analysis of provision for impairment of the Group's inventories is as follows:

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	118	2,576
Provision for allowance of inventories	2,077	–
Reversed of provision for allowance of inventories	–	(2,453)
Exchange realignment	31	(5)
At the end of the year	2,226	118

The carrying amount of inventories for the Group as at 31 December 2025 is approximately HK\$16,231,000 (2024: HK\$18,626,000), net of allowance for inventories of approximately HK\$2,077,000 (2024: HK\$118,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

16. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	6,106	6,203
Less: Allowances	(107)	–
	5,999	6,203
Deposits paid to suppliers	10,540	9,821
Deposits, prepayments and other receivables	3,059	3,042
	19,598	19,066
Analysed as:		
– Current	19,152	18,642
– Non-current	446	424
	19,598	19,066

The Group allows a credit period ranging from 30 to 90 days to its trade customers. Before accepting any new customer, the management assesses the potential customer's credit quality and defines credit limits by customer.

The ageing analysis of trade debtors as of the end of the reporting period, based on invoice date and net of allowance, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	628	1,451
31 to 60 days	1,384	1,295
61 to 90 days	2,234	1,548
Over 90 days but less than 1 year	1,753	1,909
	5,999	6,203

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

16. TRADE AND OTHER RECEIVABLES (Continued)

Included in the Group's trade and other receivables are the following amounts denominated in currencies other than the functional currencies of the relevant group entities are:

	2025 HK\$'000	2024 HK\$'000
Euros	1,201	618

17. CONTRACT LIABILITIES

The balances (excluding those arising from increases and decreases both occurred within the same year) of contract assets and contract liabilities with customers within HKFRS 15 during the year are as follows:

	Notes	As at 31 December		As at 1 January
		2025 HK\$'000	2024 HK\$'000	2024 HK\$'000
Contract liabilities	(a)	773	591	–

Notes:

The contract liabilities in 2025 represent prepayment from customer for trading of starch and metal casting. No revenue was recognized for the trading of starch as the relevant performance obligation had not been fulfilled during the current year.

	HK\$'000
1 January 2024	–
Additions	591
Balance at 31 December 2024 and 1 January 2025	591
Additions	182
Balance at 31 December 2025	773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

18. CASH AND CASH EQUIVALENTS

The Group's bank balances carried at variable rates at the range of 0.1% to 0.875% per annum for both years.

At 31 December 2025, the cash and cash equivalents of the Group denominated in Renminbi amounted to HK\$1,373,000 (2024: HK\$1,364,000). The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Included in the Group's cash and cash equivalents are the following amounts denominated in currency other than the functional currencies of the relevant group entities is:

	2025	2024
	HK\$'000	HK\$'000
HK\$	215	429
Euros	2,245	603

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

19. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables	3,903	4,669
Accrued charges and other payables	8,335	7,943
	12,238	12,612

All of the trade and other payables are expected to be settled or recognised as income within one year.

The ageing analysis of trade creditors as of the end of the reporting period, based on invoice date, is as follows:

	2025 HK\$'000	2024 HK\$'000
Within 30 days	3,136	3,370
31 to 60 days	427	933
61 to 90 days	135	136
Over 90 days	205	230
	3,903	4,669

Included in the Group's trade and other payables are the following amounts denominated in currencies other than the functional currencies of the relevant group entities are:

	2025 HK\$'000	2024 HK\$'000
Euros	-	220

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

20. AMOUNT DUE TO A DIRECTOR

	2025	2024
	HK\$'000	HK\$'000
Ms. Woo Lan Ying	3,121	669

The amount was unsecured, interest-free and repayable on demand.

21. LEASE LIABILITIES

	2025	2024
	HK\$'000	HK\$'000
Present value of the minimum lease payments for:		
– Office premises and factory	4,225	6,366
Lease liabilities payable:		
Within 1 year	1,973	2,347
After 1 year but within 2 years	2,074	1,877
After 2 years but within 5 years	178	2,142
After 5 years	–	–
	4,225	6,366
Analysed as:		
– Current	1,973	2,347
– Non-current	2,252	4,019
	4,225	6,366

During the year ended 31 December 2025, the Group did not enter into any new lease agreement in respect of renting properties (2024: nil).

As at 31 December 2025 and 2024, the lease agreements do not impose any covenants in other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

22. BANK AND OTHER BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Other borrowings	944	623
Secured bank borrowings	7,244	4,770
	8,188	5,393
The carrying amounts of the above borrowings repayable		
On demand and within 1 year	5,402	1,683
After 1 year but within 2 years	2,786	1,060
After 2 years but within 5 years	–	2,650
After 5 years	–	–
	8,188	5,393
Less: Amounts due within one year shown under current liabilities	5,402	(1,683)
	2,786	3,710

Bank borrowings with the aggregate carrying amount of approximately HK\$7,244,000 (2024:HK\$ 4,770,000) are individually guaranteed by the director of a subsidiary. The bank borrowings carry variable interest rates of 2.5%-2.8%.

As at 31 December 2025, the other borrowings consist of (i) an amount of HK\$200,000 (2024: HK\$213,000) which carries a fixed interest rate of 10% and is unsecured and repayable within one year, and (ii) an amount of HK\$744,000 (2024: HK\$410,000) which is interest-free, unsecured and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

23. SHARE CAPITAL

The movements of the Company's authorised and issued share capital during the years ended 31 December 2025 and 2024 are as follows:

	2025		2024	
	Number of shares '000	HK\$'000	Number of shares '000	HK\$'000
Authorised:				
At 1 January 2024, 31 December 2024 and 31 December 2025	125,000	100,000	125,000	100,000
Ordinary shares, issued and fully paid				
At 1 January 2024, 31 December 2024 and 31 December 2025	38,184	30,547	38,184	30,547

There were no movements of the issued share capital of the Company for the year ended 31 December 2025.

24. DEFINED CONTRIBUTION RETIREMENT PLANS

The Group operates the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance (the "Ordinance"). The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately upon the completion of service in the relevant service period. There is no forfeited contribution that may be used by the Group to reduce the existing levels of contributions.

The Group's PRC subsidiaries also participates in defined contribution retirement schemes covering its full-time PRC employees. The schemes are administered by the relevant government authorities in the PRC. The Group and the PRC employees are required to make contributions based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC and the relevant government authorities undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC subsidiaries. There is no forfeited contribution that may be used by the Group to reduce the existing levels of contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

25. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

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

The capital structure on the basis of net debt-to-capital ratio of the Group consists of net debt, which includes trade and other payables, lease liabilities and bank and other borrowings, less cash and cash equivalents; and capital, which comprises all components of equity.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of debt and cost of capital. Based on the recommendation of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group's gearing ratio and net position of the Group as at 31 December 2025 and 2024 was as follows:

	As at 31 December	
	2025	2024
	HK\$'000	HK\$'000
Trade and other payables	15,359	13,281
Borrowings	8,188	5,393
Lease liabilities	4,225	6,366
Less: cash and cash equivalents and restricted cash (Note 18)	(8,645)	(6,229)
Net debt	19,127	18,811
Total equity	17,728	21,003
Total capital	36,855	39,814
Gearing ratio	52%	47%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk and concentration risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash and cash equivalents and trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

Substantially all the Group's cash and cash equivalents are deposited in financial institutions in Hong Kong and the PRC. The credit risk is limited as the majority of counterparties are financial institutions with high credit ratings assigned by international credit rating agencies or stated-controlled financial institutions with good reputations. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into the account (i) the landlord's credit rating and (ii) the remaining lease term and the period covered by the rental deposits.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which customers operate and therefore significant concentrations of credit risk primarily arise when the significant exposure to individual customers. At the end of the reporting period, the Group has a certain concentration of credit risk as 15% (2024: 22%) and 71% (2024: 80%) of the trade debtors was due from the largest customer and the five largest customers respectively.

In respect of trade debtors, management has a credit policy in place and the exposure to the credit risk is monitored on an ongoing basis. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group allows an average credit period of 30 to 90 days (2023: 30 to 90 days) to its trade customers. Normally, the Group does not obtain collateral from customers. Management considers the aggregate risks arising from the possibility of credit losses are limited and to be acceptable.

The Group measures allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates significantly different loss patterns for different customer segments, the allowance based on past due status is distinguished between the Group's different customer bases and separate the customer bases by operation segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk and concentration risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2025.

	Expected loss rate	Gross carrying amount	Allowance	Net carrying amount
	%	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2025				
Current (not past due)	–	1,992	(1)	1,991
Less than 1 month past due	1%	2,277	(25)	2,252
1 to 3 months past due	1%	823	(9)	814
3 months to 6 months past due	3%	956	(29)	927
6 months to 1 year past due	21%	19	(4)	15
More than 1 year past due	100%	39	(39)	–
		6,106	(107)	5,999

Expected loss rates are based on actual loss experience for the years ended 31 December 2025 and 2024. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

As at 31 December 2024, the Group has assessed that the expected loss rates for its trade receivables are immaterial and considered them to have a low credit risk, and thus the loss allowance is immaterial. Thus, no loss allowance provision for trade receivables were recognised for the years ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)**(a) Credit risk and concentration risk (Continued)**

Movement in the allowance account in respect of trade receivables during the years ended 31 December 2025 and 2024 is as follows:

	2025 HK\$'000	2024 HK\$'000
Balance at 1 January	–	–
Reversal of provision for impairment losses recognised during the year	107	–
Balance at 31 December	107	–

The credit risk of contract assets and other receivables is considered to be insignificant as there is no information indicating that contract assets and other receivables had a significant increase in credit risk since initial recognition.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Having considered the factors and circumstances set out in note 3.2 to the consolidated financial statements, the directors are satisfied that the Group will have sufficient liquidity to meet its cash flows requirements for the next twelve from the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities which are based on the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay:

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2025					
Trade and other payable	12,238	12,238	12,238	–	–
Amount due to a director	3,121	3,121	3,121	–	–
Lease liabilities	4,225	4,458	2,140	2,318	–
Bank and other borrowings	8,188	8,354	5,539	2,815	–
	27,772	28,171	23,038	5,133	–
As at 31 December 2024					
Trade and other payable	12,612	12,612	12,612	–	–
Amount due to a director	669	669	669	–	–
Lease liabilities	6,366	6,855	2,615	4,240	–
Bank and other borrowings	5,393	5,672	1,827	3,845	–
	25,040	25,808	17,723	8,085	–

In order to manage the liquidity demands above, at 31 December 2025, HK\$8,645,000 (2024: HK\$6,229,000) of the Group's assets, was held as cash that is considered readily realisable.

(c) Interest rate risk

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, variable-rate bank borrowing, and fair value interest rate risk in relation to fixed-rate lease liabilities and fixed-rate other borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. To mitigate the impact of interest rate fluctuations, the Group continually assesses and monitors the exposure to interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk (Continued)

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowing at the end of the reporting period. The sensitivity analysis is prepared assuming the variable-rate financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

As at 31 December 2025, if the interest rate had been 10 basis points (2024: 10 basis points) higher/lower and all other variables were held constant, the Group's loss after taxation would increase/decrease by HK\$5,000 (2024: 5,000).

(d) Foreign currency risk

Group's major operating subsidiaries have foreign currency sales and purchases, which 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.

In respect of trade receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The management considered that the Group's exposure to the foreign currency risk on financial assets and liabilities is not significant. Accordingly, no sensitivity analysis is presented.

(e) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets at amortised cost	18,103	15,473
Financial liabilities		
Financial liabilities measured at amortised cost	27,772	25,040

(f) Fair value measurement

Fair value of financial assets/liabilities carried at other than fair value.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities 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.

	Lease liabilities (note 21) HK\$'000	Amount due to a director HK\$'000	Bank and other borrowings (note 22) HK\$'000	Total HK\$'000
For the year ended 31 December 2024				
As at 1 January 2024	9,263	–	410	9,673
<i>Changes from financing cash flows:</i>				
– Advance from a director	–	3,219	–	3,219
– Proceeds from bank and other borrowings	–	–	5,613	5,613
– Repayment of bank and other borrowings	–	–	(634)	(634)
– Interest element of lease liabilities paid	(417)	–	–	(417)
– Capital element of lease liabilities paid	(2,481)	–	–	(2,481)
<i>Non-cash changes:</i>				
– Early termination of lease	(196)	–	–	(196)
– Net off with other receivable	–	(2,550)	–	(2,550)
– Finance costs	417	–	106	523
– Exchange adjustments	(220)	–	(102)	(322)
At 31 December 2024	6,366	669	5,393	12,428
For the year ended 31 December 2025				
As at 1 January 2025	6,366	669	5,393	12,428
<i>Changes from financing cash flows:</i>				
– Advance from a director	–	2,452	–	2,452
– Repayment of other borrowings	–	–	(1,114)	(1,114)
– Interest element of lease liabilities paid	(274)	–	–	(274)
– Capital element of lease liabilities paid	(2,667)	–	–	(2,667)
– Proceeds from other borrowings	–	–	3,141	3,141
<i>Non-cash changes:</i>				
– Finance costs	274	–	202	476
– Exchange adjustments	526	–	566	1,092
At 31 December 2025	4,225	3,121	8,188	15,534

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

27. MAJOR NON-CASH TRANSACTION

Saves as disclosed elsewhere in these consolidated financial statements, the Company did not have any significant non-cash transactions for the years ended 31 December 2025 and 31 December 2024.

28. FINANCIAL INFORMATION OF THE COMPANY**(a) Statement of financial position**

	2025 HK\$'000	2024 HK\$'000
Non-current asset		
Investments in subsidiaries	40	30
Current assets		
Other receivables and prepayments	10	10
Amounts due from subsidiaries	5,172	5,610
Loan to a subsidiary	4,000	4,000
Cash and cash equivalents	4	68
	9,186	9,688
Current liabilities		
Other payables	5,752	4,059
Amounts due to a director	2,711	1,483
Amounts due to subsidiaries	2,167	1,921
Other borrowings	945	623
	11,575	8,086
Net current assets	(2,389)	1,602
NET ASSETS	(2,349)	1,632
CAPITAL AND RESERVES		
Share capital	30,547	30,547
Reserves	(32,896)	(28,915)
TOTAL EQUITY	(2,349)	1,632

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

28. FINANCIAL INFORMATION OF THE COMPANY (Continued)

(b) Details of changes in the Company's individual components of reserves during the year:

	Share capital	Share premium	Accumulated losses	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	30,547	45,147	(68,285)	7,409
Changes in equity for 2024:				
Loss for the year	–	–	(5,777)	(5,777)
At 31 December 2024 and 1 January 2025	30,547	45,147	(74,062)	1,632
Changes in equity for 2025:				
Loss for the year	–	–	(3,981)	(3,981)
At 31 December 2025	30,547	45,147	(78,043)	(2,349)

29. SUBSIDIARIES' INFORMATION

Particulars of the Company's principal subsidiaries as at 31 December 2025 and 31 December 2024 are as follows:

Name of company	Place of incorporation/ operation	Particulars of issued and paid up capital	Attributable equity interest and voting power held by the Company		Principal activities
			2025	2024	
Indirectly owned by the Company					
G. Force (Hong Kong) Limited	Hong Kong	HK\$10,000	100%	100%	Sales of cast metal products
KTech Industrial Technology (Huizhou) Limited	The PRC	HK\$16,000,000	100%	100%	Manufacture and sales of cast metal products

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting as at 31 December 2025 and 31 December 2024 or at any time during the years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars)

30. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2024, the Company entered into a sale and purchase agreement with an independent third party to dispose of its 51% equity interest in Jisheng Group (China) Limited (“Jisheng China”), a subsidiary of the Company which is inactive at a consideration of HK\$5,000.

The net liabilities of Jisheng China and its subsidiary (collectively, “Jisheng China Group”) at the date of disposal were as follows:

	HK'000
Consideration received:	
Cash consideration	5
Analysis of assets and liabilities over which control was lost:	
Trade and other receivables	243
Cash and cash equivalents	4
Trade and other payables	(406)
Net liabilities disposed of	(159)
Gain on disposal of Jisheng China Group:	
Consideration received	5
Net liabilities disposed of	159
Non-controlling interests	(86)
Reclassification of cumulative translation reserve	5
Gain on disposal	83
Net cash outflow arising on disposal:	
Cash consideration received	5
Less: Cash and cash equivalents disposed of	(4)
	1

Jisheng China did not generate significant cash inflows or outflows for the year ended 31 December 2024.

FIVE YEARS FINANCIAL SUMMARY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000
Revenue					
– Continuing operations	48,268	62,707	53,776	44,728	51,649
– Discontinued operation	35,224	12,189	528	–	–
	83,492	74,896	54,304	44,728	51,649
(Loss) profit for the year attributable to owners of the Company					
– Continuing operations	(7,550)	(6,228)	(6,898)	(1,942)	(3,977)
– Discontinued operation	(6,452)	(5,909)	1,855	–	–
	(14,002)	(12,137)	(5,043)	(1,942)	(3,977)
(Loss) profit for the year attributable to non-controlling interest					
– Continuing operations	–	–	(560)	474	–
– Discontinued operation	(2,150)	(1,969)	4,179	–	–
	(2,150)	(1,969)	3,619	474	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000
Total assets	65,485	50,172	41,488	46,634	46,273
Total liabilities	(60,010)	(44,458)	(19,113)	(25,631)	(28,545)
Total equity	5,475	5,714	22,375	21,003	17,728