

PROSPERITY GROUP INTERNATIONAL LIMITED

(formerly known as Kingbo Strike Limited)

(Incorporated in the Cayman Islands with limited liability)

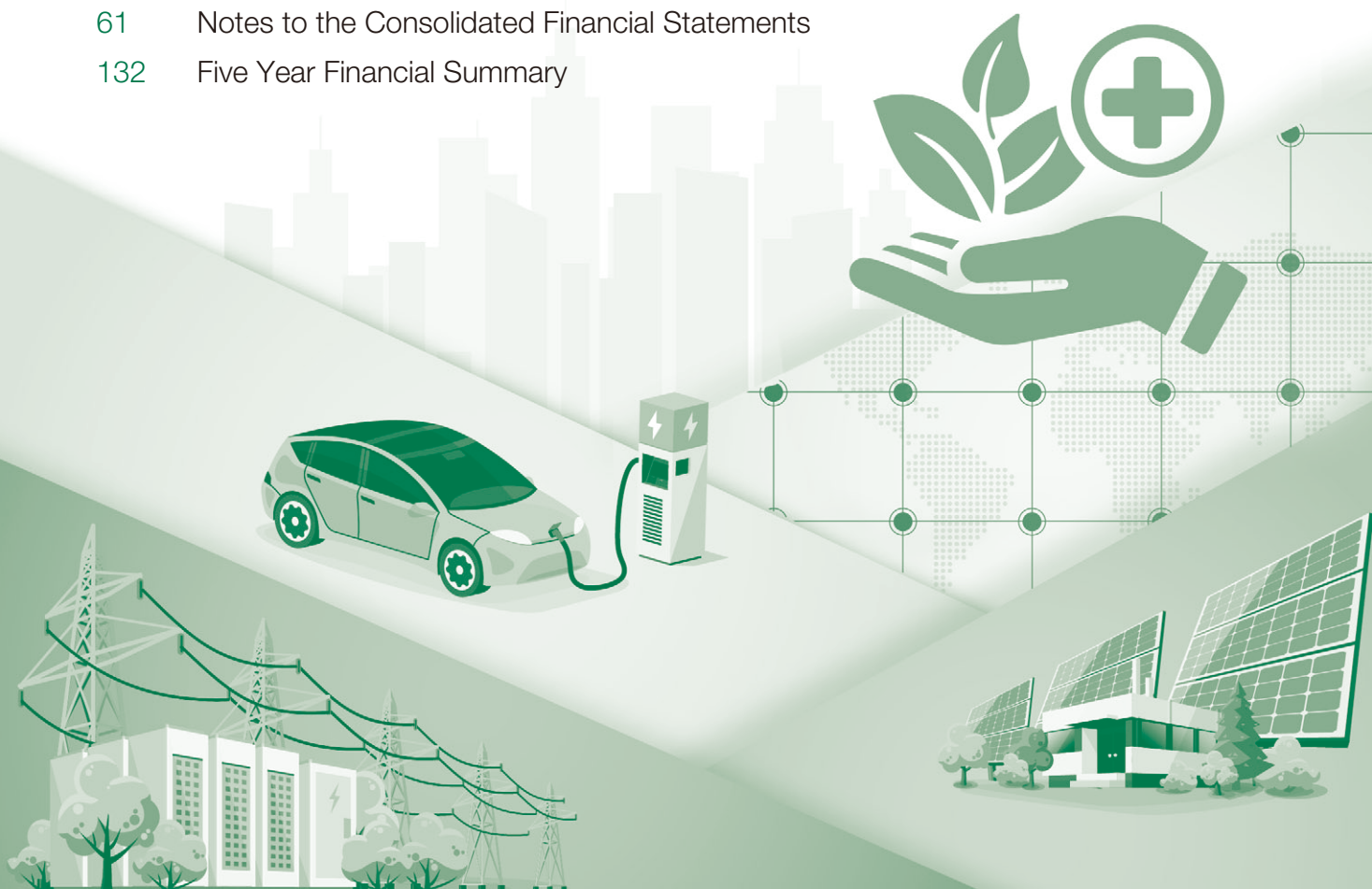
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ANNUAL REPORT 2024/2025



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yancheng (*Chairman*)
Mr. Yao Runxiong
Mr. Wu Yifeng (*appointed on 5 July 2024*)

Independent Non-executive Directors

Dr. Luo Xiaodong
Mr. Chen Yeung Tak
Mr. Wang Haoyuan
Ms. Ye Jieting (*resigned on 19 July 2024*)
Ms. Chan Sheung Yu (*appointed on 27 December 2024*)

AUDIT COMMITTEE

Mr. Chen Yeung Tak (*Chairman*)
Mr. Wang Haoyuan
Ms. Ye Jieting (*resigned on 19 July 2024*)
Dr. Luo Xiaodong

NOMINATION COMMITTEE

Mr. Liu Yancheng (*Chairman*)
Dr. Luo Xiaodong
Mr. Chen Yeung Tak
Mr. Wang Haoyuan
Ms. Chan Sheung Yu (*appointed on 27 December 2024*)

REMUNERATION COMMITTEE

Mr. Chen Yeung Tak (*Chairman*)
Mr. Wang Haoyuan
Ms. Ye Jieting (*resigned on 19 July 2024*)
Dr. Luo Xiaodong
Ms. Chan Sheung Yu (*appointed on 27 December 2024*)

AUDITORS

Moore CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 903A, 9th Floor,
Mirror Tower,
No. 61 Mody Road,
Tsim Sha Tsui East, Hong Kong

COMPANY SECRETARY

Mr. Yiu Ngai Chiu

AUTHORISED REPRESENTATIVES

Mr. Yiu Ngai Chiu
Mr. Yao Runxiong

WEBSITE OF THE COMPANY

<https://prosperityhc.com>



Chairman Statement

BUSINESS OVERVIEW

The solar power business and electrical distribution system constitute the main revenue streams for Prosperity Group International Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”). For the financial year ended 30 June 2025, the Group recorded a decrease in total revenue due to global political and economic fluctuations. There was an improvement in the Group’s gross profit margin which was a result of a general increase in pricing.

During the year, the Group recognised revenue of approximately HK\$52.6 million (2024: approximately HK\$61.9 million) from its solar power business. The electrical distribution system business contributed revenue of approximately HK\$88.7 million (2024: approximately HK\$98.9 million). The Group also made headway in diversifying its businesses into the beauty and health sector, recognising a revenue of approximately HK\$1.6 million (2024: nil). The beauty and health sector also include projects conducted through an associate.

In addition, the Group is closely monitoring the latest developments of third-generation perovskite and semi-conductor in the photovoltaic industry and exploring further business opportunities.

On behalf of the Board, I would like to express our sincere gratitude to our partners, clients, and shareholders for their support and trust. I would also like to thank our management team and all staff members for their hard work and dedication. Looking ahead, the Group will consistently seek projects with steady returns and high growth potential, including but not limited to its core business and the technology sector, to continuously enhance shareholder value.

Liu Yancheng

Chairman



Management Discussion and Analysis

BUSINESS REVIEW

During the financial year ended 30 June 2025, the performance of the Group in different business segments were as follows:

Solar Power Business

The Group's solar power business mainly engaged in the supply of solar PV parts and equipment. The Group has recognised a revenue of approximately HK\$52.6 million from the solar power business for the financial year ended 30 June 2025, which is at a lower revenue level compared to the financial year ended 30 June 2024 of approximately HK\$61.9 million.

Electrical Distribution System

The Group's electrical distribution system business refers to the supply of electrical distribution system (including distribution board, junction box, cables and switches etc.) and energy storage power system. The Group had recognised a revenue of approximately HK\$88.7 million for the financial year ended 30 June 2025, and this results in a decrease compared to the revenue of approximately HK\$98.9 million for the financial year ended 30 June 2024.

Beauty and Health Business

The Group started beauty and health business during the year and recorded a revenue of approximately HK\$1.6 million.

BUSINESS PROSPECT

In the future, the market still faces uncertainties and challenges. However, the Group remains confident in its business in Mainland China, given China's enormous market size.

The Group will continue to focus on the solar power business and electrical distribution system and seek for any new development. In the meantime, the Group will endeavor to seek projects with solid returns and high growth potential, including but not limited to existing businesses, in order to continuously enhance the value of the Company to shareholders.

FINANCIAL REVIEW

The Group's revenue has decreased by 11.1% from approximately HK\$160.7 million for the financial year ended 30 June 2024 to approximately HK\$142.9 million for the financial year ended 30 June 2025. Loss attributable to owners of the Company and loss per share attributable to ordinary equity holders of the Company for the financial year ended 30 June 2025 amounted to approximately HK\$21.8 million and HK15.5 cents respectively, compared to approximately HK\$47.3 million and HK52.8 cents respectively for the financial year ended 30 June 2024.

Financial Results

Revenue

For the financial year ended 30 June 2025, revenue of the Group mainly comprises revenue generated from the following three business segments of the Group:

Solar Power Business

The Group has recognised revenue of approximately HK\$52.6 million from the solar power business for the financial year ended 30 June 2025, which is a decrease of 15.0% compared to approximately HK\$61.9 million from that of last year.



Electrical Distribution System

The Group has recognised revenue of approximately HK\$88.7 million for the financial year ended 30 June 2025, which is a decrease of 10.3% compared to approximately HK\$98.9 million for the financial year ended 30 June 2024.

Beauty and Health Business

The Group has recognised revenue of approximately HK\$1.6 million from beauty and health business for the financial year ended 30 June 2025.

Operating Results

Gross profit margin of the Group has increased by 83.8% from 3.7% for the financial year ended 30 June 2024 to 6.8% for the financial year ended 30 June 2025. This is mainly attributable to a general increase in pricing.

The operating results of the Group has recorded a decrease of loss from approximately HK\$44.1 million for the financial year ended 30 June 2024 to approximately HK\$18.1 million for the financial year ended 30 June 2025. The decrease in loss is primarily attributable to the combined effect of the increase in gross profit from approximately HK\$5.9 million to approximately HK\$9.8 million, decrease in expected credit loss recognised in respect of financial assets at amortised cost from approximately HK\$20.3 million to approximately HK\$5.1 million and decrease in administrative expenses from approximately HK\$26.7 million to HK\$21.7 million.

Other Gains and Losses, Net

Other gains and losses had decreased from a net gain of approximately HK\$0.5 million for the year ended 30 June 2024 to a net gain of approximately HK\$0.2 million for the financial year ended 30 June 2025. The decrease was mainly due to the forfeiture of share option during the year ended 30 June 2024.

Change in Fair Value of Financial Assets at Fair Value through Profit or Loss, net

The decrease in the loss in fair value of financial assets is attributable to the decrease in fair value loss on financial assets at fair value through profit or loss by 89.3% to approximately HK\$3,000 for the year ended 30 June 2025 (2024: HK\$28,000).

Administrative Expenses

Administrative expenses for the financial year ended 30 June 2025 have decreased by 18.9% to approximately HK\$21.7 million (2024: HK\$26.7 million).

Impairment losses recognised on property, plant and equipment and right-of-use assets

Impairment losses recognised on property, plant and equipment and right-of-use assets of the Group is approximately HK\$1.1 million for the year ended 30 June 2025 (2024: nil).

Other Operating Expenses

Other operating expenses of the Group have decreased to approximately HK\$0.7 million for the year ended 30 June 2025 (2024: HK\$1.4 million).

Income Tax Expense

There was a net income tax credit of approximately HK\$1.3 million for the financial year ended 30 June 2025 compared to net income tax expenses of approximately HK\$1.5 million for the financial year ended 30 June 2024. This is primarily attributable to overprovision of tax expenses in prior years in solar power business in PRC.

Employment and Remuneration Policy

As at 30 June 2025, the total number of employees of the Group was 35 (2024: 35). During the financial year ended 30 June 2025, employees costs (including Directors' emoluments) amounted to approximately HK\$13.6 million (2024: HK\$17.9 million). Remuneration of the employees which included salaries, discretionary bonuses and share-based incentives was based on the Group's results and individual performances. Medical and retirement benefits schemes were made available to qualified individuals.

The Group joined the Mandatory Provident Fund Scheme ("MPF"), and Central Pension Scheme (the "CPS") in Hong Kong and the PRC, respectively.

Under the MPF scheme, the Group and its employees in Hong Kong make monthly contributions at 5% of the employee's earning capped at HK\$1,500 per month to the scheme. Contributions to the scheme vests immediately. No forfeited contributions are available to reduce the contribution payable in future years as at 30 June 2025 and 30 June 2024.

Financial Position

As at 30 June 2025, total assets of the Group were approximately HK\$220.9 million (30 June 2024: HK\$227.3 million), representing a decrease of 2.8% as compared with that of 2024, among which current assets decreased by 3.4% to approximately HK\$212.1 million (30 June 2024: HK\$219.5 million).

The decrease in current assets of the Group was mainly attributed to the combined effect of decrease in inventories of approximately HK\$2.7 million, increase in trade receivables, deposits and other receivables of approximately HK\$5.2 million, increase in contract assets of approximately HK\$6.3 million, increase in prepayment of approximately HK\$2.8 million, and decrease in cash and cash equivalent of approximately HK\$19.0 million.

As at 30 June 2025, total liabilities of the Group amounted to approximately HK\$75.9 million (30 June 2024: HK\$75.5 million), which is an increase of 0.5% as compared with that of 2024, among which current liabilities increased by 0.7% to HK\$74.6 million (30 June 2024: HK\$74.1 million), whereas non-current liabilities decrease by HK\$0.2 million compared with the financial year ended 30 June 2024. The increase in current liabilities is mainly due to the combined effect of increase in trade and other payables, bank and other borrowings and decrease in amount due to a director. The decrease in non-current liabilities was mainly attributable to the decrease in lease liabilities.

Total equity of the Company has decreased by 4.4% to approximately HK\$145.0 million as at 30 June 2025 (30 June 2024: HK\$151.7 million). This is mainly due to the total comprehensive expense of approximately HK\$15.7 million and the proceeds from issue of share of the Company of approximately HK\$8.3 million.

Liquidity, Financial Resources and Gearing

As at 30 June 2025, the Group maintained net current assets of approximately HK\$137.5 million (30 June 2024: HK\$145.4 million). Besides, the Group maintained cash and cash equivalents of approximately HK\$5.3 million, of which 33.4% were denominated in Hong Kong dollars (30 June 2024: HK\$24.3 million, of which 29.3% was denominated in Hong Kong dollars).

The Group's gearing ratio was 0.49 (30 June 2024: 0.27), which was calculated on the basis of net debt over equity attributable to owners of the Company. Net debt is calculated as total borrowings plus amount due to a director plus trade and other payables less cash and cash equivalents.



Charge on Assets

As at 30 June 2025, the Group had no charge on its assets (30 June 2024: Nil).

Capital Structure

2024 Right Issue

On 22 March 2024, the Company announced that the Board proposed to implement the rights issue on the basis of one (1) rights share for every two (2) existing Shares in issue at the subscription price of HK\$0.4 per rights share, to raise up to approximately HK\$16.7 million before expenses by way of issuing up to 41,708,400 rights shares (the “**Right Issue**”).

The subscription price represents: (a) a discount of approximately 9.09% to the closing price of HK\$0.44 per Share as quoted on the Stock Exchange on the last trading day; (b) a discount of approximately 6.10% to the average closing price of approximately HK\$0.426 per Share for the last five consecutive trading days as quoted on the Stock Exchange up to and including the last trading day; (c) a discount of approximately 3.61% to the average closing price of approximately HK\$0.415 per Share for the last ten consecutive trading days as quoted on the Stock Exchange up to and including the last trading day.

On 8 May 2024, the Company completed the Rights Issue and issued 41,708,400 rights shares. The net proceeds from the Rights Issue was approximately HK\$16.0 million.

Further details of the Rights Issue were set out in the Company’s announcements dated 22 March 2024, 29 April 2024 and 8 May 2024, together with the Company’s prospectus dated 11 April 2024.

On 12 June 2024, the Company has published an announcement relating to the change in use of proceeds and the expected timeline of full utilisation by (a) reallocating approximately HK\$7.5 million which was originally allocated for developing solar power and electrical distribution system business to developing its sale of cosmetic products business; and (b) extending the expected timeline of full utilisation of the unutilised net proceeds from the end of December 2024 to the end of June 2025.

The utilisation of net proceeds was in line with the intended uses disclosed in the announcement of the Company dated 12 June 2024 in relation to the Rights Issue.

As at 30 June 2025, the Group had utilised the net proceeds of the Rights Issue as follows:

	Allocation of net proceeds HK\$ (million)	Utilisation up to the financial year ended 30 June 2025 HK\$ (million)
Developing its sale of cosmetic products business	7.5	7.5
Developing solar power and electrical distribution system business	3.7	3.7
General working capital of the Group	4.8	4.8
Total	16.0	16.0

2024 Placing

On 28 November 2024, the Company entered into a placing agreement (the “**2024 Placing Agreement**”) with Advent Securities (Hong Kong) Limited, pursuant to which Advent Securities (Hong Kong) Limited agreed to place up to 16,680,000 new shares of the Company to not less than six placees on a best effort basis at a placing price of HK\$0.2 per placing share (the “**2024 Placing**”). The 2024 Placing was completed on 9 December 2024 and 16,680,000 new shares of the Company with an aggregate nominal value of HK\$3,336,000 were allotted and issued by the Company to not less than six placees who were independent individuals, corporations and/or institutional investors, who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and its connected persons.

The placing price of HK\$0.2 represented (i) a discount of approximately 19.68% to the closing price of HK\$0.249 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 7.41% over the average closing price per Share of approximately HK\$0.186 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the 2024 Placing Agreement.

The net placing price for the 2024 Placing was approximately HK\$0.186 per placing share.

The 2024 Placing was conducted by the Company to raise additional funding for the business operations of the Group and strengthen the financial position of the Group for future development. The net proceeds amounting to approximately HK\$3.1 million arising from the 2024 Placing shall be fully applied as general working capital of the Group.

As at 30 June 2025, the Group had utilised the net proceeds of the 2024 Placing as follows:

Intended use of net proceeds	Allocation of net proceeds HK\$ (million)	Utilisation up to the financial year ended 30 June 2025 HK\$ (million)
General working capital of the Group	3.1	3.1

The utilisation of net proceeds was in accordance to the original intention disclosed in the announcement of the Company dated 28 November 2024 in relation to the 2024 Placing.

2025 Placing

On 18 March 2025, the Company entered into a placing agreement (the “**2025 Placing Agreement**”) with Advent Securities (Hong Kong) Limited, pursuant to which Advent Securities (Hong Kong) Limited agreed to place up to 25,025,000 new shares of the Company to not less than six placees on a best effort basis at a placing price of HK\$0.2 per placing share (the “**2025 Placing**”). The 2025 Placing was completed on 8 April 2025 and 25,025,000 new shares of the Company with an aggregate nominal value of HK\$5,005,000 were allotted and issued by the Company to not less than six placees who were independent individuals, corporations and/or institutional investors, who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and its connected persons.



The placing price of HK\$0.2 represented (i) a discount of approximately 9.91% to the closing price of HK\$0.222 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 9.91% over the average closing price per Share of approximately HK\$0.222 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the 2025 Placing Agreement.

The net placing price for the 2025 Placing was approximately HK\$0.185 per placing share.

The 2025 Placing was conducted by the Company to raise additional funding for the business operations of the Group and strengthen the financial position of the Group for future development. The net proceeds amounting to approximately HK\$4.62 million arising from the 2025 Placing shall be fully applied as general working capital of the Group.

As at 30 June 2025, the Group had utilised the net proceeds of the 2025 Placing as follows:

Intended use of net proceeds	Allocation of	Utilisation up to
	net proceeds	the financial
	HK\$ (million)	year ended
		30 June 2025
		HK\$ (million)
General working capital of the Group	4.62	4.62

The utilisation of net proceeds was in accordance to the original intention disclosed in the announcement of the Company dated 18 March 2025 in relation to the 2025 Placing.

Capital Expenditure and Commitments

During the financial year ended 30 June 2025, the Group had capital expenditure of approximately HK\$3.6 million (2024: HK\$6.7 million).

As at 30 June 2025, the Group has capital commitments contracted for but not provided in the consolidated financial statements of approximately HK\$0.6 million (30 June 2024: HK\$0.4 million).

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2025 (2024: Nil).

Significant Investments

As at 30 June 2025, the Group held certain listed securities as financial assets at fair value through profit or loss. There were no other significant investments held. Nor were there any material acquisitions or disposals during the year.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions or disposals of subsidiaries, joint ventures and associated companies during the financial year ended 30 June 2025.

Cash Flow

The Group reported net cash flows used in operating activities of approximately HK\$15.1 million (2024: net cash flows used in HK\$1.2 million) for the financial year ended 30 June 2025. The increase in net cash flow used in operating activities is primarily due to the increase in the trade and other receivables, trade and other payables and prepayments during the year.

Net cash used in investing activities is approximately HK\$4.8 million for the financial year ended 30 June 2025 (2024: HK\$3.5 million). This is mainly attributable to the purchase of intangible assets.

Net cash flows from financing activities mainly attributed to approximately HK\$0.8 million for the financial year ended 30 June 2025 (2024: net cash flows from HK\$15.9 million). The decrease in net cash flow from financing activities is primarily due to the combined effect of repayment of bank borrowing and the proceeds from rights issue of shares.

Financial Ratios

The following table shows the key financial ratios indicating the performance of the Group for the last five financial years:

Financial year ended 30 June	2025	2024	2023	2022	2021
Gross profit margin (%) ¹	6.8	3.7	6.7	10.6	9.9
Net profit margin (%) ²	N/A⁸	N/A ⁸	N/A ⁸	N/A ⁸	N/A ⁸
Return on assets (%) ³	N/A⁸	N/A ⁸	N/A ⁸	N/A ⁸	N/A ⁸
As at 30 June	2025	2024	2023	2022	2021
Gearing ratio ⁴	0.49	0.27	0.25	0.03	0.0
Current ratio ⁵	2.8	3.0	3.7	5.0	5.2
Average trade receivables collection period (days) ⁶	350.0	275.1	684.5	431.6	254.8
Average trade payables repayment period (days) ⁷	36.27	11.5	31.7	35.2	27.8

Notes:

¹ Gross profit margin = Gross profit/Revenue x 100%

² Net profit margin = Net profit/Revenue x 100%

³ Return on assets = Net profit before tax/Total assets

⁴ Gearing ratio = Net debt/Equity attributable to owners of the Company

⁵ Current ratio = Current assets/Current liabilities

⁶ Average trade receivables collection period = (Average trade receivables + Bill receivables/Revenue) x 365

⁷ Average trade payables repayment period = (Average trade payables/Purchases) x 365

⁸ The ratio is not applicable as the Group suffered a net loss for the financial year



The increase in gross profit margin for the financial year ended 30 June 2025 was attributed to a general increase in pricing.

The increase in average trade receivables collection period of 74.9 days for the financial year ended 30 June 2025 is primarily attributable to the combined effect of increase in trade receivables for the financial year ended 30 June 2025.

The Group always maintains good and prompt payment relationships with the suppliers to achieve overall benefit for the on-going and future purchase pricing. The increase in repayment period was mainly due to the increase in average purchase for the financial year ended 30 June 2025.

RISK MANAGEMENT

The Group faces certain risks and uncertainties in its operations which are outlined as below. It is a non-exhaustive list and there may be other risks and uncertainties further to the mentioned key risk areas.

Risk	Description and Mitigation
Financial and Economic Risk	Liquidity risk management Each business segment of the Group is responsible for its own cash management. The Group's policy is to regularly monitor its liquidity requirements so as to ensure sufficient reserves of cash and adequate committed lines of funding from major financial institutions (when applicable) to meet its liquidity requirements in the short and longer term.
	The Group's cash and cash equivalents as at 30 June 2025 were maintained at a satisfactory level. Save as disclosed in Note 31 to the consolidated financial statements, the Group had no significant capital commitment.
	Contingent liabilities The Group had no significant contingent liabilities as at 30 June 2025.
	Foreign currency risk The Group's business mainly operates in the PRC, accordingly, its revenue and transactions arising from its operations were generally settled in Renminbi ("RMB") whereas the bank balance of the Company was principally denominated in RMB. As a result, fluctuations in the value of RMB against Hong Kong dollars could adversely affect the cash and cash equivalent which is reported in Hong Kong dollars. During the financial year ended 30 June 2025, the Group did not experience any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation. The Group did not use any financial instruments for hedging purposes during the year and there were no hedging instruments outstanding as at 30 June 2025. The Group will continue to monitor closely the exchange rate risk arising from its existing operations and new investments in future. The Group will further implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Risk	Description and Mitigation
Credit risk	The Group's credit risk is primarily attributable to trade receivables and other receivables. Credit evaluations are performed on all credit customers focusing on the customer's history of 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. Trade receivables are generally due within 180-360 days from the date of billing. Impairment losses are recorded for those overdue balances where there is objective evidence of impairment. As disclosed in Note 36 to the consolidated financial statements, the Group has certain concentration risk in respect of trade receivables due from the Group's three (2024: three) largest customers who accounted for approximately 61% and 65.1% of the Group's total trade receivables as at 30 June 2025 and 30 June 2024 respectively. The credit risk exposure to trade receivables balance has been and will continue to be monitored by the Group on an ongoing basis.
Delay and cost overrun risk	Delay in the Group's project may put burdens on billings, material and labour costs that adversely affects the Group's revenue and financial performance. The duration of the Group's projects generally ranges between 6 to 48 months. Moreover, any damages caused by the Group may result in the liquidated damages penalty payable to the contracting parties. The Group continues to implement stringent budget control management. In addition, proper and detailed project planning is applied to avoid design error or faulty contractual management or other defaults.
Equity price risk	The Group held listed securities in Hong Kong for investment purposes. The reduction in the fair value of the listing securities resulting from changes in the levels of value of the securities will adversely impact on the Group's financial performance.



Risk	Description and Mitigation
Economic environment	The Group's primary operations are located in the PRC. The Group's results of operations and financial condition therefore depend on the economies of the PRC. The economic growth of the PRC is slowing down in recent years. In this connection, any contraction of the PRC business activities may also hinder the development of solar power business, electrical distribution system and trading of beauty and health products business of the Group so that the Group's results of operations and financial condition may be negatively impacted.
Health and safety	The Law of the People's Republic of China on Work Safety (中華人民共和國安全生產法) and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (中華人民共和國職業病防治法) aim at creating standards of conditions for employment, enhancing occupation safety and health and improving working conditions in PRC. Generally, the construction and installation works of the solar power projects and electrical distribution systems projects are outsourced and accordingly, the risk of non-conformity is minimal.
Regulation and compliance risks Legal and regulatory compliance	The Group faces local legal risks in the PRC and Hong Kong. Such risks might have significant impacts on the financial condition, operations and business prospects of the Group in the relevant markets. The investments of the Group in the PRC and Hong Kong might at present or in future be affected by changes in local, national or international political, social, legal, tax, regulatory and environmental requirements from time to time. In addition, new government policies or measures, if introducing changes in fiscal, tax, regulatory, environmental or other aspects that may affect competitiveness, could result in an additional or unforeseen increase in operating expenses and capital expenditures, produce risks to the overall return on investments of the Group, and delay or impede its business operations and hence adversely affect revenues and profits. The Group keeps monitoring regulatory developments and, where necessary, will obtain expert legal advice for the updated regulatory changes and the Board is informed of any regulatory updates on a timely manner.

Risk		Description and Mitigation
Other external risks and uncertainty	Government policies	The favourable policies of the PRC government towards renewable energy may change from time to time. Reduction in subsidies from the PRC government to the solar power businesses will hinder the revenue and profitability of the Group.
	Competition	The Group provides (i) sales and installation of solar power system to the PRC users on project basis; (ii) provision of electrical distribution system; and (iii) trading of beauty and health products in the PRC. As such, the Group's revenue is not recurring in nature and the Group has to go through a competitive quotation or negotiation process to secure new projects. In the event the Group is unable to maintain business relationship with existing customers or unable to price the tender or quotation competitively, the business and financial performance of the Group may be adversely affected. The Group continues to develop and maintain long-term relationships with customers by advancing its skills and technology and enhancing its supply chain quality to achieve cost efficiency so as to improve tender pricing.

The Group is committed to monitoring and managing its risks in order to identify and assess risks of major projects and key businesses at all levels. Through risk reports on weaknesses and potential risks, the Group supervises and implements risk management and control measures to improve its comprehensive risk management practices and initiatives across the Group.



Directors' Report

The board (the “**Board**”) of directors (the “**Directors**”) of Prosperity Group International Limited (the “**Company**”, together with its subsidiaries the “**Group**”) is pleased to present their annual report together with the audited consolidated financial statements for the financial year ended 30 June 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of its principal subsidiaries are set out in Note 1 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's results for the financial year ended 30 June 2025 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

DIVIDENDS

The declaration and payment of dividends shall be determined at the sole discretion of the Board after taking into account the Company's financial performances, working capital requirements, future prospects and other factors, and subject to the articles of association of the Company (the “**Articles of Association**”) and all applicable laws and regulations of the Cayman Islands.

The Directors did not declare any interim or final dividend for the financial year ended 30 June 2025 (2024: Nil).

DISTRIBUTABLE RESERVES

As at 30 June 2025, the Company's distributable reserves amounted to HK\$28,246,000 (2024: HK\$42,215,000).

Details of the movements in the respective reserves of the Group and the Company during the financial year ended 30 June 2025 are set out in the Consolidated Statement of Changes in Equity and Notes 29 and 40 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements of plant and equipment during the financial year ended 30 June 2025 are set out in Note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the financial year ended 30 June 2025 are set out in Note 28 to the consolidated financial statement.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the five financial year ended 30 June 2025 is set out on page 132 of the annual report.

DIRECTORS

The Directors who held office during the financial year ended 30 June 2025 and up to the date of this report are:

Executive Directors

Mr. Liu Yancheng (*Chairman*)

Mr. Yao Runxiong

Mr. Wu Yifeng (appointed on 5 July 2024)

Mr. Wu Yifeng confirmed that he (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules and (ii) understands his obligations as a director of a listed issuer under the Listing Rules on 5 July 2024.

Independent Non-executive Directors

Dr. Luo Xiaodong

Mr. Chen Yeung Tak

Mr. Wang Haoyuan

Ms. Ye Jieting (resigned on 19 July 2024)

Ms. Chan Sheung Yu (appointed on 27 December 2024)

Mr. Chen Yeung Tak confirmed that he (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules and (ii) understands his obligations as a director of a listed issuer under the Listing Rules appointed on 26 January 2024.

Mr. Wang Haoyuan confirmed that he (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules and (ii) understands his obligations as a director of a listed issuer under the Listing Rules appointed on 1 March 2024.

Ms. Ye Jieting confirmed that she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules and (ii) understands her obligations as a director of a listed issuer under the Listing Rules appointed on 1 March 2024.

Ms. Chan Sheung Yu confirmed that she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules and (ii) understands her obligations as a director of a listed issuer under the Listing Rules appointed on 27 December 2024.

In accordance with article 84(1) of the Articles of Association of the Company, Mr. Liu Yancheng, Mr. Yao Runxiong and Ms. Chan Sheung Yu shall retire by rotation in the forthcoming annual general meeting of the Company. Mr. Liu Yancheng, Mr. Yao Runxiong and Ms. Chan Sheung Yu, being eligible, have offered themselves for re-election.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Share Option Scheme" and "Directors' Interests in Securities" in this report during the financial year ended 30 June 2025 was the Company or any of subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the financial year ended 30 June 2025.



DIRECTORS' SERVICE CONTRACTS

All Directors have entered into letters of appointment or service contracts with the Company or its subsidiaries.

As at 30 June 2025, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiary which is not terminable by the Company within 1 year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section "Related Party Transactions" in Note 30 to the consolidated financial statements, no transaction, arrangement or contract of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, subsisted at the end of the financial year or at any time during the financial year ended 30 June 2025.

PERMITTED INDEMNITY PROVISION

Pursuant to article 164(1) of the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they might incur or sustain by in connection with the execution of their duties.

COMPETING INTERESTS

None of the Directors and their respective associates had any direct or indirect interest in a business which competes or may compete with the businesses within the Group.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Save for the transactions as disclosed in the section "Related Party Transactions" in Note 30 to the consolidated financial statements which were fully exempt from the disclosure requirements in accordance with Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), the Group did not enter into any connected or continuing connected transactions during the financial year ended 30 June 2025. In addition, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules during the financial year ended 30 June 2025.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company following the resolution passed at the annual general meeting of the Company held on 20 October 2017 and was terminated on 15 December 2023 (the "**2017 Scheme**"). All outstanding options granted under the 2017 Scheme will continue to be valid and exercisable in accordance with the provisions of the 2017 Scheme. For more details of the share option scheme, please refer to the circular of the Company dated 14 September 2017.

As at 30 June 2025, the number of shares in respect of which options under 2017 Scheme had been granted and remained outstanding was 1,663,568 shares, representing approximately 1.00% of the shares of the Company in issue as at 30 June 2025.

Directors' Report

Details of the movements in the share options granted to Directors and employees under the 2017 Scheme during the period ended 30 June 2025 are as follows:

Grantees	Date of grant	Exercise period	Exercise price per Share HK\$	Outstanding balance as at 1 July 2024	Granted during the year	Exercised/ vested during the year	Cancelled/ lapsed during the year	Outstanding balance as at 30 June 2025
Mr. Liu Yancheng (Director)	20 December 2022	20 December 2023– 19 December 2032	0.838	696,869	–	–	–	696,869
Employees	20 December 2022	20 December 2023– 19 December 2032	0.838	966,699	–	–	–	966,699

These options were vested on 20 December 2023 and became exercisable from the date of vesting to 19 December 2032 (both dates inclusive). The closing price of the Company's shares immediately before the date on which these options were granted was HK\$0.76 (after taking into account the share consolidation which became effective on 1 March 2023). The number of shares that may be issued in respect of options granted under the 2017 Scheme during the year ended 30 June 2025 divided by the weighted average of the Company's shares in issue for the year ended 30 June 2025 was approximately 1.17%.

A share option scheme was adopted by the Company following the resolution passed at the annual general meeting of the Company held on 15 December 2023 (the "**2023 Scheme**"). The main purpose of the scheme is to provide incentives and rewards to the eligible participants including full time or part time employees of the Group (including any directors). As at the date of adoption of the share option scheme, the total number of issued shares of the Company was 83,416,800 shares of HK\$0.2 each. Pursuant to the Listing Rules and the share option scheme, the total number of shares which might fall to be issued upon exercise of all share options to be granted under the share option scheme was 8,341,680, representing 10% of the then total number of issued shares of the Company as at the date of adoption of the share option scheme and the maximum number of shares that might be issued upon the exercise of all share options under the share option scheme or other schemes.



2023 SCHEME

Total number of shares available for issue

The 2023 Scheme was adopted on 15 December 2023. The number of options available for grant under 2023 Scheme and at the beginning of the financial year (i.e. 1 July 2024) and at the end of the financial year (i.e. 30 June 2025) was 6,678,112 and 6,678,112 respectively. As at the date of this annual report, a total of 1,663,568 shares may be issued upon exercise of all outstanding options which had been granted and yet to be exercised under the 2017 Scheme and 2023 Scheme, representing approximately 1.00% of the issued shares of the Company. The total number of shares available for further issue under the 2023 Scheme is 6,678,112 Shares, representing approximately 4.00% of the issued shares of the Company as at the date of this annual report.

Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of options and other incentive grants (whether exercised or outstanding) in any 12-month period granted to each participant must not exceed 1% of the aggregate number of shares in issue.

Subject to separate approval by the shareholders of the Company in general meeting with the relevant participant and his/her close associates (or associates if the participant is a connected person of the Company) abstaining from voting provided the Company must issue a circular to its shareholders before such approval is sought, the Company may grant options and other incentive grants to a participant which would exceed this limit.

Option period

The period within which the shares must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not be more than 10 years from the date of grant of the relevant option.

Vesting period of options granted

The minimum period, if any, for which an option must be held before it can vest shall not be less than 12 months unless (in the case of employee participants) one of the short vesting circumstances referred to the Company's circular dated 30 October 2023 applies.

Remaining life

The 2023 Scheme shall be valid and effective for a period of 10 years commencing from 15 December 2023. As at 30 June 2025, the remaining life of the Share Option Scheme is approximately 8 years and 5 months. No share option has been granted by the Company under the 2023 Scheme since its adoption up to the date of this annual report.

Save as disclosed above, no option was granted, exercised, cancelled or lapsed under 2023 Scheme during the period and as at the date of this report since adoption of the 2023 Scheme. For more details of the 2023 Scheme, please refer to the circular of the Company dated 30 October 2023.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2025, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) which were required to be (i) 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 the Directors and the chief executive have taken or deemed to have taken under such provisions of the SFO); (ii) recorded in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long Positions in Shares and Underlying Shares of the Company

Director	Capacity/Nature	Number of shares held/ interested in	Other interest (Note 3)	Total interest	Percentage of interest in the Company
Mr. Liu Yancheng	Beneficial owner	570,000	696,869	1,266,869	0.76%
	Interest of spouse (Note 1)	375,000	–	375,000	0.22%
Mr. Yao Runxiong	Beneficial owner	11,108,750	–	11,108,750	6.66%
	Interest of spouse (Note 2)	931,500	–	931,500	0.56%
Mr. Wu Yifeng	Beneficial owner	6,110,000	–	6,110,000	3.66%

Notes:

- 375,000 shares of the Company are legally and beneficially owned by Ms. Zhang Juanying, the spouse of Mr. Liu Yancheng. Mr. Liu Yancheng is therefore deemed to be interested in the 375,000 shares of the Company for the purposes of the SFO.
- 931,500 shares of the Company are legally and beneficially owned by Ms. Zhuang Yanzhu, the spouse of Mr. Yao Runxiong. Mr. Yao Runxiong is therefore deemed to be interested in the 931,500 shares of the Company for the purposes of the SFO.
- These interests represent options granted to the Directors as beneficial owners under the share option scheme of the Company. Details of the interests of the Directors in the share options of the Company are disclosed in the section “Share Option Scheme”.

Save as disclosed above, as at 30 June 2025, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

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

At 30 June 2025, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests in shares disclosed above in respect of the directors of the Company, the Company has not been notified of any other interests representing 5 percent or more of the Company's issued share capital as at 30 June 2025.

BUSINESS REVIEW

A fair review of the business of the Company as well as a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position can be found in the “Management Discussion and Analysis” set out on pages 4 to 14 of this annual report. These discussions form part of this report.



PRINCIPAL RISKS AND UNCERTAINTIES

Further discussion and analysis of the principal risks and uncertainties the Group is facing can be found in the "Management Discussion and Analysis" set out on pages 4 to 14 of this annual report. The above section forms part of this report.

CORPORATE GOVERNANCE

Subject to the deviations as disclosed in the Corporate Governance Report set out on pages 26 to 38 of this annual report, the Company has complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year ended 30 June 2025 is as follows:

	Percentage of the Group's total revenue	
	2025	2024
The largest customer in aggregate	39.4%	29.0%
Five largest customers in aggregate	98.7%	100%

	Percentage of the Group's total purchase	
	2025	2024
The largest supplier in aggregate	50.8%	24.7%
Five largest suppliers in aggregate	99.6%	96.4%

So far as the Directors are aware, the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's total number of issued shares) do not have any interest in these major customers and suppliers during the financial year ended 30 June 2025.

PRE-EMPTIVE RIGHTS

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

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

During the financial year ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Company maintained a sufficient public float as required under the Listing Rules during the financial year ended 30 June 2025 and up to the date of this annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to the independence guidelines under the Listing Rules and that the Company still considers such Directors to be independent.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is devoted to promoting and maintaining the environmental and social sustainable development of the regions where it operates. The Group takes into account of environmental protection issues in making reasonable use of various energy, resources and materials. The Group did not experience any cases of non-compliance relating to environmental laws and regulations in the PRC and Hong Kong.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business mainly operates in the PRC and the Company itself is listed on the Stock Exchange. Our operations accordingly shall comply with relevant laws and regulations in the regions. During the financial year ended 30 June 2025, the Group did not breach any law and regulation that has significant impact on the Company.

AUDITOR

The consolidated financial statements for the financial year ended 30 June 2025 have been audited by Moore CPA Limited who will retire and offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

By Order of the Board

Liu Yancheng

Chairman

Hong Kong, 26 September 2025



Profile of Directors and Senior Management

BOARD OF DIRECTORS

Executive Directors

Liu Yancheng

Mr. Liu Yancheng (“**Mr. Liu**”), aged 57, was appointed as an executive Director on 5 January 2017 and redesignated as the chairman of the Board (the “**Chairman**”) on 1 March 2017. Mr. Liu is also a director of certain subsidiaries of the Company. Mr. Liu possesses over 30 years of extensive business experience in China, encompassing investments in a diverse range of projects as well as pioneering development in the electronic digital technology market and new energy and semi-conductor sectors.

Yao Runxiong

Mr. Yao Runxiong, aged 63, was appointed as executive director on 25 October 2017. He is the founder and currently a director of 金大福珠寶有限公司 (for transliteration purpose only, King Tai Fook Company Limited), a company established in the PRC and principally engaged in jewellery business in the PRC. He has over 20 years of experience in management and development of jewellery business in the PRC.

Wu Yifeng

Mr. Wu Yifeng, aged 42, was appointed as an executive director on 5 July 2024. He obtained a bachelor degree in finance from Beijing Normal University (Zhuhai Campus) in 2007. From 2007 to 2015, he has worked in the investment banking department of China Construction Bank, Guangzhou Economic Development District subbranch and Guangdong branch and was mainly responsible for businesses including personal finance, wealth management product, bond underwriting and funds. From 2016 to 2018, he has worked in China Chuancai Securities Co., Ltd and was mainly responsible for bond financing businesses. From 2019 to 2023, he has managed Guangzhou Hongyi Private Securities Investment Co., Ltd. and was mainly responsible for businesses including business management consulting, investment and financing consulting.

Luo Xiaodong

Dr. Luo Xiaodong (“**Dr. Luo**”), aged 39, was appointed as an independent non-executive Director on 5 January 2017. He graduated from Shandong University with a bachelor’s degree in civil engineering in 2009. He further obtained a master’s degree in structure engineering from the University of Dundee in 2011 and a doctorate degree in civil engineering from the University of Hong Kong in 2016. Dr. Luo has been working in the construction industry since 2016.

Chen Yeung Tak

Mr. Chen Yeung Tak, aged 40, was appointed as an independent non-executive Director on 26 January 2024. He graduated from The Hong Kong Polytechnic University with a Bachelor of Arts in Accountancy in December 2006. He is a member and fellow of the Hong Kong Institute of Certified Public Accountants (“**CPA**”). He is also a CPA (Practising) registered in the Accounting and Financial Reporting Council.

He has over 15 years of experience in auditing, accounting and financial management, treasury, internal control, corporate governance and company secretarial matters. He worked in international accounting firms and Blue River Holdings Limited (formerly known as PYI Corporation limited, a company listed on the Stock Exchange with stock code: 498). He served as an independent non-executive director of AV Promotions Holdings limited (a company listed on GEM of the Stock Exchange with stock code: 8419) from December 2017 to November 2021. He is currently a company secretary of Kingland Group Holdings Limited (a company listed on the Stock Exchange with stock code: 1751) and had an appointment of its executive director from May 2020 to June 2022.



Profile of Directors and Senior Management

He is an independent non-executive director of the following companies respectively: DT Capital Limited (a company listed on the Stock Exchange with stock code: 356) and WElli Holdings Limited (a company listed on the Stock Exchange with stock code: 2372). He is an independent director of Etoiles Capital Group Co., Ltd (a company listed on Nasdaq with ticker: EFTY) and Onion Global Limited (a company formerly listed on New York Stock Exchange and currently listed on U.S. OTC Market with symbol: OGBLY).

Wang Haoyuan

Mr. Wang Haoyuan, aged 31, was appointed as an independent non-executive Director on 1 March 2024. He obtained a bachelor's degree in commerce from the University of Western Australia and a master's degree in investment management from the Hong Kong University of Science and Technology in 2018 and 2020 respectively. Between April 2020 and January 2023, he worked in various private companies as research analyst, including Country Garden Venture Capital and Bear. Since March 2023, he has been working in an asset management firm which engages in private securities investment and asset management services in China.

Ye Jieting

Ms. Ye Jieting, aged 51, was appointed as an independent non-executive Director on 1 March 2024 and was resigned on 19 July 2024. She has more than 20 years of experience in corporate management and strategic management. She has served as the legal representative of multiple companies including Guangzhou Mingying Material Technology Ltd., Guangzhou Mingying Enterprise Management Consulting Co., Ltd, Guangdong Hejiang Smart Medical Technology Co., Ltd and Guicheng Crystal Carved Jewelry Store, Nanhai District, Foshan City. She served as an executive director in Guangzhou Mingying Material Technology Ltd. and Guangzhou Mingying Enterprise Management Consulting Co., Ltd until January 2008 and October 2018 respectively. She served as an executive director and the general manager in Guangdong Hejiang Smart Medical Technology Co., Ltd until January 2019.

Chan Sheung Yu

Ms. Chan Sheung Yu, aged 38, was appointed as an independent non-executive Director on 27 December 2024. She has over 10 years of experience in auditing and financial fields. She holds the ESG Investing Certificate from CFA Institute, the Certified Anti-Money Laundering Specialist (CAMS) qualification from ACAMS, and is additionally a Hong Kong Certified ESG Planner (CEP®).

Ms. Chan obtained a Master's degree in Marketing Management from Aston University in the United Kingdom in 2010, and she was awarded a Bachelor's degree in Business Administration and Mathematics in 2008. Ms. Chan has been serving as an independent non-executive director of WS-SK Target Group Limited (a company listed on the Stock Exchange with stock code: 8427) since December 2024, DreamEast Group Limited (a company listed on the Stock Exchange with stock code: 593) since January 2024 and GBA Holdings Limited (a company listed on the Stock Exchange with stock code: 261) since July 2023. Ms. Chan is currently the financial controller of Kindness and Welfare Charity Limited since March 2023. Prior to her current role, Ms. Chan worked at Harvest Holdings Company from March 2017 to August 2019, where she held the position of Business Development Manager. She also worked at Nanyang Commercial Bank from July 2014 to March 2017, where she served as an internal auditor before leaving the company.

Ms. Chan is currently the vice president of the Hong Kong Jiangsu Enterprises Association, the deputy treasurer of the Y.Elites Association, and has previously served as a member of the Lung Tong Area Committees under the Home Affairs Department of the Government of the HKSAR and as a member of the Television and Radio Broadcasting Consultative Committee of the Office of the Communications Authority (OFCA), Hong Kong.



SENIOR MANAGEMENT

Dai Yong

Mr. Dai Yong (“**Mr. Dai**”), aged 48, has been appointed as the Project Director of the Company since 11 October 2016 and re-designated as the Chief Operating Officer of the Company since 1 November 2018. Mr. Dai holds a bachelor's degree from Huaihai Institute of Technology. He worked in Zhenjiang Eaton Electric Limited, a Sino-American joint venture, from 1999 to 2008, engaging in the sales management and network expansion of power transmission and distribution products of 110kV and below. From 2009 to 2016, he served as the general manager of Tianjin Kaihe Dianli Keji Limited, which is primarily engaged in the development and implementation of related businesses in the fields of power transmission and distribution products, PV power station ancillary products and PV power station solutions. Mr. Dai has over 20 years of experience in electric product and PV new energy related industries. He is mainly responsible for the operation of the solar power business and electrical distribution system business in the Group.

Yiu Ngai Chiu

Mr. Yiu Ngai Chiu, aged 34, was appointed as Group Financial Controller and the company secretary of the Group. He is a member of the Hong Kong Institute of Certified Public Accountants. He obtained his bachelor's degree in business administration (accounting and finance) from the University of Hong Kong in 2012. He has over ten years of experience in providing accounting and auditing services. Prior to joining the Company, Mr. Yiu had served in a company listed on the Main Board of the Stock Exchange and an international accounting firm.



Corporate Governance Report

Prosperity Group International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is committed to establish and maintain high standard of corporate governance. The Company believes that good corporate governance system provides a sustainable and solid foundation for the Company to manage business risks, enhance transparency, advance accountability and maximise shareholders’ interests.

The Company has applied the principles of Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and complied with all applicable code provisions of the CG Code throughout the financial year ended 30 June 2025 except for the following deviation:

Chairman and Chief Executive Officer

The Company does not have any officer with the title of “chief executive officer”.

For the financial year ended 30 June 2025, the Chairman was responsible for the general operations of the Board and the overall strategy of the Group. The Board considers that this structure would not impair the balance of power and authority between the directors and the management of Company.

The Board understands the importance of complying with the code provision C.2.1 of the CG Code and will continue to consider the feasibility of compliance. If compliance is determined, appropriate persons will be nominated to take up the different roles of the Chairman and the Managing Director.

Code provision C.1.8

According to Code C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. The Board believes that with the current risk management and internal control systems and the close supervision of the management, the Directors’ risk of being sued or getting involved in litigation in their capacity as Directors is relatively low. Benefits to be derived from taking out insurance may not outweigh the cost. As such, the Company currently does not have insurance cover for legal action against its directors.

Rule 13.92 of the Listing Rules

Since 19 July 2024, the Company had not been in compliance with the board diversity requirement under Rule 13.92 of the Listing Rules, which prohibits a single-gender board. Following the appointment of Ms. Chan Sheung Yu as an independent non-executive director of the Company on 27 December 2024, the Board has achieved gender diversity and is now in compliance with Rule 13.92 of the Listing Rules.



DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the code of practice for carrying out securities transactions by the Directors. After specific enquiry with all members of the Board, the Company confirmed that all Directors have fully complied with the relevant standards stipulated in the Model Code during the financial year ended 30 June 2025.

DIVIDEND POLICY

Code provision F.1.1 of the CG Code relates to disclosure of dividend policy. The Company does not have a dividend policy and the Board will decide on the declaration/ recommendation of any future dividends after taking into consideration a number of factors, the Group's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions (if any) and other factors which our Directors deem relevant, and other factors that the Board considers relevant.

THE BOARD

The Board guides and monitors the business and affairs of the Company to enhance long-term shareholders' value. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure that processes and procedures are in place to achieve the Company's corporate governance objectives.

Board Composition

As at 30 June 2025, the Board comprised three executive Directors and four Independent non-executive Directors.

The members of the Board are set out as below:

Executive Directors:

Mr. Liu Yancheng (*Chairman*)

Mr. Yao Runxiong

Mr. Wu Yifeng

Independent Non-executive Directors:

Dr. Luo Xiaodong

Mr. Chen Yeung Tak

Mr. Wang Haoyuan

Ms. Chan Sheung Yu

Mr. Wu Yifeng obtained legal advice referred to in Rule 3.09D of the Listing Rules on 5 July 2024 and he has confirmed he understood his obligations as a director of a listed issuer.

Ms. Chan Sheung Yu obtained legal advice referred to in Rule 3.09D of the Listing Rules on 27 December 2024 and she has confirmed she understood his obligations as a director of a listed issuer.

The composition of the Board is reviewed regularly to ensure that it has a good balance of expertise, skills and experience which can meet the requirements of the business of the Company. The Board includes four independent non-executive Directors, in which Mr. Chen Yeung Tak is a certified public accountant in Hong Kong. Mr. Chen possesses extensive experience in the accountancy profession and has appropriate accounting and related financial management expertise. The biographical details of the Directors are set out under the section headed “Profile of Directors and Senior Management” on pages 23 to 25.

During the financial year ended 30 June 2025, the executive Directors and the independent non-executive Directors provided the Group with wide range of valuable business experience, knowledge and professionalism. The active participation of the independent non-executive directors in the Board and committee meetings brought independent judgement on issues relating to the Group’s strategy, performance and management process, taking into account the interests of the shareholders of the Company (the “**Shareholders**”).

The non-executive director and each of the independent non-executive directors has a letter of appointment with the Company for a term of two years commencing on the date of their respective appointment but is subject to retirement by rotation and re-election at an annual general meeting of the Company in accordance with the Articles of Association of the Company.

Responsibilities of the Board

The Board is responsible for the leadership and control of the Company. The Board determines the overall strategies, monitors and controls operating and financial performance, sets objectives and business development plans and makes key decisions of the Company. The day-to-day management and operation are delegated to the executive Directors and senior management. The delegated functions are closely supervised by the Board to ensure effectiveness and alignment with the overall strategies of the Company. Approval has to be obtained from the Board prior to any significant transactions to be entered into by the senior management.

The Board is also entrusted with the overall responsibility of developing, maintaining and reviewing sound and effective corporate governance policies within the Group and is committed to ensuring that an effective corporate governance is put in place to continuously review and improve the corporate governance practices within the Group.

All Directors have access to relevant information in relation to the Company as well as the advices and services of the Company Secretary, if and when required, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

There are established procedures for Directors to seek independent professional advices for them to discharge their duties and responsibilities, where appropriate at the expenses of the Company.

Save as disclosed in the section headed “Profile of Directors and Senior Management” in this annual report, there is no financial, business, family or other material relationships among members of the Board.



Regular Board meetings each year are scheduled in advance to facilitate maximum attendance of Directors. Reasonable notice in advance of a Board meeting is normally given to all Directors who are provided with an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors reasonably in advance before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). All minutes and/or resolutions are kept by the Company and are open for inspection by any Directors.

Whereas a Director has conflict of interest in a matter to be considered by the Board and the Board has determined that it is material, such matter will then be dealt with by the Board at a duly convened Board meeting. The Articles of Association stipulates that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his associates have a material interest.

Each Director can have access to Board papers and other related materials and have access to the advice and services of the Company Secretary. The Board and individual Director also have separate and independent access to the senior management of the Company. Directors are continuously updated with the major developments of the Listing Rules and other applicable regulatory requirements so as to ensure the Company's compliance with and upkeep of good corporate governance practices. In addition, Directors are allowed to seek independent professional advice in appropriate circumstances for discharging their duties at the expense of the Company.

Independent Non-executive Directors

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Board and the Nomination Committee have reviewed the independence of the Independent Non-executive Directors and considered all independent non-executive Directors are independent within the definition of the Listing Rules.

All independent non-executive Directors were appointed with specific term and are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles of Association.

Directors Commitments and Continuous Professional Development

The Company has received confirmation from each Director that he has given sufficient time and attention to the affairs of the Company for the financial year ended 30 June 2025. Directors have disclosed to the Company the number and nature of offices they hold in Hong Kong and overseas listed public companies or organisations.

Each newly appointed Director receives an induction at his appointment to ensure that he has proper understanding of the operations and business of the Group and is fully aware of his responsibilities and obligations under the Listing Rules, applicable laws and other relevant statutory requirements. Directors are continually provided with updates on statutory and regulatory developments, evolution of the business environment so as to facilitate them to discharge their duties.

According to the records maintained by the Company, Directors received continuous professional development with an emphasis on the roles, functions and duties of being a director of a listed company in compliance with code provision C.1.4 of the CG Code during the financial year ended 30 June 2025:

	Corporate governance/ updates on laws, rules and regulations	Accounting/ financial/ management or other professional skills
Executive Directors		
Mr. Liu Yancheng	✓	N/A
Mr. Yao Runxiong	✓	N/A
Mr. Wu Yifeng	✓	N/A
Independent Non-executive Directors		
Dr. Luo Xiaodong	✓	N/A
Mr. Chen Yeung Tak	✓	✓
Mr. Wang Haoyuan	✓	N/A
Ms. Ye Jieting (<i>resigned on 19 July 2024</i>)	✓	N/A
Ms. Chan Sheung Yu (<i>appointed on 27 December 2024</i>)	✓	✓

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference specifying its authority and duties which is available on the websites of the Stock Exchange and the Company. As at 30 June 2025, the Audit Committee consists of four independent non-executive Directors, namely,

Mr. Chen Yeung Tak (*Chairman*)
 Dr. Luo Xiaodong
 Mr. Wang Haoyuan



The primary terms of the Audit Committee are as follows:

On external audit:

- make recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the external auditor;
- review and monitor the external auditor's independence as well as the objectives and effectiveness of the audit process in accordance with applicable standards;
- discuss with the external auditor before the audit commences on the nature and scope of the audit and reporting obligations and ensure co-ordination where more than one audit firm is involved; and
- develop and implement policy on the engagement of the external auditor to provide non-audit services.

On annual financial results:

- monitor integrity of the interim and annual reports and accounts, and review significant financial reporting judgements contained therein before submission to the Board;
- review the Group's financial and accounting policies and practices;
- review external auditor's management letter for any material queries raised by the auditor to the management in respect of accounting records, financial accounts or system of control and management response; and
- consider any significant or unusual items that are, or may need to be, reflected in the interim and annual reports and accounts and give due consideration to any matters that have been raised by the Group.

On internal control and risk management:

- review the Group's financial controls and its internal control and risk management systems;
- discuss with management the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and its training programmes and budget;
- consider any findings of major investigation of internal control matters as delegated by the Board or on its own initiative and management's responses thereto;
- ensure co-ordination between the internal and external auditors and that the internal audit function is adequately resourced and has appropriate standing within the Group; and
- report to the Board on the matters raised in the CG Code.

The Audit Committee had reviewed the Group's annual results and consolidated financial statements for the year ended 30 June 2025 and its unaudited interim results during the financial year. The Audit Committee is of the view that the consolidated financial statements have been prepared in accordance with the applicable accounting standards.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") was established with written terms of reference specifying its authority and duties which is available on the websites of the Stock Exchange and the Company. As at 30 June 2025, the Remuneration Committee consists of four independent non-executive Directors, namely,

Mr. Chen Yeung Tak (*Chairman*)
Dr. Luo Xiaodong
Mr. Wang Haoyuan
Ms. Chan Sheung Yu

The roles and functions of the Remuneration Committee are set out in its terms of reference which are posted on the websites of Stock Exchange and the Company. Primary terms include:

- making recommendations to the Board on policy and structure of remuneration of the Directors and senior management whereby the Board has the final authority to approve the remuneration of Directors and senior management;
- making recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Directors and senior management;
- assessing performance of executive Directors and approving the terms of executive Directors' service contracts; and
- ensuring no Directors or any of their associates are involved in deciding their own remuneration packages and objectives and compensation arrangements relating to dismissal or removal of Directors.

The remuneration package of each Director is determined by reference to the prevailing market conditions, his duties and responsibilities to the Company and the Company's remuneration policy.

During the financial year ended 30 June 2025, the Remuneration Committee had held three meetings to discuss the remuneration policy and review the remuneration of the Board, and make recommendations to the Board having taken into consideration of the current situation of the economy and the results of the Group.



Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of senior management by band for the financial year ended 30 June 2025 is set out below:

Annual remuneration (by band)	Number of individuals
Less than HK\$1,000,000	1
HK\$1,000,000 to HK\$1,500,000	–
HK\$1,500,001 to HK\$2,000,000	–
HK\$2,000,001 to HK\$3,000,000	2

Further particulars of Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in Note 10 to the consolidated financial statements.

NOMINATION COMMITTEE

The nomination committee of the Company (the "**Nomination Committee**") was established with written terms of reference specifying its authority and duties which is available on the websites of the Stock Exchange and the Company. As at 30 June 2025, the Nomination Committee consists of four members, of whom three are independent non-executive Directors and one is executive Director, namely,

Mr. Liu Yancheng (*Chairman*)

Dr. Luo Xiaodong

Mr. Chen Yeung Tak

Mr. Wang Haoyuan

Ms. Chan Sheung Yu

With the aim to build up a strong and diverse Board, the Nomination Committee would identify suitable and qualified individuals, in particular those who can add value to the management through their respective expertise in relevant strategic business areas, to be the board members, and would make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors, if necessary.

Details of the procedures for Shareholders to propose a person for election as a Director are outlined in the "Procedures for Shareholders to Propose a Person for Election as a Director" which is available on the website of the Company.

The primary terms of the Nomination Committee include:

- review and supervise the structure, size and composition of the Board;
- develop the criteria for identifying and assessing the qualification of and evaluating candidates for directorship; and
- make recommendations to the Board on the selection of nominated directorship and matters related to appointment or re-appointment of Directors.

Pursuant to the Articles of Association, any Director appointed to fill a casual vacancy should be subject to re-election by the Shareholders at the next general meeting of the Company after their appointments, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. In addition, at each annual general meeting of the Company, one-third of the Directors shall retire from office by rotation (but will be eligible for re-election) such that all Directors should be subject to retirement by rotation at least once every three years.

The Nomination Committee follows a set of procedures when recommending candidates for the directorship. The primary criteria of selecting a candidate include assessing his/her:

- integrity, objectivity and intelligence of the candidate, with reputations for sound judgement and open mind, and a demonstrated capacity for thoughtful group decision making;
- qualification and career experience; and
- understanding of the Company and the Group's mission.

When a candidate is proposed for a directorship, he/she shall be evaluated on the basis of the aforementioned criteria. Selection of the suitable candidate is based on a majority vote and the view of each committee member will be sought before voting commences. The chairman of the Nomination Committee will present the proposal (with the voting results) and make recommendations to the Board.

For the financial year ended 30 June 2024, the Nomination Committee held one meeting to review the structure and diversity of the Board, the policies applicable to the board composition and nomination, the term of appointment of non-executive Directors, and to assess the independence of independent non-executive Directors and to make recommendations to the Board on the appointment and re-appointment of Directors taking into account their experience and qualifications.

Board Diversity

The Nomination Committee adopted the board diversity policy of the Company which sets out the approach to achieve diversity on the Company's Board of Directors. The Company recognises the benefits of board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limiting to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the candidates' merits and contributions to the Board. The Nomination Committee reviews the board diversity policy, as appropriate, to ensure its effectiveness from time to time. The Company considers that the current Board composition is characterised by diversity, whether considered in terms of professional background, skills and knowledge.

In recognising the importance of gender diversity, the Company taken steps to promote gender diversity on Board and management levels as well as other levels of the Group. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.



BOARD AND COMMITTEE MEETINGS

During the financial year ended 30 June 2025, the Company held 11 Board meetings, 3 Audit Committee meetings, 3 Remuneration Committee meetings, 4 Nomination Committee meetings and 1 general meeting. The individual attendance record of each Director at the Board meetings, Board Committees meetings and general meetings during the financial year ended 30 June 2025 is set out below and is presented by reference to the number of meetings held during their tenure:

Director	Board	Number of meetings attended/held			
		Audit Committee	Remuneration Committee	Nomination Committee	General
Executive Directors					
Liu Yancheng	11/11	N/A	N/A	4/4	1/1
Yao Runxiong	11/11	N/A	N/A	N/A	1/1
Wu Yifeng	10/10	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Luo Xiaodong	11/11	3/3	3/3	4/4	1/1
Mr. Chen Yeung Tak	11/11	3/3	3/3	4/4	1/1
Mr. Wang Haoyuan	11/11	3/3	3/3	4/4	1/1
Ms. Ye Jieting (resigned on 19 July 2024)	1/1	N/A	1/1	N/A	N/A
Ms. Chan Sheung Yu (appointed on 27 December 2024)	3/3	N/A	N/A	N/A	N/A

Minutes of the Board and Board Committees meetings have been recorded in sufficient details including any matters considered in the meetings, decisions reached and concerns or queries raised by the Directors or dissenting views expressed. Draft and final versions of minutes of the Board and Board Committees are sent to all Directors or Committee members for comments and records respectively within a reasonable time after each meeting.

COMPANY SECRETARY

As at 30 June 2025, Mr. Yiu Ngai Chiu was the Company Secretary during the reporting period. He was responsible to the Board for ensuring that board procedures were followed and the Board was fully briefed on all legislative, regulatory and corporate governance developments and that it had regard to them when making decisions.

During the financial year ended 30 June 2025, he has confirmed that he has duly complied with the relevant requirement under the Listing Rules and taken not less than 15 hours of relevant professional training.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the internal control system of the Group, and an effective internal control system enhances the Group's ability in achieving business objectives, safeguarding assets, complying with applicable laws and regulations and contributes to the effectiveness and efficiency of its operations. As such, the Group's internal control procedures include a comprehensive budgeting, information reporting and performance monitoring system.

The Company has engaged an independent advisor to conduct various agreed reviews over the Company's internal control system in order to assist the Board in reviewing the effectiveness of the risk management internal control system of the Group. The reviews, conducted annually and spanning over a period of 2 years, are aimed to cover all material controls, including financial, operational and compliance controls and risk management functions of the Group during the financial year. The report from the independent advisor has been presented to and reviewed by the Audit Committee and the Board. No significant control failings or weaknesses were identified in the internal control review for the financial year ended 30 June 2025. Appropriate recommendations for further enhancing the internal control system have been adopted and the Company considers its risk management and internal control systems to be effective and adequate.

AUDITORS' REMUNERATION

An analysis of the remuneration payable to the independent auditor of the Company, Moore CPA Limited, to perform audit and non-audit services for the financial year ended 30 June 2025 is as follows:

For the financial year ended 30 June	2025 HK\$'000	2024 HK\$'000
<i>Services rendered:</i>		
Audit service	850	996
Non-audit service	90	306

In pursuance to the requirement of paragraph 30 of Appendix 16 of the Listing Rules, the following outlines the independent auditor of the Company in the preceding three financial years:

Financial year ended	Independent Auditor
30 June 2025	Moore CPA Limited Registered Public Interest Entity Auditors
30 June 2024	Moore CPA Limited (formerly known as Moore Stephens CPA Limited) Registered Public Interest Entity Auditors
30 June 2023	Moore Stephens CPA Limited Registered Public Interest Entity Auditors



SHAREHOLDERS' RIGHTS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to articles 57 and 58 of the Articles of Association, each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. General meetings may be held in any part of the world as may be determined by the Board. The Board may whenever it thinks fit call extraordinary general meetings.

Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to enquire 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 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (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.

Pursuant to article 85 of the Articles of Association, no person, other than a Director retiring at the meeting, shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least 7 days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such Notice(s) shall commence on the day after the despatch of the notice of general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES AND PROPOSALS TO THE BOARD

To foster regular and contribute two-way communications amongst the Company, its Shareholders and potential investors, the Company Secretary is designated to respond to enquiries and proposals from Shareholders as well as the public.

Enquiries and concerns of the Shareholders and other stakeholders can be made in writing to the Company Secretary via the following contact details:

By mail: Unit 903A, 9th Floor, Mirror Tower,
61 Mody Road, Tsim Sha Tsui East,
Hong Kong

By fax: (852) 3523 1122

By email: contact@prosperityhc.com

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

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Board and senior management recognise the responsibility of safeguarding the interest of the Shareholders and providing transparent and real-time disclosure of information of the Company so as to keep the Shareholders and investors abreast of the Company's position and help them to make informed investment decision.

Information of the Company and the Group are delivered to the Shareholders through various channels, which include annual report, interim report, announcements and circulars. The latest information of the Company and the Group together with the published documents are also available on the websites of the Company and the Stock Exchange.

The Company holds an annual general meeting every year as an appropriate media for direct communication between the Board and the Shareholders. Shareholders can raise questions directly to the Board in respect of the business performance and future development of the Group at such annual general meetings.

For the financial year ended 30 June 2025, there had been no significant changes in the Company's constitutional documents.

DIRECTORS' AND INDEPENDENT AUDITORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and has ensured that the consolidated financial statements are prepared in accordance with statutory requirements and applicable accounting standards.

The statement of the independent auditors of the Company, Moore CPA Limited, about reporting responsibilities on the consolidated financial statements of the Group is set out under the heading "Independent Auditors' Report" in this annual report.

Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.



Environmental, Social and Governance Report

INTRODUCTION AND SCOPE

This environmental, social and governance report (the “**ESG Report**”) has been prepared by the management of Prosperity Group International Limited (the “**Company**”) in accordance with the requirement of the Appendix 27 Environmental, Social and Governance Reporting Guide (“**ESG Guide**”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Group’s corporate governance is addressed separately in the Company’s annual report prepared in accordance with all applicable provisions as set out in Appendix C1 of the Listing Rules.

This report presents mainly the policies, initiatives and performance of the Group for the year ended 30 June 2025. It also highlights material aspects identified for the year ended 30 June 2025. The board of directors of the Company confirms that the report has been reviewed and approved to ensure the fair presentation of all material environmental, social and governance (“**ESG**”) issues and impacts.

This ESG report has been presented into two subject areas namely, Environmental and Social. For each subject area, there are various aspects requiring disclosure of the relevant policies and statuses of compliance with relevant laws and regulations according to the ESG Guide.

The Company understands the importance of the ESG report and is committed to making continuous improvements in corporate social responsibility into the business of the Company and its subsidiaries (collectively referred to as the “**Group**”) in order to meet the changing needs of an advancing society. Reviews of the progress and achievement on ESG objectives and targets are conducted periodically with reference to relevant policies and objectives in place, as well as performance data from the previous reporting period.

In this ESG report of the Group, it will present mainly policies, initiatives and performance of the Group for the year ended 30 June 2025 and also highlight material aspects identified. The following table will demonstrate the relationship between ESG guide and the issues found relevant to the Group after identifying and analysing the ESG risks and opportunities of the Group in association with the investment strategy, risk management and impact of the Group’s business:

ESG Guide	Relevant ESG issues to the Group
A. Environmental	
A.1 Emissions	Pollutants emissions Greenhouse gas emissions Waste management
A.2 Use of resources	Resources consumption
A.3 Environmental and natural resources	Measures in reducing environmental impact
A.4 Climate change	Addressing climate change risks
B. Social	
B.1 Employment	Labour practices Equal opportunities
B.2 Health and Safety	Workplace health and safety
B.3 Development and training	Employee development and training
B.4 Labour standards	Child labour and forced labour
B.5 Supply chain management	Relationship management in the view of long term co-operation
B.6 Product responsibility	Product quality control Consumer data protection and privacy policies
B.7 Anti-corruption	Anti-corruption and money laundering
B.8 Community investment	Community involvement

REPORTING PRINCIPLES AND SCOPE

With reference to the ESG Guide, in preparation of the ESG report, materiality assessment through industry benchmarking was performed to identify specific ESG factors. Qualitative data, as well as standards, methodologies used etc. were provided in the reporting of key performance indicators to evaluate the Group's environmental and social performance. Consistent calculation methods have been used in this ESG report in comparison to previous reporting periods, to provide a fair view of the Group's growth in environmental and social performance over time.

This ESG report covers all of the Group's operations in the People's Republic of China (the "**PRC**"), and Hong Kong and there has been no changes in the scope for the year ended 30 June 2025.

A. ENVIRONMENTAL

The Group always keeps itself up-to-date on developments of local legislations and standards for environmental protection. During the year ended 30 June 2025, the Group did not experience any cases of non-compliance relating to environmental laws and regulations in the PRC, and Hong Kong.

The Group actively encourages staff to protect the environment through training, education and communication.

The Group has policies for the reduction of energy consumption and efficient use of resources so as to reduce the emission of greenhouse gas ("**GHG**") and other pollutants in relation to its operations carried out in all its business units' office and points of sale controlled and run by the Group. This includes switching off idle lightings, computers and electrical appliances, deployment of energy-saving lightings, using of recycled paper, monitoring water consumption, encouraging the use of public transport for local travelling to meetings and airports and using tele or video conferencing as an alternative to business travels.

The Group has established environmental policies and has communicated measurable environmental objectives to employees. The salient features of these environmental policies and objectives are as follows:

Environmental Policies	Environmental Objectives
To monitor and record our environmental impacts on a regular basis and compare our performance with our policies, objectives and targets	Conform to applicable laws and government regulations
To reduce, reuse, recycle the resources consumed by our business wherever practical	Promote environmental, health and safety awareness among the employees, contractors, users and transporters
To inform the employees, users and society at large about environmental protection and product safety	Increasing and maintaining the environmental awareness of all employees with a view to integrating environmental considerations into operational and financial planning



A.1 Emissions

The Group takes environmental management into account. We keep our employees abreast of the latest environmental laws and regulations so as to better manage our environmental performance. During the year ended 30 June 2025, the Group was not aware of any material non-compliance of environmental laws and regulations that have a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Pollutants Emissions

The pollutants emissions of the Group are mainly attributed to the use of motor vehicles for the provision of logistic services in Hong Kong and the PRC. The Group minimises the use of motor vehicles by adopting better route plans and avoid using motor vehicles during peak hours. The consumption of fuels leads to the emission of 0.03 (2024: 0.05) kg of sulphur oxides (SO_x), 1.2 (2024: 1.8) kg of nitrogen oxides (NO_x) and 0.1 (2024: 0.1) kg of particulate matters (PM).

Greenhouse Gas Emissions

The Group consumes electricity and fuels for the operations of its trading business. The emission of carbon dioxide (CO₂) has been calculated by the quantity of energy consumed multiple by the emission factors and the emission of CO₂ are used tonnes as a unit. The emissions of CO₂ are broadly classified into three scopes:

Scope 1 – Direct emissions from combustion of fuels;

Scope 2 – Energy indirect emissions; and

Scope 3 – Other indirect emissions.

The combustion of 2,023 (2024: 3,171) litres of unleaded petrol and nil (2024: 0) litres of diesel oil have produced 4.7 (2024: 7.5) tonnes of CO₂ (Scope 1). Further, the Group consumed 7,203 (2024: 31,277) kWh of electricity which contributed to the emissions of 3.0 (2024: 12.8) tonnes of CO₂ (Scope 2). 2.7 (2024: 2.8) tonnes of CO₂ have been produced from other indirect emissions (Scope 3), including paper usage, electricity used for processing freshwater and sewage by government departments produced and business air travel of the Group's employees. 10.4 (2024: 23.1) tonnes of CO₂ has been produced by the Group for the year ended 30 June 2025.

Waste management

The Group would also produce certain land waste from the offices located both in Hong Kong when conducting its businesses. The major land waste is the paper used to prepare logistic documents and office documents. The Group has also encourage staff reuse of single-sided printed paper and duplex printing to reduce the consumption of paper.

The waste management from the Group's business activities mainly consisted of office paper and water during the year ended 30 June 2025. No substantial hazardous waste was produced by the Group during the Reporting Period.

A.2 Use of Resources

Resource consumption

Resources consumed	Unit	Consumptions		Consumption intensity	
		2025	2024	2025 (per staff)	2024
Water	m ³	1.2	65	0.03	1.86
Electricity	kWh	7,203	31,277	206	894
Paper used	kg	111	123	3.2	3.5

Environmental policy and performance, and environmental conservation are always one of the Group's concerns. Although the Group has not established a formal environmental policy, various measures have been implemented to encourage compliance with environmental legislation and promote awareness towards environmental protection to the employees. For instance, the Group implements green office practices such as double-sided printing and copying, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances. Besides, various water-saving measures are also implemented by the Group for the purpose of conserving water more effectively in the operations. The measures include reusing the water used in cleaning process if practicable, turning off the water taps when they are not in use.

The Group has not encountered any issue in sourcing water that is fit for purpose. The use of packaging material for finished products is not applicable to the Group's business.



A.3 Environmental and Natural Resources

Measures in reducing environmental impact

Due to the nature of the business, the Group does not have any direct and significant impacts on the environment and natural resources during its operation. By taking the green initiatives mentioned below, the Group is committed to reduce the environmental impact and acting in a manner that is both environmentally and socially responsible.

Throughout the Group, the following actions have been taken to reduce carbon and energy footprints:

- maintain the indoor temperature of offices at 26 degrees Celsius;
- choosing environmentally friendly materials and energy-saving lightings and electrical appliances;
- idle electrical appliances are switched off; and
- regular maintenance and repair for electrical appliances to lower energy waste.

A.4 Climate Change

Addressing climate change risks

Increasingly significant business risks are arising from the increase in frequency and intensity of extreme weather events. Such events include storms, floods, droughts and heat waves. The operations of the Group may be disrupted by the severe weather, leading to material financial and physical damage. Besides, the change in global climate also increase temperatures drastically. The engineering services business of the Group requires physical labor working outdoors. The working conditions might become harsher due to the rising temperatures and change in weather patterns.

In view of this, the Group has spent additional resources in monitoring the health and safety risks of those working in hot climates. Another policy to protect workers' health is to allow the workers to take more frequent and longer breaks while working in heat. The provision of sufficient drinking water is always guaranteed as well.

From a wider perspective, the Group has been developing in solar power business for the purpose of offering a cleaner resource to the public. The customers of the Group are working to shift their power generation toward solar power, which in turn reduce the level of emissions.

B. SOCIAL

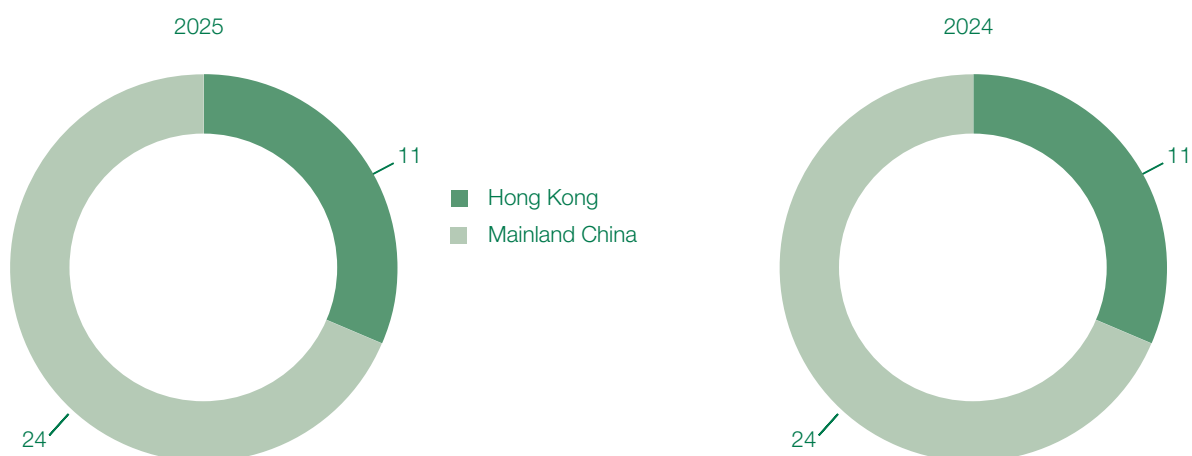
B.1 Employment

Labour Practices

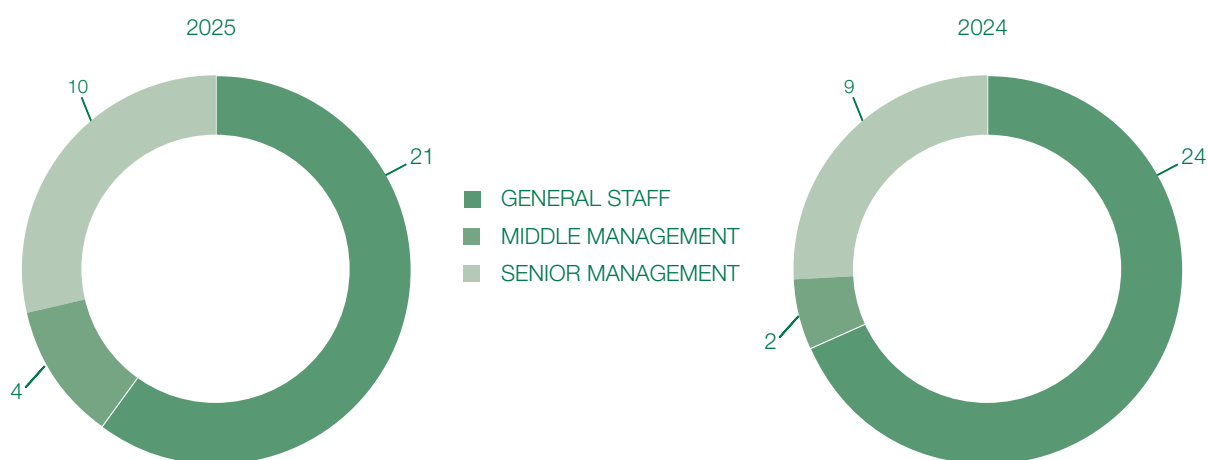
Human resources are a valuable asset to the Group. It provides certain staff activities to enhance employees' sense of belonging and to help create a friendly working environment. The Group did not notice any non-compliance with relevant laws and regulations in the PRC and Hong Kong, applicable to employment contracts, wages, and benefits.

At 30 June 2025, the Group has 35 (2024: 35) employees who are all full-time employees. The charts below show the diversity of the staff:

WORKFORCE DISTRIBUTION BY GEOGRAPHICAL REGION



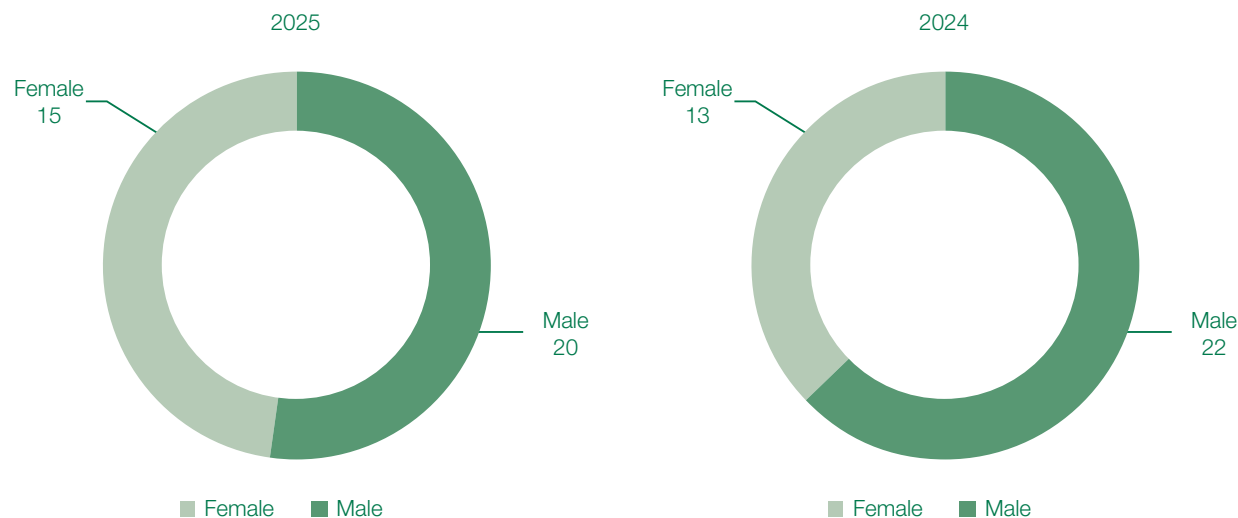
WORKFORCE DISTRIBUTION BY POSITION



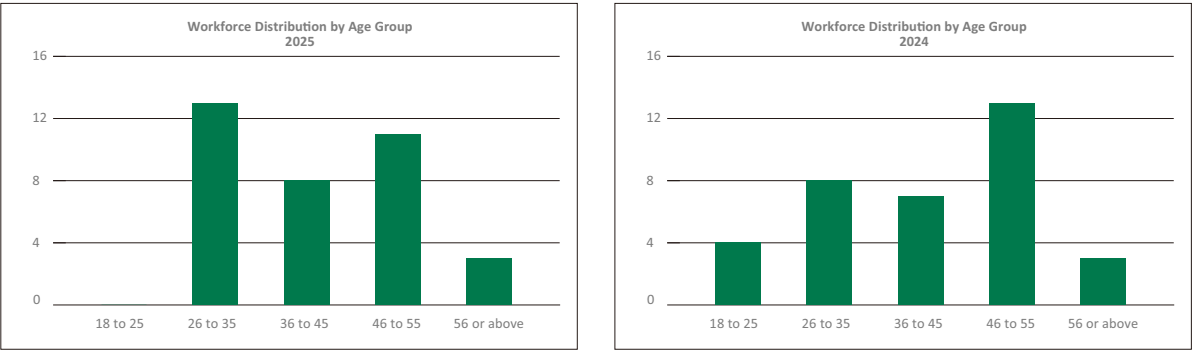
During the hiring process, management concerns about the ability and capability of job applicants. As a result, it forms a multi-cultural working environment.



GENDER DISTRIBUTION



The male/female composition ratio of the Group is approximately 1.3:1 (2024: 1.7:1). The Group treated all application irrespective of gender.



The age level of workers is well-diversified, and about 37% (2024: 34%) of the total workforce is aged at 35 or below.

Equal Opportunities

Being an equal opportunities employer, the Group is committed to creating a working environment with fairness, openness and mutual trust. The Group opposes to any consideration which involves discrimination not related to work and prohibits all forms of workplace discrimination, in particular, employee of the same position is remunerated on an equal basis no matter of what gender they are, thus the rights of female employees are well-protected.

B.2 Health and Safety

Workplace health and safety

Our Group attaches great importance to employees' health and safety. In order to minimise workplace accidents and set the health and safety of staff as a top priority, the Group has established a set of staff handbook which includes sufficient policies on the safety for all employees to follow.

The Group complies with laws and regulations regarding health and safety such as Occupational Safety and Health Ordinance in Hong Kong, and other applicable laws and regulations in the PRC to provide a safe, healthy and comfortable working environment. All workers in worksite are under the coverage of workmen medical insurance while staff in the office are under the coverage of employees' compensation insurance. There were no work-related fatalities recorded within the past three years, including the year ended 30 June 2024. During the years ended 30 June 2025 and 2024, the Group did not record any injury cases and loss of man days. Human resource department investigates and analyses every case and implements correspondence preventive measures if necessary.

In order to reduce accidents at the workplace, the Group provides compulsory safety training for all the worksite staff during orientation course and relevant training and knowledge in respect of risks associated with goods handling in site and warehouse. Safety equipment is provided to all workers in the worksite. Furthermore, the Group also places occupational hazard warning signs and warning instructions at prominent places around the worksite, carries out safety inspection regularly and provide safety seminar to employees.

B.3 Development and Training

Employee development and training

The Group aims to create an environment of continuous improvement in which our employees are encouraged to pursue excellence at work and career development.

To stay abreast of best practices in the relevant business sectors, the Group encourages staff to attend both in-house and external training organised by certified organisation or government. The Group arranges staff to take the work-at-height course and safety supervisor course before working in specific working environment.

90% (2024: 96%) of general staff and 21% (2024: 27%) of members of management attended training programs, of which the male and female composition ratio of the employees trained is approximately 10:7 (2024: 7:6). In average, each trained general staff attend over 15 hours (2024: 11 hours) of training during the year ended 30 June 2025, of which men attend averagely 15 (2024: 10) hours of training averagely. All training records and attendance records are kept for reviewing and monitoring purposes.



B.4 Labour Standards

Child Labour and Forced Labour

In compliance with international criteria, the Labour Law of Hong Kong and the PRC, the Group strives to fight against illegal employment including both forced labour and juvenile labours aged under 16 (child labour). It has formulated employment procedures to ensure that the employment process can screen out any illegal employees. All works should be voluntary and not performed under threats of penalty or coercion.

Any individuals under legal working age or without any identification documents are removed from employment. During the years ended 30 June 2025 and 2024, the Group did not hire any individual who is under the legal working age. Upon discovery of any child labour and use of forced labour, the person will be dismissed immediately.

The standard working hour of each staff is 40-hour standard per week, with the provision of annual vacation leave, compensation leave, maternity leave, personal leave and sick leave. Remuneration of the employees which included salary, discretionary bonus and share-based incentives was based on the Group's results and individual performance. During the recruitment or appraisal of employees, the Group places great consideration in providing equal opportunities at the workplace where only the working performance and ability are considered under the assessment.

During the years ended 30 June 2025 and 2024, the Group did not hire any teenagers who are under the legal working age.

B.5 Supply Chain Management

Relationship Management in the View of Long-Term Co-operation

The Group considers our suppliers as strategic partners and contributors to our businesses and we strive to build long-term relationships with suppliers who share our values. The Group encourages suppliers, business partners and their associates to follow the same standards of integrity and transparency in doing business with us as we seek to apply in doing business with them.

The Group has established and maintained a good relationship with a network of suppliers and subcontractors, some of whom have known by or worked with the Group for over 10 years. The good relationship with its suppliers is partly based on its practice of prompt payment which has benefited the Group in negotiating a competitive price, which in turn, provides the Group with the flexibility to price its services to customers. Most suppliers of the Group are from the PRC (2024: the PRC). In particular, over 3 (2024: 5) Chinese suppliers were engaged by the Group during the year ended 30 June 2025.

Quotation is required from vendors, but price is not the utmost priority as over-reliance on a particular supplier would generate new risk for the Group. There is a check and balance in place for mitigating the risk by spreading out the orders among vendors, taking into consideration the respective relationship with the Group and their outstanding orders.

B.6 Product Responsibility

Product Quality Control

During the years ended 30 June 2025 and 2024, the Group had neither experienced any product recalls due to safety and health issue, nor received any complaint regarding our products and services.

Consumer Data Protection and Privacy Policies

The Group's employees are obligated to retain in confidence all information obtained in connection with their employment, including, but not limited to, trade secrets, client information and other proprietary information.

The Group has a confidentiality policy relating to observing and protecting intellectual property rights which comply with the Business Practices and Consumer Protection Act. The policy is applicable to all locations for consumer data protection and privacy policy. For the protection of customer privacy, customer information is kept in strict confidence and destroyed if appropriate.

B.7 Anti-Corruption

Anti-corruption and Money Laundering

The Group is aware that any events of corruption will bring irreparable damage to the Group, therefore the Group upholds a high standard of business integrity throughout its operations. A system with good moral integrity and anti-corruption mechanism is seen to be the cornerstone of the sustainable and healthy development of the Group. Corruption prevention and ethics trainings are provided by the Group for staff in different levels. Specifically, for the directors of the Company, the trainings focus on the role and responsibilities of directors on ethics management whereas the role of managing staff integrity, assessing the risks and preventing corruption in the workplace are the focuses of the trainings for the managerial staffs. On the other hand, the trainings for the workforce put the stress on anti-corruption laws, common corruption pitfalls and the skills to handle ethical dilemmas at work.

In compliance with relevant laws and regulations of anti-corruption law of Hong Kong, Criminal Law of the PRC 《中華人民共和國刑法》 and the Anti-Unfair Competition Law of the PRC 《中華人民共和國不正當競爭法》, the Group has established a comprehensive mechanism in reporting and investigation procedures of related issues. The Group would terminate the employment contract with immediate effect on employees who accept any benefits from customers and suppliers. Employees are asked to notify their respective division head for any suspicious transactions. If any employee is found to be in violation of corruption after investigation, the Group will penalise the employee involved, including the termination of labour contracts with immediate effect. During the years ended 30 June 2025 and 2024, no case associated with corruption has been reported and discovered.

B.8 Community Investment

Community Involvement

The Group regards promoting well-being and prosperity for the region as its responsibility. To this end, it has proactively engaged in diversified community activities and developed community investment strategies to cope with the development needs of the local community while actively contributing to society.

The Group encourages employees to seek opportunities, participate more in charity work in the future and get involved in various community programs, such as community health initiatives, sports, cultural activities, volunteer work and education donation. In the future, the Group plans to seek opportunities to co-operate with charitable organisations by participating in various community programs.



Independent Auditors' Report



Moore CPA Limited

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TO THE SHAREHOLDERS OF PROSPERITY GROUP INTERNATIONAL LIMITED (FORMERLY KNOWN AS KINGBO STRIKE LIMITED)

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Prosperity Group International Limited (formerly known as Kingbo Strike Limited) (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 54 to 131, which comprise the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Key audit matter

How our audit addressed the key audit matter

Impairment assessment of trade receivables and contract assets

We identified impairment assessment of trade receivables and contract assets as a key audit matter due to the significance of trade receivables and contract assets to the Group's consolidated financial position and the involvement of subjective judgment and management estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables and contract assets at the end of the reporting period.

As at 30 June 2025, the Group's trade receivables and contract assets amounted to HK\$139,498,000 (net of loss allowance of HK\$94,040,000) and HK\$10,989,000 (net of loss allowance of HK\$4,501,000) respectively. During the year ended 30 June 2025, the Group provided impairment allowance of HK\$3,045,000 for trade receivables and impairment allowance of HK\$2,091,000 for contract assets, respectively.

As disclosed in Notes 18 and 19 to the consolidated financial statements, management of the Group estimates the amount of lifetime ECL of trade receivables and contract assets based on the Group's historical credit loss experience, aging analysis, repayment history and/or past due status of respective trade receivables and contract assets. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information.

Our procedures in relation to impairment assessment of trade receivables and contract assets included:

- Obtaining an understanding of how management estimates the loss allowance for trade receivables and contract assets;
- Testing the integrity of information used by management to develop the ECL assessment, including aging analysis of trade receivables as at 30 June 2025, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices;
- Evaluating the competence, capabilities and objectivity of the external valuation specialists appointed by management of the Group;
- Reviewing the valuation methodology and parameters in the ECL assessment; and
- Challenging management's basis and judgment in determining loss allowance on trade receivables and contract assets as at 30 June 2025, including their identification of credit-impaired trade receivables and contract assets and the basis of estimated loss rates applied (with reference to historical default rates and forward-looking information).



OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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 auditors' 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 AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. Those charged with governance assists the directors in discharging their responsibilities in this regard.

AUDITORS' 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 auditors' report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Moore CPA Limited

Certified Public Accountants

Registered Public Interest Entity Auditors

Lai Hung Wai

Practising Certificate Number: P06995

Hong Kong, 26 September 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	6	142,910	160,732
Cost of sales	9(b)	(133,135)	(154,789)
Gross profit		9,775	5,943
Other gains and (losses), net	7	230	459
Administrative expenses		(21,663)	(26,712)
Change in fair value of financial assets at fair value through profit or loss, net	9(d)	(3)	(28)
Provision for expected credit losses ("ECL") recognised in respect of financial assets at amortised cost, net		(5,136)	(20,348)
Impairment losses recognised on property, plant and equipment and right-of-use assets		(1,120)	–
Share of results of an associate		(462)	–
Finance costs	8	(402)	(442)
Other operating expenses		(680)	(1,424)
LOSS BEFORE TAXATION	9	(19,461)	(42,552)
Income tax credit (expense)	11	1,357	(1,505)
LOSS FOR THE YEAR		(18,104)	(44,057)
ATTRIBUTABLE TO:			
Owners of the Company		(21,761)	(47,260)
Non-controlling interests		3,657	3,203
		(18,104)	(44,057)
LOSS FOR THE YEAR		(18,104)	(44,057)
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		2,373	(1,136)
Share of other comprehensive income of an associate		19	–
		2,392	(1,136)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(15,712)	(45,193)
ATTRIBUTABLE TO:			
Owners of the Company		(20,163)	(48,161)
Non-controlling interests		4,451	2,968
		(15,712)	(45,193)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (HK cents)	12	(15.5)	(52.8)

The accompanying notes form an integral part of these consolidated financial statements.



Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	6,399	6,828
Intangible assets	14	1,120	–
Interest in an associate	15	813	–
Right-of-use assets	16	430	947
Total non-current assets		8,762	7,775
CURRENT ASSETS			
Inventories	17	28,994	31,662
Trade receivables, deposits and other receivables	18	140,767	135,553
Contract assets	19	10,989	4,733
Prepayments	20	26,077	23,238
Financial assets at fair value through profit or loss	21	2	5
Cash and cash equivalents	22	5,317	24,309
Total current assets		212,146	219,500
CURRENT LIABILITIES			
Trade and other payables	23	49,089	41,039
Amount due to a director of the Company	24	1,167	11,899
Lease liabilities	25	733	704
Bank and other borrowings	26	8,000	3,762
Income tax payable		15,633	16,672
Total current liabilities		74,622	74,076
NET CURRENT ASSETS		137,524	145,424
TOTAL ASSETS LESS CURRENT LIABILITIES		146,286	153,199
NON-CURRENT LIABILITIES			
Lease liabilities	25	616	801
Deferred tax liabilities	27	632	654
Total non-current liabilities		1,248	1,455
NET ASSETS		145,038	151,744

Consolidated Statement of Financial Position

As at 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000
EQUITY			
Share capital	28	33,366	25,025
Reserves		74,767	95,319
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		108,133	120,344
Non-controlling interests	34	36,905	31,400
Total equity		145,038	151,744

The consolidated financial statements were approved and authorised for issue by the boards of directors on 26 September 2025 and signed on its behalf by:

Liu Yancheng
Director

Yao Runxiong
Director

The accompanying notes form an integral part of these consolidated financial statements.



Consolidated Statement of Changes in Equity

For the year ended 30 June 2025

	Attributable to equity holders of the Company								Non-controlling interests	Total equity
	Share Capital	Share premium	Statutory surplus reserve	Merger reserve	Exchange fluctuation reserve	Share option reserve	Accumulated losses	Total		
	(Note 28)	(Note 28)	(Note (i))	(Note (iii))	(Note (iii))					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 July 2023	16,683	563,560*	15,174*	(13,746)*	(21,474)*	377*	(407,991)*	152,583	28,432	181,015
(Loss) profit for the year	-	-	-	-	-	-	(47,260)	(47,260)	3,203	(44,057)
Other comprehensive expense for the year:										
Exchange differences on translation of foreign operations	-	-	-	-	(901)	-	-	(901)	(235)	(1,136)
Total comprehensive (expense) income for the year	-	-	-	-	(901)	-	(47,260)	(48,161)	2,968	(45,193)
Transfer from retained profits to statutory surplus reserve	-	-	419	-	-	-	(419)	-	-	-
Recognition of equity-settled share-based expense (Note 33)	-	-	-	-	-	227	-	227	-	227
Forfeiture of share options	-	-	-	-	-	(258)	-	(258)	-	(258)
Rights issue of shares (Note 28(a))	8,342	7,611	-	-	-	-	-	15,953	-	15,953
As at 30 June 2024 and 1 July 2024	25,025	571,171*	15,593*	(13,746)*	(22,375)*	346*	(455,670)*	120,344	31,400	151,744
(Loss) profit for the year	-	-	-	-	-	-	(21,761)	(21,761)	3,657	(18,104)
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	-	-	-	-	1,579	-	-	1,579	794	2,373
Share of other comprehensive income of an associate	-	-	-	-	19	-	-	19	-	19
Total comprehensive income (expense) for the year	-	-	-	-	1,598	-	(21,761)	(20,163)	4,451	(15,712)
Transfer from retained profits to statutory surplus reserve	-	-	917	-	-	-	(917)	-	-	-
Recognition of equity-settled share-based expense (Note 33)	-	-	-	-	-	226	-	226	-	226
Issue of shares (Note 28(b) and (c))	8,341	-	-	-	-	-	-	8,341	-	8,341
Transaction costs attributable to issue of shares	-	(615)	-	-	-	-	-	(615)	-	(615)
Deregistration of subsidiaries	-	-	(1,663)	-	-	-	1,663	-	-	-
Capital contribution from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	1,054	1,054
As at 30 June 2025	33,366	570,556*	14,847*	(13,746)*	(20,777)*	572*	(476,685)*	108,133	36,905	145,038

* These reserve accounts comprise the consolidated reserves of approximately HK\$74,767,000 (2024: HK\$95,319,000) in the consolidated statement of financial position.



Consolidated Statement of Changes in Equity

For the year ended 30 June 2025

Notes:

- (i) According to the relevant rules and regulations in the People's Republic of China (the "**PRC**"), subsidiaries of the Company established in the PRC are required to transfer 10% of their net profit, as determined in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve until the balance of the reserve reaches 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to owners of these subsidiaries. Statutory surplus reserve can be used to set off previous years' losses, if any, and may be converted into capital in proportion to existing equity owners' equity percentage, provided that the balance after such issuance is not less than 25% of their registered capital.
- (ii) The amount represented the share of changes in other comprehensive income in the subsidiaries which is the exchange differences relating to the translation of the net assets of the subsidiaries' foreign operations from their functional currencies to the Group's presentation currency.
- (iii) Merger reserve of the Group represents the capital contributions from the equity holders of the subsidiary, Strike Electrical Engineering Pte Ltd. ("**Strike Singapore**"). The Group acquired Strike Singapore during the year ended 30 June 2013 from Victrad Enterprise (Pte) Limited ("**Victrad**") which was an acquisition under common control and had been accounted for by applying the principle of merger accounting and the merger reserves had been debited for the purchase consideration for Strike Singapore.

The accompanying notes form an integral part of these consolidated financial statements.



Consolidated Statement of Cash Flows

For the year ended 30 June 2025

	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
Loss before tax	(19,461)	(42,552)
Adjustments for:		
Bank interest income	(12)	(67)
Finance costs	370	424
Share of results of an associate	462	–
Amortisation of intangible assets	950	–
Depreciation of property, plant and equipment	1,464	75
Depreciation of right-of-use assets	805	517
Gain on disposal of plant and equipment	(50)	–
Loss on written-off of property, plant and equipment	–	6
Equity-settled share-based expense	226	227
Forfeiture of share options	–	(258)
Impairment losses recognised on property, plant and equipment and right-of-use assets	1,120	–
Provision for ECL recognised in respect of trade and other receivables, net	3,045	19,530
Provision for ECL recognised in respect of contract assets, net	2,091	818
Change in fair value of financial assets at fair value through profit or loss	3	28
Operating cash flows before movements in working capital	(8,987)	(21,252)
Decrease (increase) in inventories	3,194	(31,760)
(Increase) decrease in prepayments	(2,405)	95,601
Increase in trade receivables, deposits and other receivables	(5,786)	(46,864)
Increase in contract assets	(8,206)	(1,304)
Increase in trade and other payables	7,076	4,496
Cash used in operations	(15,114)	(1,083)
Tax paid	–	(133)
Net cash used in operating activities	(15,114)	(1,216)

Consolidated Statement of Cash Flows

For the year ended 30 June 2025

	2025 HK\$'000	2024 HK\$'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,527)	(5,039)
Purchase of intangible assets	(2,070)	–
Proceeds from disposal of financial assets at fair value through profit or loss	–	1,506
Interest received	12	67
Proceeds from disposal of property, plant and equipment	50	–
Capital contribution to an associate	(1,256)	–
Net cash used in investing activities	(4,791)	(3,466)
FINANCING ACTIVITIES		
Advance from a director of the Company	20,268	16,213
Net proceeds from rights issue of shares	–	15,953
New bank and other borrowings raised	8,000	3,773
Repayment to a director of the Company	(31,353)	(7,892)
Repayment of bank borrowings	(3,796)	(10,781)
Repayment of lease liabilities	(958)	(975)
Interest paid	(172)	(424)
Capital contribution from non-controlling interest of a subsidiary	1,054	–
Proceeds from placement of shares	8,341	–
Transaction costs attributable to issue of shares	(615)	–
Net cash from financing activities	769	15,867
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(19,136)	11,185
Effect of foreign exchange rate changes, net	144	(583)
Cash and cash equivalents at beginning of the year	24,309	13,707
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5,317	24,309

The accompanying notes form an integral part of these consolidated financial statements.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

1. CORPORATE AND GROUP INFORMATION

Prosperity Group International Limited (formerly known as Kingbo Strike Limited) (the “**Company**”) was incorporated in the Cayman Islands on 19 June 2013 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The Company’s registered office address is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is registered with the Companies Registry in Hong Kong as a non-Hong Kong company under the Companies Ordinance (Chapter 622 of the laws of Hong Kong) on 5 September 2013. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The principal place of business in Hong Kong registered is at Unit 903A, 9th Floor, Mirror Tower, No. 61 Mody Road, Tsim Sha Tsui East, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in supply of solar photovoltaic parts and equipment, electrical distribution system business and trading of beauty and health products in the PRC.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. All values are rounded to nearest thousand (HK\$’000) except otherwise indicated.

Certain comparative figures have been re-presented to conform with current year’s presentation. These reclassifications have no effect on financial position, results for the year or cash flows of the Group.

Information about major subsidiaries

Particulars of the Company’s major subsidiaries as at 30 June 2025 and 2024 are as follows:

Name of subsidiary	Place of incorporation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			Direct 2025	Indirect 2025	Direct 2024	Indirect 2024	
Capital Asia Investment Limited	Hong Kong	HK\$1	–	100	–	100	Investment holding
Marvel Skill Holdings Limited	The British Virgin Islands (the “ BVI ”)	United States dollars (“ US\$ ”) 50,000	100	–	100	–	Investment holding
Kahuer Holding Co., Limited (“ Kahuer ”)	The BVI	US\$1,050,000	–	60	–	60	Investment holding
Loydston International Limited	Hong Kong	HK\$500,000	–	60	–	60	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about major subsidiaries (Continued)

Name of subsidiary	Place of incorporation and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			Direct	Indirect	Direct	Indirect	
			2025		2024		
揚中恒發新能源有限公司 ^{1,2} Yangzhong Hengfa New Energy Company Limited. ("Yangzhong Hengfa")	The PRC	Renminbi ("RMB") 10,000,000	–	100	–	100	Supply and installation of solar photovoltaic parts and equipment
萬騰電氣(鎮江)有限公司 ^{1,2} Mantone Electrical (Zhenjiang) Company Limited. ("Mantone Electrical")	The PRC	RMB10,000,000	–	100	–	100	Provision of electrical distribution system
萊斯頓電氣(江蘇)有限公司 ^{1,2,3} (Loydston Electrical (Jiangsu) Company Limited) ("Loydston Electrical")	The PRC	RMB30,000,000	–	–	–	60	Provision of electrical distribution system
Strike Electrical Engineering Pte Ltd ³ ("Strike Singapore")	Singapore	Singapore dollars ("S\$") 1,510,000	–	–	100	–	Electrical works and general building engineering services
廣州伊芙度生物科技有限公司 ^{1,2,4} Guangzhou IFDD Biotechnology Co., Ltd.	The PRC	RMB2,000,000	–	51	–	–	Beauty & Health business

Notes:

- ¹ Registered as a wholly-foreign-owned enterprise under the PRC law.
- ² The unofficial English translations are for identification purposes only.
- ³ These subsidiaries have been deregistered during the year ended 30 June 2025.
- ⁴ This subsidiary has been acquired during the year ended 30 June 2025 at nil consideration.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company ("Directors"), principally affected the results or net assets of the Group.

None of the subsidiaries had issued any debt securities at the end of the year.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 July 2024 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to International Accounting Standards (“IAS”) 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IAS 1	Classification of Liabilities as Current or Non-current

The application of the amendments to IFRS Accounting Standards in the current year has 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

For the year ended 30 June 2025

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

(Continued)

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

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 9 and IFRS 7	Contracts Referring Nature-dependent Electricity ³
Amendment to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ³
Amendments to IAS 21	Lack of Exchangeability ²
IFRS 18	Presentation and Disclosure in Financial Statements ⁴

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 2025.

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

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

Except for the new IFRS Accounting Standard mentioned below, the Directors anticipate that the application of all other amendments to IFRS Accounting Standards have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 “Presentation and Disclosure in Financial Statements”, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 “Presentation of Financial Statements”. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 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 IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group’s consolidated financial statements.



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 IFRS Accounting Standards issued by the IASB. 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 The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

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.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss which have been measured at fair value 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 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.

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 into line with the Group’s accounting policies.

All intra-group 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.

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

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers

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

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

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 IFRS 9. 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) *Revenue from supply of solar photovoltaic parts and equipment*

Revenue from supply of solar photovoltaic parts and equipment is recognised at the point in time when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(b) *Revenue from provision of electrical distribution system*

Revenue from provision of electrical distribution system is recognised at the point in time when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(c) *Revenue from trading of beauty and health products*

Revenue from trading of beauty and health products is recognised at the point in time when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(d) *Interest income*

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as “interest income” where it is mainly earned from financial assets that are held for cash management purposes.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

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

3.2 Material accounting policy information *(Continued)*

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) and are stated in the consolidated statement of financial position at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

Properties 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 and, for such assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, similarly to other property assets, commences when the assets are ready for their intended use.

Interest in an associate

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.

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

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

3.2 Material accounting policy information *(Continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives (i.e. trademark) that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives (i.e. trademark) is recognised on a straight-line basis over their estimated useful lives (i.e. 2 years). The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Leases

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases

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



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

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

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, unless those costs are incurred to produce inventories.

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

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

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

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.

Lease payments included:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

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

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

3.2 Material accounting policy information *(Continued)*

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

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

The recoverable amounts of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or groups of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or groups of CGUs.

The 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 CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. For corporate assets or a portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of groups of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to those groups of CGUs, with the recoverable amount of the groups of CGUs. 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 groups of CGUs. 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 groups of CGUs. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or groups of CGUs) 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 CGU or groups of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.



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

3.2 Material accounting policy information *(Continued)*

Inventories

Inventories are valued at the lower of cost and net realisable value.

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 that obligation, and a reliable estimate can be made of the amount of the obligation.

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

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales and provision of electrical distribution system are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

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

3.2 Material accounting policy information *(Continued)*

Value added tax (“VAT”)

Pursuant to the PRC tax laws, in case of any sales, generally the VAT rate is 3% of the gross sales for small scale VAT payer and 13% of the gross sales for general VAT payer. Most of the PRC subsidiaries of the Company are considered as general VAT payers for the revenue. For general VAT payer, VAT on revenue is calculated at 13% on revenues and paid after deducting input VAT on purchases. The net VAT balance between input VAT and output VAT is recorded as accrued expenses in the Group’s consolidated financial statements.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from (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, 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.



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

3.2 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.

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

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

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

Employee benefits

Retirement benefit costs

Payments to the Mandatory Provident Funds (the “**MPF**”), the Central Pension Scheme (the “**CPS**”) and the Central Provident Fund (the “**CPF**”) are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group operates a defined contribution retirement benefit scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on 5% of relevant employees’ basic salaries or up to a maximum of HK\$1,500 per month to the scheme, which contribution is matched by employees and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

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

3.2 Material accounting policy information *(Continued)*

Employee benefits *(Continued)*

Retirement benefit costs (Continued)

For Long Service Payment (“LSP”) obligation, the Group accounts for the employer MPF contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group’s MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Subsidiaries operating in the PRC have participated in the CPS operated by the PRC government for all of their employees. These PRC subsidiaries are required to contribute a certain percentage of their covered payroll to the CPS to fund the benefits. The only obligation of the Group with respect to the CPS is to pay the ongoing required contributions under the CPS. Contributions under the CPS are charged to profit or loss as they become payable in accordance with the rules of the CPS.

Subsidiaries in Singapore make contributions to the CPF scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

Termination benefits

Termination benefits result from either the Group’s decision to terminate an employee’s employment or an employee’s decision to accept the Group’s offer of benefits in exchange for termination of employment. The Group recognises a liability for benefits at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees render the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standard 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.



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

3.2 Material accounting policy information *(Continued)*

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a valuation model, further details of which are given in Note 33 to the consolidated financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss and other comprehensive income for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

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

3.2 Material accounting policy information *(Continued)*

Borrowing costs

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

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

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

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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, 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 and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

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. Hong Kong dollars) 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 fluctuation reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in RMB and S\$ to the Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in "exchange fluctuation reserve". Such exchange differences accumulated in the exchange fluctuation reserve may be reclassified to profit or loss subsequently.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.



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

3.2 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 derecognized 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 IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Financial Assets

Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at FVTPL.

Financial assets are classified as held-for-trading since:

- they have been acquired principally for the purpose of selling in the near term.

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

3.2 Material accounting policy information *(Continued)*

Financial Assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

Amortised cost and interest income

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

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is presented in the “Change in fair value of financial assets at fair value through profit or loss, net” line item.

Impairment of financial assets

The Group perform impairment assessment under subject to impairment assessment under IFRS 9 ECL model on financial assets (including trade receivables, deposits and other receivables, contract assets and cash and cash equivalents) which are subject to impairment under IFRS 9. 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 represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets without any significant financing component. The ECL on these assets is assessed individually for debtors with significant balances.

For all other instruments, the Group measures the loss allowance equal to 12-month 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.



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

3.2 Material accounting policy information *(Continued)*

Financial Assets *(Continued)*

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increase 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 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 obligation;
- an actual or expected significant deterioration in the operating results of the debtor; and
- 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 considers that the credit risk of i) trade receivables and contract assets have increased significantly since initial recognition when contractual payments are more than 365 days past due; ii) financial assets other than trade receivables and contract assets have increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable information that demonstrates otherwise.

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

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

3.2 Material accounting policy information *(Continued)*

Financial Assets *(Continued)*

Impairment of financial assets (Continued)

(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 i) trade receivables and contract assets are more than 730 days past due; ii) financial assets other than trade receivables and contract assets are more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default 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 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 reorganization.

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



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

3.2 Material accounting policy information *(Continued)*

Financial Assets *(Continued)*

Impairment of financial assets (Continued)

(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 adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

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 financial asset.

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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.

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

3.2 Material accounting policy information *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity 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 Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, bank and other borrowings, amount due to a director of the Company and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

(a) Provision of ECL for trade receivables and contract assets (the "Receivables")

The Group estimates the amount of loss allowance for ECL on the Receivables. The assessment of the ECL involves high degree of estimation and uncertainty.

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets move from 12-month to lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

As at 30 June 2025, the Group's trade receivables and contract assets amounted to HK\$139,498,000 (net of loss allowance of HK\$94,040,000) (2024: HK\$134,550,000 (net of loss allowance of HK\$89,351,000)) and HK\$10,989,000 (net of loss allowance of HK\$4,501,000) (2024: HK\$4,733,000 (net of loss allowance of HK\$2,347,000)) respectively. During the year ended 30 June 2025, the Group provided impairment allowance of HK\$3,045,000 (2024: HK\$19,530,000) for trade receivables and impairment allowance of HK\$2,091,000 (2024: HK\$818,000) for contract assets, respectively.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(b) Income taxes

Determining income tax provisions involve judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

At the end of the reporting period, the Group has unused tax losses of HK\$60,504,000 (2024: HK\$53,152,000) available for offset against future profits. No deferred tax asset has been recognised during the year ended 30 June 2025 and 2024 due to the unpredictability of future profit streams. Included in unrecognised tax losses at 30 June 2025 are tax losses of approximately HK\$7,372,000 (2024: nil) that will expire within 5 years from the year of originating. Other tax losses may be carried forward indefinitely.

(c) Impairment of property, plant and equipment and right-of-use assets

The Group assesses whether there are any indicators of impairment for all non-financial assets, including its property, plant and equipment and right-of-use assets at each reporting date. To determine whether there is any objective evidence of impairment, the Company considers external factors including decline in asset values, significant changes with an adverse effect in the market or economic or legal environment in which the entity operates and internal factors such as evidence from internal reporting.

If an indication of impairment is identified, the need for recognising an impairment loss is assessed by comparing the carrying amount of the assets, to the higher of (i) the fair value less costs of disposal, and (ii) the value in use of the CGUs to which the assets belong to when it is not possible to estimate the recoverable amount individually. The value in use of the CGUs represents estimated future cash flows from the continuous use of the assets, and requires complex assumptions and estimates such as future sales forecast and discount rates. The discount rates used to discount the estimated future cash flows are based on the relevant industry sector risk premium and the gearing ratio.

The management of the Group has assessed and concluded that the Group has classified 3 CGUs for impairment assessment purpose, which is based on the three reportable segment as shown in Note 5, namely (a) supply of solar photovoltaic parts and equipment ("CGU(a)"), (b) provision of electrical distribution system ("CGU(b)") and (c) trading of beauty and health products ("CGU(c)").

During the year ended 30 June 2025, the Group has performed impairment assessment on the CGU(a) & (b) with impairment indicator as its performance did not meet management's expectation during the year. Property, plant and equipment and right-of-use assets allocated to the respective CGUs had carrying amounts of HK\$606,000 and HK\$514,000 respectively as at 30 June 2025.



4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(c) Impairment of property, plant and equipment and right-of-use assets *(Continued)*

As it is difficult to precisely estimate fair value less costs of disposal because quoted market prices for the Group's assets are not readily available, accordingly the value in use calculation has been used which was based on the key assumptions, including (i) future sales forecast (ii) future growth rate. The pre-tax discount rate applied to the cash flow projection of CGU(b) is 17.9% per annum.

Based on the impairment assessment and the value in use calculation, impairment losses of HK\$606,000 and HK\$514,000 have been recognised against the carrying amounts of property, plant and equipment and right-of-use assets respectively. The impairment losses have been allocated to the property, plant and equipment and right-of-use assets, and the carrying amount of each category of these assets is not reduced below the highest of its respective value in use or zero.

Judgement is required in the area of impairment. If there is a significant adverse change in the key assumptions, it may be necessary to have an impairment charge to the profit or loss.

5. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) supply of solar photovoltaic parts and equipment (the **"Solar power business"**);
- (b) provision of electrical distribution system (**"Electrical distribution system business"**); and
- (c) trading of beauty and health products (**"Beauty & Health business"**).

Management of the Group, being the Chief Operating Decision Maker, considers the business from product type perspective. During the year ended 30 June 2025, the Group commenced the business of trading of beauty and health products, and it is considered as a new operating and reportable segment. Management of the Group monitors the results of Solar power business, Electrical distribution system business and Beauty & Health business separately for the purpose of making decisions about resource allocation and performance assessment. Management of the Group was of the view that these three segments were mutually exclusive and distinguished from each other.

Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before taxation. The adjusted profit/loss before taxation is measured consistently with the Group's loss before taxation except that unallocated gains/losses, change in fair value of financial assets at FVTPL, finance costs, as well as head office and corporate expenses are excluded from such measurement.

There were no inter-segment sales in the two financial years ended 30 June 2025 and 30 June 2024.

Segment assets exclude unallocated head office and corporate assets such as certain property, plant and equipment, right-of-use assets, financial assets at FVTPL, certain prepayments, deposits and other receivables and cash and cash equivalents as these assets are managed on a group basis.

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For the year ended 30 June 2025

5. SEGMENT INFORMATION (Continued)

Segment liabilities exclude unallocated head office and corporate liabilities such as certain other payables and lease liabilities as these liabilities were managed on a group basis.

Year ended 30 June 2025	Solar power business HK\$'000	Electrical distribution system business HK\$'000	Beauty & Health business HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	52,585	88,730	1,595	142,910
Results:				
Segment results before reversal of (provision for) ECL	3,506	5,408	(8,863)	51
Reversal of (provision for) ECL	861	(5,997)	–	(5,136)
Segment results	4,367	(589)	(8,863)	(5,085)
Unallocated losses				(946)
Corporate and other unallocated expenses				(13,430)
Loss before taxation				(19,461)
Segment assets	68,605	138,635	10,737	217,977
Corporate and other unallocated assets				2,931
Total assets				220,908
Segment liabilities	12,878	33,403	3,242	49,523
Corporate and other unallocated liabilities				26,347
Total liabilities				75,870

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For the year ended 30 June 2025



5. SEGMENT INFORMATION (Continued)

Year ended 30 June 2024	Solar power business HK\$'000	Electrical distribution system business HK\$'000	Beauty & Health business HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	61,866	98,866	–	160,732
Results:				
Segment results before provision for ECL	1,441	1,793	–	3,234
Provision for ECL	(269)	(20,079)	–	(20,348)
Segment results	1,172	(18,286)	–	(17,114)
Unallocated gains				421
Corporate and other unallocated expenses				(25,859)
Loss before taxation				(42,552)
Segment assets				
Corporate and other unallocated assets	67,210	144,593	–	211,803
				15,472
Total assets				227,275
Segment liabilities				
Corporate and other unallocated liabilities	15,108	28,667	–	43,775
				31,756
Total liabilities				75,531

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

5. SEGMENT INFORMATION (Continued)

Other segment information

	Solar power business HK\$'000	Electrical distribution system business HK\$'000	Beauty & Health business HK\$'000	Unallocated HK\$'000	Total HK\$'000
Year ended 30 June 2025					
Amortisation of intangible assets	-	-	(950)	-	(950)
Depreciation of property, plant and equipment	-	-	(84)	(1,380)	(1,464)
Depreciation of right-of-use assets	-	-	-	(805)	(805)
Addition of intangible assets	-	-	(2,070)	-	(2,070)
Addition of right-of-use assets	-	-	-	(802)	(802)
Additions of property, plant and equipment	-	-	(620)	(907)	(1,527)
Impairment losses recognised on property, plant and equipment and right-of-use assets	-	-	-	(1,120)	(1,120)
Reversal of (provision for) ECL recognised in respect of trade and other receivables, net	1,536	(4,581)	-	-	(3,045)
Provision for ECL recognised in respect of contract assets, net	(675)	(1,416)	-	-	(2,091)
Year ended 30 June 2024					
Depreciation of property, plant and equipment	-	-	-	(75)	(75)
Depreciation of right-of-use assets	-	-	-	(517)	(517)
Additions of property, plant and equipment	-	(3,343)	-	(3,314)	(6,657)
Provision for ECL recognised in respect of trade and other receivables, net	(1,128)	(18,402)	-	-	(19,530)
Reversal of (provision for) ECL recognised in respect of contract assets, net	859	(1,677)	-	-	(818)

**5. SEGMENT INFORMATION** *(Continued)***Geographical information****(a) Revenue from external customers**

	2025 HK\$'000	2024 HK\$'000
The PRC	142,469	160,732
Hong Kong	441	–
	142,910	160,732

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2025 HK\$'000	2024 HK\$'000
The PRC	7,212	6,820
Hong Kong	1,550	955
	8,762	7,775

The non-current assets information is presented based on the geographical location of the assets.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

5. SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue from major customers for the two financial years ended 30 June 2025 and 2024 contributing over 10% of the total revenue of the Group were as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A ^{1,2}	56,399	28,567
Customer B ¹	36,568	N/A ³
Customer C ¹	25,186	N/A ³
Customer D ¹	N/A ³	46,686
Customer E ²	N/A ³	37,496
Customer F ²	N/A ³	32,802

¹ Solar power business.

² Electrical distribution system business.

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. REVENUE

Revenue represents the value of goods sold during the year.

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers		
At a point in time:		
– Supply of solar photovoltaic parts and equipment	52,585	61,866
– Provision of electrical distribution system	88,730	98,866
– Trading of beauty and health products	1,595	–
	142,910	160,732

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025



6. REVENUE (Continued)

Disaggregation of revenue from contracts with customers

Year ended 30 June 2025	Solar power business HK\$'000	Electrical distribution system business HK\$'000	Beauty & Health business HK\$'000	Total HK\$'000
Segment revenue:				
Revenue from supply of solar photovoltaic parts and equipment	52,585	–	–	52,585
Revenue from provision of electrical distribution system	–	88,730	–	88,730
Revenue from trading of beauty and health products	–	–	1,595	1,595
Total	52,585	88,730	1,595	142,910

Year ended 30 June 2024	Solar power business HK\$'000	Electrical distribution system business HK\$'000	Beauty & Health business HK\$'000	Total HK\$'000
Segment revenue:				
Revenue from supply of solar photovoltaic parts and equipment	61,866	–	–	61,866
Revenue from provision of electrical distribution system	–	98,866	–	98,866
Revenue from trading of beauty and health products	–	–	–	–
Total	61,866	98,866	–	160,732

All the Group's sales contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

7. OTHER GAINS AND (LOSSES), NET

	2025 HK\$'000	2024 HK\$'000
Sample sales	52	–
Gain on disposal of property, plant and equipment	50	–
Loss on written-off of property, plant and equipment	–	(6)
Bank interest income	12	67
Foreign exchange gain	1	91
Incentives from the Singapore Government (Note (a))	–	15
Forfeiture of share option	–	258
Others	115	34
	230	459

Note:

- (a) Incentives from the Singapore Government comprise special employment credit, temporary employment credit and wages credit scheme. There are no unfulfilled conditions or contingencies relating to these incentives.

8. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on interest-bearing bank and other borrowings	257	274
Interest on lease liabilities	113	150
Bank charges	32	18
	402	442

Notes to the Consolidated Financial Statements

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9. LOSS BEFORE TAXATION

The Group's loss before tax is arrived at after charging (crediting):

	2025 HK\$'000	2024 HK\$'000
(a) Cost of sales (Refer to (b) below)	133,135	154,789
Auditors' remuneration		
– Audit service	850	996
– Non-audit service	90	306
Amortisation of intangible assets (included in cost of sales) (Note 14)	950	–
Depreciation of property, plant and equipment (Note 13)	1,464	75
Depreciation of right-of-use asset (Note 16)	805	517
Expenses relating to short-term leases	1,544	2,137
Legal and professional expenses	1,740	715
Employee benefits (Refer to (c) below)	13,565	17,900
Net fair value loss on financial assets at FVTPL (Refer to (d) below)	3	28
(b) Cost of sales:		
– Contract cost from provision of solar power business	48,679	59,423
– Contract cost from provision of electrical distribution system	82,712	95,366
– Cost from trading of beauty and health products	1,744	–
	133,135	154,789
(c) Employee benefits:		
– Directors' emoluments (Note 10(a))	2,652	2,193
– Other staff salaries, wages and bonuses	9,963	14,711
– Other staff equity-settled share-based expense	158	159
– Retirement benefits, excluding directors' emoluments	792	837
	13,565	17,900
(d) Net fair value loss on financial assets at FVTPL:		
– Unrealised loss (gain) on fair value of financial assets at FVTPL	3	(1)
– Realised loss on fair value of financial assets at FVTPL	–	29
	3	28

10. DIRECTORS, CHIEF EXECUTIVE EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

(a) Executive directors, non-executive director, independent non-executive directors and the chief executive

Directors' and the chief executive's remuneration, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance is as follows:

	2025 HK\$'000	2024 HK\$'000
Fees	2,070	1,624
Other remuneration:		
– Salaries and allowances	480	480
– Equity-settled share-based expense	68	68
– Retirement benefits	34	21
	2,652	2,193

The executive directors' emoluments shown below were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive director's emoluments shown below were mainly for his services as director of the Company or its subsidiaries. The independent non-executive directors' emoluments shown below were mainly for their services as directors of the Company.

The equity-settled share-based expense represent the estimated value of share options to the Director under the Company's share option scheme. The value of these share options are measured according to the Group's accounting policies for share-based payment transactions as set out in Note 3.2.



10. DIRECTORS, CHIEF EXECUTIVE EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (Continued)

(a) Executive directors, non-executive director, independent non-executive directors and the chief executive (Continued)

During the year ended 30 June 2025, one director (2024: one director) held share options under the Company's share option scheme, detail referred to "Share Option Scheme" (see Note 33).

(i) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	Notes	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefits HK\$'000	Total HK\$'000
Year ended 30 June 2025						
Luo Xiaodong		156	-	-	-	156
Chen Yeung Tak		180	-	-	-	180
Wang Haoyuan		156	-	-	-	156
Ye Jieting	(i)	8	-	-	-	8
Chan Sheung Yu	(ii)	80	-	-	-	80
		580	-	-	-	580

	Notes	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefits HK\$'000	Total HK\$'000
Year ended 30 June 2024						
Leung Po Hon	(iii)	152	-	-	-	152
Luo Xiaodong		236	-	-	-	236
Li Jin	(iv)	185	-	-	-	185
Chen Yeung Tak		78	-	-	-	78
Wang Haoyuan		52	-	-	-	52
Ye Jieting	(i)	52	-	-	-	52
		755	-	-	-	755

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

Notes:

- (i) Ye Jieting resigned as independent non-executive director of the Company with effect from 19 July 2024.
- (ii) Chan Sheung Yu was appointed as independent non-executive director of the Company with effect from 27 December 2024.
- (iii) Leung Po Hon resigned as independent non-executive director of the Company with effect from 19 January 2024.
- (iv) Li Jin resigned as independent non-executive director of the Company with effect from 1 March 2024.

10. DIRECTORS, CHIEF EXECUTIVE EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (Continued)

(a) Executive directors, non-executive director, independent non-executive directors and the chief executive (Continued)

(ii) Executive directors and non-executive director

In respect of individuals, who acted as executive directors or a non-executive director of the Company, the remuneration received or receivable from the Group during the year is as follows:

		Fees	Salaries and	Equity-settled	Retirement	Total
	Notes	HK\$'000	allowances	share-based	benefits	HK\$'000
		HK\$'000	HK\$'000	expense	HK\$'000	HK\$'000
Year ended 30 June 2025						
Executive directors:						
Liu Yancheng (<i>Chairman</i>)		480	480	68	18	1,046
Yao Runxiong		60	–	–	3	63
Wu Yifeng	(i)	950	–	–	13	963
		1,490	480	68	34	2,072

		Fees	Salaries and	Equity-settled	Retirement	Total
	Notes	HK\$'000	allowances	share-based	benefits	HK\$'000
		HK\$'000	HK\$'000	expense	HK\$'000	HK\$'000
Year ended 30 June 2024						
Executive directors:						
Liu Yancheng (<i>Chairman</i>)		480	480	68	18	1,046
Yao Runxiong		60	–	–	3	63
Non-executive director:						
Tam Tak Wah	(ii)	329	–	–	–	329
		869	480	68	21	1,438

Notes:

(i) Wu Yifeng was appointed as an executive director with effect from 5 July 2024.

(ii) Tam Tak Wah resigned as non-executive director of the Company with effect from 15 December 2023.



10. DIRECTORS, CHIEF EXECUTIVE EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION *(Continued)*

(b) Five highest paid employees

The five highest paid employees of the Group during the year are as follows:

	2025	2024
Directors	2	1
Non-director employees	3	4
	5	5

Details of the remuneration of the Directors are set out in (a) above.

The five highest paid employees during the year included two directors (2024: one director), details of whose remuneration are set out in (a) above. Details of the remuneration for the year of the remaining three (2024: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	5,700	7,238
Discretionary bonus	75	130
Equity-settled share-based expense	54	82
Retirement benefits	82	134
	5,911	7,584

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	2025	2024
Less than HK\$1,000,000	1	–
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	–	2
HK\$2,000,001 to HK\$3,000,000	2	1
	3	4

During the both years, no emoluments were paid by the Group to any of the persons who are directors of the Company, or the five highest paid individuals an inducement to join or upon joining the Group or as compensation for loss of office. None of directors or the five highest paid individuals has waived any remuneration during the years.

During the both years, salaries and bonuses paid to the five highest paid individuals who are neither a director nor chief executive of the Company were paid pursuant to the terms of their employment contracts with the Company. None of the bonuses paid to the five highest paid individuals who are neither a director nor chief executive of the Company were discretionary or based on the Company's or any member of the Group's performance.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

11. INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
Current tax – The PRC		
– Charge for the year	2,227	1,453
Overprovision in prior years – The PRC	(3,551)	–
Deferred tax (Note 27)	(33)	52
Total tax (credit) charge for year	(1,357)	1,505

The tax rate for Singapore subsidiary is based on Singapore corporate income tax (“**CIT**”) rate at 17% for both years.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. Withholding tax was provided for dividend distributed and undistributed profits of certain subsidiaries in the Mainland China at a rate of 10% (2024: 10%).

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

The taxation on the Group’s loss before taxation differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before taxation	(19,461)	(42,552)
Tax at the domestic income tax rate of 25% (2024: 25%)	(4,865)	(10,638)
Tax effect of income not taxable for tax purpose	(5)	(69)
Tax effect of share of results of an associate	115	–
Tax effect of expenses not deductible for tax purpose	2,332	4,862
Tax effect of deductible temporary differences not recognised	1,468	5,087
Overprovision in respect of prior years	(3,551)	–
Tax effect of tax losses not recognised	1,845	452
Utilisation of tax losses previously not recognised	(5)	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,309	1,811
Income tax (credit) expense	(1,357)	1,505

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11. INCOME TAX EXPENSE (Continued)

At the end of the reporting period, the Group has unused tax losses of HK\$45,289,000 (2024: HK\$53,152,000) available for offset against future profits. No deferred tax asset has been recognised during the year ended 30 June 2025 and 2024 due to the unpredictability of future profit streams. Included in unrecognised tax losses at 30 June 2025 are tax losses of approximately HK\$7,380,000 (2024: nil) that will expire within 5 years from the year of originating. Other tax losses may be carried forward indefinitely.

For the year ended 30 June 2025, the Group did not recognise deferred tax assets of HK\$24,820,000 (2024: HK\$22,925,000) in respect of deductible temporary differences amounting to HK\$99,661,000 (2024: HK\$91,698,000) as utilisation of such deductible temporary differences in the foreseeable future is uncertain.

12. LOSS PER SHARE

The weighted average number of equity shares refers to weighted average number of shares in issue during the year. The basic loss per share are based on the weighted average number of ordinary shares outstanding during the year.

The calculation of basic loss per share is based on:

	2025 HK\$'000	2024 HK\$'000
Loss		
Loss attributable to equity holders of the parent, used in the basic loss per share calculation	(21,761)	(47,260)
	2025 '000	2024 '000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	140,093	89,457
Basic loss per share (HK cents)	(15.5)	(52.8)

The computation of diluted earnings per share for both years does not assume the exercise of the Company's outstanding share options as the relevant exercise price of those options were higher than the average market price for the current year.

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13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement	Computers	Motor vehicles	Office and site equipment	Construction in progress (Note)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost						
As at 1 July 2023	531	206	1,260	826	–	2,823
Additions	–	–	–	296	6,361	6,657
Written-off	–	(39)	–	(189)	–	(228)
Exchange realignment	–	–	–	(6)	(20)	(26)
As at 30 June 2024 and 1 July 2024	531	167	1,260	927	6,341	9,226
Additions	336	43	587	561	–	1,527
Disposal	–	–	(1,260)	–	–	(1,260)
Written-off	–	–	–	(44)	–	(44)
Transfer	3,332	–	–	–	(3,332)	–
Exchange realignment	60	–	9	10	54	133
As at 30 June 2025	4,259	210	596	1,454	3,063	9,582
Accumulated depreciation and impairment						
As at 1 July 2023	531	206	1,260	552	–	2,549
Charge for the year	–	–	–	75	–	75
Written-off	–	(39)	–	(183)	–	(222)
Exchange realignment	–	–	–	(4)	–	(4)
As at 30 June 2024 and 1 July 2024	531	167	1,260	440	–	2,398
Charge for the year	1,086	11	74	293	–	1,464
Disposal	–	–	(1,260)	(44)	–	(1,304)
Impairment loss for the year	224	7	–	375	–	606
Exchange realignment	15	–	1	3	–	19
As at 30 June 2025	1,856	185	75	1,067	–	3,183
Net carrying value						
As at 30 June 2025	2,403	25	521	387	3,063	6,399
As at 30 June 2024	–	–	–	487	6,341	6,828

Note: The construction in progress represented a management's quarter located in the PRC and leasehold improvements.



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

Depreciation is provided to write-off the cost less the residual values of items of property, plant and equipment (other than construction in progress) over their estimated useful life, using straight-line method at the following rates per annum:

Leasehold improvement	Over the shorter of lease term or $33\frac{1}{3}\%$ to 50%
Computers	$33\frac{1}{3}\%$
Motor vehicles	$33\frac{1}{3}\%$
Office and site equipment	20% to $33\frac{1}{3}\%$

Impairment assessment of property, plant and equipment and right-of-use assets.

During the year ended 30 June 2025, the Group has identified impairment indicator on CGU(a) and CGU(b) as its performance did not meet management's expectation during the year and has performed impairment assessment. Property, plant and equipment and right-of-use assets allocated to the respective CGUs had carrying amounts of HK\$606,000 and HK\$514,000 (note 16) respectively as at 30 June 2025.

For the year ended 30 June 2025, the recoverable amounts of the CGUs have been determined based on value in use calculation. The calculation uses the expected cash flow approach, which involves multiple cash flow projections covering the following 5 years with future growth rate estimated based on the historical records, and future sales forecast. The calculation was prepared and approved by management of the Group. The cash flows beyond the five-year period are extrapolated using growth rate of 3%. The pre-tax discount rate used in measuring the amount of value in use was 17.9%. Based on the result of the assessment, management of the Group determined that the recoverable amounts of the CGUs are lower than the carrying amounts of respective CGUs. Impairment loss of HK\$606,000 and HK\$514,000 has been recognised against the carrying amounts of property, plant and equipment and right-of-use assets respectively.

Notes to the Consolidated Financial Statements

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14. INTANGIBLE ASSETS

	Trademark HK\$'000
Cost	
As at 1 July 2023, 30 June 2024 and 1 July 2024	–
Addition	2,070
As at 30 June 2025	2,070
Accumulated amortisation	
As at 1 July 2023, 30 June 2024 and 1 July 2024	–
Amortisation	950
As at 30 June 2025	950
Net carrying value	
As at 30 June 2025	1,120
As at 30 June 2024	–

During the year ended 30 June 2025, the Group acquired several trademarks of beauty and health products at a cash consideration of approximately HK\$2,070,000 (2024: nil) from a third party.

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

Trademark 2 years

15. INTEREST IN AN ASSOCIATE

	2025 HK\$'000	2024 HK\$'000
Cost of interest in an associate	1,256	–
Share of losses	(462)	–
Share of other comprehensive income	19	–
	813	–

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15. INTEREST IN AN ASSOCIATE (Continued)

Particulars of the associate are as follows:

Name	Place of registration	Principal place of business	Percentage of						Principal activities
			Ownership interest		Voting power		Profit sharing		
			2025	2024	2025	2024	2025	2024	
中動聯合(廈門) 品牌管理有限公司	The PRC	The PRC	49%	—	49%	—	49%	—	Trading of beauty and health products in the PRC

The Group's shareholdings in the associate comprise equity shares held through a subsidiary, 廈門星易達國際貿易有限公司. Summarised financial information of the associate is as followings:

	HK\$'000
Current assets	2,396
Non-current assets	9
Current liabilities	(743)
Net assets	1,662
Revenue	8
Loss for the year	(942)
Total comprehensive expense for the year	(902)

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For the year ended 30 June 2025

16. RIGHT-OF-USE ASSETS

	Motor vehicles HK\$'000	Buildings leased for own use HK\$'000	Total HK\$'000
As at 30 June 2025			
Carrying amount	430	–	430
As at 30 June 2024			
Carrying amount	947	–	947
For the year ended 30 June 2025			
Impairment loss	–	514	514
Depreciation	517	288	805
For the year ended 30 June 2024			
Depreciation	517	–	517
	2025 HK\$'000	2024 HK\$'000	
Expenses relating to short-term leases	1,544	2,137	
Total cash outflow of leases	2,615	3,262	
Additions to right-of-use assets	802	–	

Notes:

- The Group leases several assets including properties and motor vehicles. The average lease terms are 2 to 4 years (2024: 3 to 4 years).
- The Group regularly entered into short-term leases for office and warehouse. As at 30 June 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.
- In addition to the portfolio of short-term leases for office and warehouse which are regularly entered into by the Group, the Group entered into a short-term leases for factory building during the year ended 30 June 2025. As at 30 June 2025, the outstanding lease commitments relating to the factory building is HK\$579,000 (2024: HK\$503,000).
- The above right-of-use assets are depreciated on a straight-line basis over their estimated useful life or lease term as follows:

Motor vehicles	3 years
Buildings leased for own use	Over the lease terms
- Particulars regarding impairment testing of right-of-use assets are set out in note 13.

17. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Finished goods	28,994	31,662



18. TRADE RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
<i>Trade receivables:</i>		
Third parties		
– Gross amount	233,538	223,901
– Less: allowance for ECL	(94,040)	(89,351)
	139,498	134,550
<i>Deposits and other receivables:</i>		
Deposits	822	705
Others	447	298
	1,269	1,003
Total trade receivables, deposits and other receivables	140,767	135,553

Trade receivables

Trade receivables are non-interest bearing and are generally on terms of 180 to 360 days.

As at 1 July 2023, trade receivables amounted to HK\$107,717,000 (net of allowance for credit losses of approximately HK\$70,316,000).

An aging analysis of the trade receivables as at the end of the year, based on the invoice date/delivery date (net of allowance for ECL), is as follows:

	2025 HK\$'000	2024 HK\$'000
Less than 30 days	57,746	25,168
30 to 60 days	–	–
61 to 90 days	10,262	15,258
91 to 180 days	6,923	33,301
181 to 365 days	25,210	26,409
Over 365 days	39,357	34,414
	139,498	134,550

The gross carrying amount of trade receivables that were past due of HK\$146,890,000 (2024: HK\$112,226,000) relate to a number of customers that have a good track record with the Group. The Group does not hold any collateral or other credit enhancements over these balances. Up to the date of issuance of these consolidated financial statements, there are subsequent settlement received from the trade debtors of RMB39,252,000 (equivalent to approximately HK\$42,785,000).

Further details on the Group's credit policy and credit risk arising from trade receivables, deposits and other receivables are set out in Note 36.

Notes to the Consolidated Financial Statements

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19. CONTRACT ASSETS

	2025 HK\$'000	2024 HK\$'000
Contract assets (<i>Note (a)</i>)	15,490	7,080
Less: allowance for ECL (<i>Note (b)</i>)	(4,501)	(2,347)
	10,989	4,733

As at 1 July 2023, contract assets amounted to HK\$4,247,000 (net of loss allowance of HK\$1,542,000).

Notes:

- (a) Contract assets primarily relate to the subsidiaries, i) retention receivable of provision of electrical distribution system of HK\$10,117,000 (2024: HK\$6,225,000); and ii) retention receivable of supply of solar photovoltaic parts of HK\$5,373,000 (2024: HK\$855,000).

Contract assets that brought forward from prior years of HK\$7,080,000 (2024: HK\$5,789,000) are transferred to receivables when the rights become unconditional.

- (b) Net allowance for ECL of approximately HK\$2,091,000 (2024: HK\$818,000) was recognised in profit or loss during the year ended 30 June 2025. Further details on the Group's credit policy and credit risk arising from contract assets are set out in Note 36.

20. PREPAYMENTS

	2025 HK\$'000	2024 HK\$'000
Prepayments		
– Advance payments made to suppliers (<i>Note</i>)	25,838	22,773
– Other	239	465
	26,077	23,238

Note: For the Group's business operations, advance payments are required when suppliers request partial or full payment for products prior to the delivery or provision of the relevant goods or services.

As at 30 June 2025, the advance payment is required when the supplier requires partial or certain percentage of the payment for the products prior to the delivery/provision of the relevant goods or services, mainly representing of Nil (2024: HK\$25,000) for prepayment to supplier for photovoltaics parts and equipment, and approximately HK\$22,022,000 (2024: HK\$22,748,000) for prepayment to electrical distribution system. These prepayments are made in accordance with the terms specified in the purchase contract, and the Group has also fully entered into corresponding sales contracts with customers. Subsequent to the end of the reporting period, all prepayments were fully utilised.

The remaining balances mainly represent advances to suppliers of HK\$2,240,000 (2024: nil) for goods and services, and prepaid licence fee of HK\$1,576,000 (2024: nil), both related to the beauty and health business.

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21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Listed securities held-for-trading, at fair value:		
Equity securities listed in Hong Kong	2	5

The above equity investments as at 30 June 2025 and 2024 were classified as financial assets at FVTPL.

Stock code	Company name	No. of shares held at 30 June 2025 '000	Market value as at 30 June 2025 HK\$'000	Market value as at 30 June 2024 HK\$'000	Change in fair value of held-for-trading instruments for the years ended (Note 9(d))	
					30 June 2025 HK\$'000	30 June 2024 HK\$'000
164	China Baoli Technologies Holdings Limited	5	2	5	(3)	(5)
804	Pinestone Capital Limited	N/A	N/A	N/A	N/A	(151)
1869	Li Bao Ge Group Limited	N/A	N/A	N/A	N/A	(1)
8423	Chi Ho Development Holdings Limited	N/A	N/A	N/A	N/A	150
8293	SingAsia Holdings Limited	2	—*	—*	—	(21)
			2	5	(3)	(28)

Equity securities listed in Hong Kong were measured at fair value at the end of the reporting period. The fair value of the equity securities listed in Hong Kong were determined with reference to quoted market closing price.

During the year ended 30 June 2025, a net loss arising on change in fair value of financial assets at FVTPL of HK\$3,000 (2024: HK\$28,000) was recognised in the consolidated statement of profit or loss and other comprehensive income.

* The market value of equity securities in SingAsia Holdings Limited amounted to HK\$192 (2024: HK\$278). The amount shown above is a result of rounding.

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22. CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Cash at banks and on hand	5,317	24,309

Cash at banks earns interest at floating rates based on daily bank deposit rates.

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

	2025 HK\$'000	2024 HK\$'000
HK\$	4	2,410
RMB	40	40

Renminbi of HK\$3,535,000 (2024: HK\$14,829,000) 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 authorised banks to conduct foreign exchange business.

23. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
<i>Trade payables:</i>		
Third parties	17,522	8,747
<i>Other payables:</i>		
Accrued liabilities (Note (a))	3,874	4,986
VAT and other tax payables	20,954	21,167
Warranty provision (Note (b))	3,565	4,006
Contract liabilities (Note (c))	151	–
Others	3,023	2,133
	31,567	32,292
Total	49,089	41,039

Notes to the Consolidated Financial Statements

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23. TRADE AND OTHER PAYABLES (Continued)

Notes:

- (a) Accrued liabilities refer mainly to accrual for professional fees and employee benefits.
- (b) The Group has adopted the estimation where the warranty obligation is the equivalent of 2.5% of revenues of provision of electrical distribution system and solar power business, which is consistent with the practice of the relevant industry. The accrual basis stays at 2.5% based on the best estimation, the Group derives its estimates from results from historical data and other assumptions that the Group believes to be reasonable under the circumstances.
- (c) As at 1 July 2023, contract liabilities amounted to nil.

The Group receives a designated amount of the contract value from customers in advance. The advances result in contract liabilities being recognised as revenue until the customer obtains control of a promised products and the entity satisfies a performance obligation.

Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on terms of 30 to 90 days.

An aging analysis of the trade payables as at the end of the year, based on the invoice date, is as follows:

	2025 HK\$'000	2024 HK\$'000
Less than 90 days	13,330	4,330
91 to 180 days	—	104
181 to 365 days	4,192	4,313
	17,522	8,747

24. AMOUNT DUE TO A DIRECTOR OF THE COMPANY

Amount due to a director of the Company is non-trade nature, unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

25. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	733	704
Within a period of more than one year but not exceeding two years	616	801
	1,349	1,505
Less: Amount due for settlement within 12 months shown under current liabilities	(733)	(704)
Amount due for settlement after 12 months shown under non-current liabilities	616	801

The weighted average incremental borrowing rates applied to lease liabilities are 6.08% (2024: 4.52%).

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26. BANK AND OTHER BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Unsecured other borrowings	8,000	–
Secured bank borrowings	–	3,762
	8,000	3,762
Represented by:		
Carrying amount repayable within one year	8,000	3,762
	8,000	3,762

The other borrowings are denominated in HK\$, unsecured and unguaranteed and bear a fixed interest rate of 6% per annum as at 30 June 2025.

The bank borrowings are denominated in Renminbi and bear interest of 0.75% over 1 year PRC Loan Prime Rate per annum as at 30 June 2024.

At 30 June 2024, the Group's bank borrowings are secured by:

- (i) interest of properties located in the PRC of a senior management of the Group; and
- (ii) personal guarantee provided by a senior management of the Group.

27. DEFERRED TAXATION

The movements in deferred tax (assets) liabilities during the years are as follows:

	Accelerated tax depreciation HK\$'000	Lease liabilities HK\$'000	Right-of-use assets HK\$'000	Withholding tax on undistributed earnings of the PRC subsidiaries HK\$'000	Total HK\$'000
As at 1 July 2023	–	–	–	606	606
Charge to profit or loss (<i>Note 11</i>)	52	–	–	–	52
Exchange realignment	–	–	–	(4)	(4)
As at 30 June 2024 and 1 July 2024	52	–	–	602	654
(Credit) charge to profit or loss (<i>Note 11</i>)	(33)	(85)	85	–	(33)
Exchange realignment	–	–	–	11	11
As at 30 June 2025	19	(85)	85	613	632

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28. SHARE CAPITAL OF THE COMPANY

	Par value HK\$	Number of ordinary shares	Amount HK\$
Authorised:			
As at 1 July 2023, 30 June 2024, 1 July 2024 and 30 June 2025	0.2	250,000,000	50,000,000
Issued and fully paid:			
As at 1 July 2023	0.2	83,416,800	16,683,360
Rights issue of shares (<i>Note (a)</i>)	0.2	41,708,400	8,341,680
As at 30 June 2024 and 1 July 2024	0.2	125,125,200	25,025,040
Issue of Shares (<i>Note (b)</i>)	0.2	16,680,000	3,336,000
Issue of Shares (<i>Note (c)</i>)	0.2	25,025,000	5,005,000
As at 30 June 2025	0.2	166,830,200	33,366,040

Notes:

- (a) On 8 May 2024, the Company completed 41,708,400 rights shares at a subscription price of HK\$0.4 per rights share on the basis of one rights share for every two then existing ordinary share held. The Company raised net proceeds of approximately HK\$15,953,000 after transaction costs amounting to approximately HK\$732,000 with the intention at the time of rights issue to develop its sale of cosmetic products business, develop solar power and electrical distribution system business and finance general working capital of the Group.
- (b) On 28 November 2024, the Company entered into a placing agreement (the **"First Placing Agreement"**) with Advent Securities (Hong Kong) Limited, pursuant to which Advent Securities (Hong Kong) Limited agreed to place up to 16,680,000 new shares of the Company to not less than six placees on a best effort basis at a placing price of HK\$0.2 per placing share (the **"First Placing"**). The First Placing was completed on 9 December 2024 and 16,680,000 new shares of the Company with an aggregate nominal value of HK\$3,336,000 were allotted and issued by the Company to not less than six placees who were independent individuals, corporations and/or institutional investors, who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and its connected persons.
- (c) On 18 March 2025, the Company entered into a placing agreement (the **"Second Placing agreement"**) with Advent Securities (Hong Kong) Limited, pursuant to which Advent Securities (Hong Kong) Limited agreed to place up to 25,025,000 new shares of the Company to not less than six placees on a best effort basis at a placing price of HK\$0.2 per placing share (the **"Second Placing"**). The Second Placing was completed on 8 April 2025 and 25,025,000 new shares of the Company with an aggregate nominal value of HK\$5,005,000 were allotted and issued by the Company to not less than six placees who were independent individuals, corporations and/or institutional investors, who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and its connected persons.

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29. RESERVES

A summary of movements in the Company's share capital and share premium is as follows:

	Number of shares in issue	Issued share capital HK\$'000	Share premium HK\$'000	Total HK\$'000
As at 1 July 2023	83,416,800	16,683	563,560	580,243
Rights issue of shares (Note 28(a))	41,708,400	8,342	7,611	15,953
As at 30 June 2024 and 1 July 2024	125,125,200	25,025	571,171	596,196
Issue of shares (Note 28(b))	16,680,000	3,336	–	3,336
Issue of shares (Note 28(c))	25,025,000	5,005	–	5,005
Transaction costs attributable to issue of shares	–	–	(615)	(615)
As at 30 June 2025	166,830,200	33,366	570,556	603,922

The amounts of the Group's reserves and the movements therein for the current and prior years are set out in the consolidated statement of changes in equity.

30. RELATED PARTY TRANSACTIONS

- (a) In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following are the significant related party transactions entered into between the Group and its related parties that took place on terms and conditions agreed between the parties during the year:

	Note	2025 HK\$'000	2024 HK\$'000
Rental expenses charged by a related company	(i)	–	155

Note:

- (i) Rental expense was charged by Victrad with reference to the rent of other similar premises.

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For the year ended 30 June 2025

30. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel of the Group

	2025 HK\$'000	2024 HK\$'000
Directors' fees	2,070	1,624
Salaries and allowances	6,180	6,249
Discretionary bonus	75	130
Equity-settled share-based expense	122	150
Retirement benefits	116	78
	8,563	8,231
Comprise amounts paid to:		
Directors of the Company	2,652	2,193
Key management personnel	5,911	6,038
	8,563	8,231

(c) Financial arrangements

At 30 June 2025 and 2024, the Company had the following balance with related parties:

	Note	2025 HK\$'000	2024 HK\$'000
Amount due to Mr. Liu Yancheng		1,167	11,899

Note:

- (i) As at 30 June 2025 and 2024, the outstanding balance due to Mr. Liu Yancheng, the director of the Company, was unsecured, interest-free and repayable on demand (see Note 24).

As disclosed in Note 26, at 30 June 2024, the Group's bank borrowings are secured by:

- (i) interest of properties located in the PRC of a senior management of the Group; and
- (ii) personal guarantee provided by a senior management of the Group.

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31. CAPITAL COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Capital expenditure contracted for but not provided in respect of acquisition of plant and equipment	164	377
Capital contribution payable to an associate	394	–

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2025 HK\$'000	2024 HK\$'000
Financial assets		
FVTPL	2	5
Amortised cost	146,084	159,862
	146,086	159,867
Financial liabilities		
Amortised cost	29,712	26,541
Lease liabilities	1,349	1,505

33. SHARE OPTION SCHEME

A share option scheme was adopted by the Company following the resolution passed at the annual general meeting of the Company held on 20 October 2017 and was terminated on 15 December 2023 (the “**2017 Scheme**”). All outstanding options granted under the 2017 Scheme will continue to be valid and exercisable in accordance with the provisions of the 2017 Scheme.

A share option scheme was adopted by the Company following the resolution passed at the annual general meeting of the Company held on 15 December 2023 (the “**2023 Scheme**”). The main purpose of the scheme is to provide incentives and rewards to the eligible participants including full time or part time employees of the Group (including any directors).

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For the year ended 30 June 2025

33. SHARE OPTION SCHEME (Continued)

As at the date of adoption of the 2023 scheme the total number of issued shares of the Company was 83,416,800 shares of HK\$0.2 each. Pursuant to the Listing Rules and the share option scheme, the total number of shares which might fall to be issued upon exercise of all share options to be granted under the share option scheme was 8,341,680, representing 10% of the then total number of issued shares of the Company as at the date of adoption of the 2023 scheme and the maximum number of shares that might be issued upon the exercise of all share options under the share option scheme or other schemes. The 2023 scheme will last for 10 years from the date of adoption.

Options granted must be taken up within 21 days from the date of offer and a non-refundable nominal consideration of HK\$1.0 is payable on the grant of the Company's options. The exercise price of a share in respect of option granted under the 2017 Scheme and 2023 Scheme will be determined by the Board provided that it shall not be less than the higher of: (i) the closing price of the shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, and (ii) the average closing price of the shares as stated in the daily quotation sheet of the Stock Exchange for the 5 business days immediately preceding the date of grant, and (iii) the nominal value of the shares.

Details of specific categories of options granted under the 2017 Scheme are as follows:

Date of grant	Exercise period	Exercise price
20 December 2022	20 December 2023 to 19 December 2032	0.838 (notes 1 and 2)

The following table discloses movements of the Company's share options held by employees and directors pursuant to the 2017 Scheme during the year:

Grantees	Date of grant	Exercise price per Share HK\$ (note 1)	Outstanding balance as at 1 July 2024	Granted during the year	Forfeited during the year	Outstanding balance as at 30 June 2025
For the year ended 30 June 2025						
Directors	20 December 2022	0.838	696,869	–	–	696,869
Employees	20 December 2022	0.838	966,699	–	–	966,699
			1,663,568	–	–	1,663,568
Exercisable at end of the year						1,663,568

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33. SHARE OPTION SCHEME (Continued)

Grantees	Date of grant	Exercise price per Share HK\$ (note 1)	Outstanding balance as at 1 July 2023	Granted during the year	Forfeited during the year	Adjustment (note 1)	Outstanding balance as at 30 June 2024
For the year ended 30 June 2024							
Directors	20 December 2022	0.838	1,390,280	–	(695,140)	1,729	696,869
Employees	20 December 2022	0.838	3,549,720	–	(2,585,420)	2,399	966,699
			4,940,000	–	(3,280,560)	4,128	1,663,568
Exercisable at end of the year							1,663,568

Notes:

- (1) As a result of the Rights Issue, adjustments are made to the exercise prices and the number of Shares to be issued upon exercise of the outstanding Options, pursuant to the terms and conditions of the 2017 Scheme, Rule 17.03(13) of the Listing Rules in relation to the adjustment to the terms of the 2017 Scheme, the Supplementary Guidance on the Listing Rule 17.03(13) and the Note Immediately After the Rule (the **"Stock Exchange Supplementary Guidance"**) attached to the Frequently Asked Question No. 072-2020 issued by the Stock Exchange on 6 November 2020 and updated in January 2023.
- (2) The exercise price of the outstanding share options and the number of consolidated shares to be issued upon the exercise of the outstanding share options have been adjusted taken into account of the share consolidation which became effective on 1 March 2023, details of which are set out in the Company's announcement dated 28 February 2023.

No option was granted pursuant to the 2023 Scheme during the years ended 30 June 2025 and 2024.

The share options outstanding at 30 June 2025 has a weighted average remaining contractual life of 7.48 years (2024: 8.48 years).

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34. DETAILS OF NON-WHOLLY-OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interest:

Name of subsidiary	Place of incorporation and principal place of business	Proportion ownership interests and voting rights held by non-controlling interest		Total profit/(loss) allocated to non-controlling interest		Accumulated non-controlling interest	
		30 June 2025	30 June 2024	30 June 2025	30 June 2024	30 June 2025	30 June 2024
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
Kahuer and its subsidiaries ("Kahuer Group")	The BVI/The PRC	40%	40%	3,471	3,448	36,108	32,023
Individually immaterial subsidiaries with non-controlling interests				186	(245)	797	(623)
				3,657	3,203	36,905	31,400

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

Kahuer Group

	2025 HK\$'000	2024 HK\$'000
Current assets	157,493	159,130
Current liabilities	(66,612)	(78,471)
Non-current liabilities	(613)	(602)
Equity attributable to owners of the Company	54,160	48,034
Non-controlling interests	36,108	32,023
Income	8,677	8,620
Profit for the year	8,677	8,620
Total comprehensive income for the year	10,212	8,172
Cash flows from operating activities	10,103	6,271
Cash flows used in financing activities	(8,634)	(6,294)



35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, financial assets included in trade receivables and other receivable, and financial liabilities included in trade and other payables approximate their carrying amounts largely due to short term maturities of these instruments.

The Group's finance department headed by the Group financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group financial controller reports directly to the management and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the management. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in an orderly transaction between market participants at the measurement date, other than in a forced or liquidation sale.

The fair values of listed equity investments are based on quoted market prices.

The Group did not have any financial liabilities measured at fair value as at 30 June 2025 and 2024.

Beside the note above, there are no other transferred fair value measurement between Level 1, 2 and 3 for the years ended 30 June 2025 and 2024.

The Group's policy is to recognise transfers between levels of fair value hierarchy as of the date of the events or changes in circumstances that cause the transfer.

Some of the Group's financial assets are measured at fair value as at 30 June 2025 and 2024. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Type	Fair value hierarchy	Valuation technique and key input	Significant unobservable inputs
Financial assets			
<i>Financial assets at FVTPL</i>			
– Listed equity securities in HK market 2025: HK\$2,000 2024: HK\$5,000	Level 1	Quoted price in an active market	• N/A

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of financial assets at FVTPL and cash and cash equivalents. The main purpose of these financial instruments is to manage funds for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables, trade and other payables, amount due to a director, bank borrowings and lease liabilities, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, liquidity risk, equity price risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the entity's functional currency. The Group has exposures on foreign currencies mainly for those entities adopted HK\$ and RMB as functional currency.

As at 30 June 2025, if RMB had weakened/strengthened by 5% (2024: 5%) against the HK\$ with all other variables held constant, loss after taxation for the year (2024: loss after taxation for the year) would have been HK\$2,000 (2024: HK\$2,000) higher/lower, respectively, mainly as a result of foreign exchange losses/gains on translation of RMB denominated cash and cash equivalents held by the group entities.

As at 30 June 2025, if HK\$ had weakened/strengthened by 5% (2024: 5%) against the RMB with all other variables held constant, loss after taxation for the year (2024: loss after taxation for the year) would have been nil (2024: HK\$121,000) higher/lower, respectively, mainly as a result of foreign exchange losses/gains on translation of HK\$ denominated cash and cash equivalents held by the group entities.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see Note 25 for details) and fixed-rate other borrowings (see Note 26 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 22 for details) and variable-rate bank borrowings (see Note 26 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. 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.

Bank balances and bank borrowings are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances and bank borrowing are insignificant.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major lenders to meet its liquidity requirements in the short and longer term.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and are of the opinion that the cash flow generated from operating activities and certain appropriate financing-activities of the Group will be able to meet the funding needs of operations and repay the outstanding interest bearing borrowings.



36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

In order to improve the Group's financial position, the directors of the Company have been implementing various measures as follows:

- (i) taking active measures to facilitate the collection of the trade receivables that were past due to improve operating cash flows and its financial position, of which subsequent to the end of the reporting period, the Group has collected approximately HK\$42,785,000 up to the date of this report;
- (ii) expediting the realisation of prepayments so as to improve the working capital position and the operating cash flows;
- (iii) negotiating with respective lenders to renew and extend the existing borrowings upon their maturities;
- (iv) reviewing its investments and actively considering to realise, in order to enhance the cash flow position of the Group whenever it is necessary;
- (v) implementing an active cost-saving measures to control administrative costs through various ways to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group; and
- (vi) continuing to seek for other alternative financing and bank borrowings to increase the Group's equity and liquidity when necessary, in which the Company completed issuance of shares (Note 28(b) & 28(c)) and raised net proceeds of approximately HK\$7,726,000 during the year.

The directors of the Company have carried out detail review on the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. In preparing the cash flow forecast, the directors have considered historical cash requirements of the Group as well as other key factors, including the availability of the loan finance which may impact the operations of the Group during the next twelve-month period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

	Weighted average interest rate %	On demand or within one year HK\$'000	More than one year but not less than five years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
As at 30 June 2025					
Non-derivative financial liabilities					
Trade and other payables	–	20,696	–	20,696	20,696
Amount due to a director	–	1,167	–	1,167	1,167
Bank and other borrowings	6.00%	8,363	–	8,363	8,000
Lease liabilities	6.08%	802	643	1,445	1,349
		31,028	643	31,671	31,212

	Weighted average interest rate %	On demand or within one year HK\$'000	More than one year but not less than five years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
As at 30 June 2024					
Non-derivative financial liabilities					
Trade and other payables	–	10,880	–	10,880	10,880
Amount due to a director	–	11,899	–	11,899	11,899
Bank borrowings	4.20%	3,762	–	3,762	3,762
Lease liabilities	4.52%	789	877	1,666	1,505
		27,330	877	28,207	28,046



36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as financial assets at FVTPL (Note 21) as at 30 June 2025 and 2024. The Group's listed investments are listed on the Hong Kong stock exchange and are valued at quoted market prices at the end of the reporting period.

	Carrying amount of equity investments HK\$'000	Decrease in loss before tax HK\$'000
5% increase/decrease in fair value		
2025		
Investment listed in:		
Hong Kong – Financial assets at FVTPL	2	–
2024		
Investments listed in:		
Hong Kong – Financial assets at FVTPL	5	–

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's main exposure to credit risk arises primarily from contract assets, trade and other receivables and cash and cash equivalents.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the individual profile of its trade receivables on an ongoing basis. At the end of the reporting period, approximately 61% (2024: approximately 65.1%) of the Group's trade receivables were due from the top 3 (2024: top 3) trade debtors.

Trade receivables and contract assets

In order to minimise the credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. The Company has set the policies in place to ensure that transactions are made to customers with an appropriate credit history. In addition, the Group performs impairment assessment under ECL model on trade receivables based on credit rating. In this regard, the Directors consider that the Company's credit risk is significantly reduced.

Trade receivables and contract assets consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables and contract assets.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk *(Continued)*

Deposits, other receivables and cash and cash equivalents

For deposits and other receivables, management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of deposits based on past experience, and also available reasonable and supportive forward-looking information. Management of the Group believes that there is no material credit risk inherent in the Group's deposits and other receivables at the end of the reporting period.

The credit risk on cash and cash equivalents of the Group is limited because the counterparties with good reputation and no history of default in the past and no loss allowance provision for cash and cash equivalents was recognised as at 30 June 2025 and 2024.

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

		Trade receivables/ contract assets
Internal credit rating	Description	
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired
Watch list	Debtor with invoice overdue but repays after due dates	Lifetime ECL – not credit-impaired
Doubtful	There have been significant increases in credit risk and overdue more than 365 days but less than 730 days	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
		Financial assets other than trade receivables/contract assets
Internal credit rating	Description	
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Watch list	Debtor with invoice overdue but repays after due dates	Lifetime ECL – not credit-impaired
Doubtful	Debtor with invoice overdue for 90 days or more with slow repayment pattern	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired

**36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(Continued)***Credit risk** *(Continued)**Internal credit rating*

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The following table provides information about the exposure to credit risk for trade receivables and contract assets which are assessed on a collective basis within lifetime ECL (not credit-impaired).

Internal credit rating	2025				2024			
	Average	Trade	Contract	Total	Average	Trade	Contract	Total
	loss rate	receivables	assets	allowance	loss rate	receivables	assets	Allowance
		HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000
Low risk	8.1%	74,009	8,406	6,682	6.1%	43,045	2,265	2,756
Watch list	45.2%	12,639	1,404	6,352	40.9%	68,630	2,703	29,179
Doubtful	56.0%	146,890	5,680	85,507	52.3%	112,226	2,112	59,763
	39.6%	233,538	15,490	98,541	39.7%	223,901	7,080	91,698

The estimated loss rates are estimated based on historical market observed default rates and recovery rate over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

The provision of trade receivables and contract assets as at 30 June 2025 reconciles to the opening provision allowance on 1 July 2024 and to the closing provision as at 30 June 2025 was as follows:

Trade receivables

	Lifetime ECL (not credit-impaired) HK\$'000
As at 1 July 2023	70,316
– Allowance for ECL recognised (Note (i))	59,600
– Allowance for ECL reversed (Note (ii))	(40,070)
Exchange realignment	(495)
As at 30 June 2024 and 1 July 2024	89,351
– Allowance for ECL recognised (Note (i))	56,295
– Allowance for ECL reversed (Note (ii))	(53,250)
Exchange realignment	1,644
As at 30 June 2025	94,040

Notes:

- (i) The allowance for ECL of HK\$56,295,000 (2024: HK\$59,600,000) was recognised under lifetime ECL (not credit-impaired) as the credit risk has increased significantly since initial recognition based on the financial background, financial condition and historical settlement records of the counterparties, and both the quantitative and qualitative information including reasonable and supportive forward-looking information available without undue cost or effort.
- (ii) The allowance for ECL reversed of HK\$53,250,000 (2024: HK\$40,070,000) was attributed to the settlement of trade receivables with carrying amount of HK\$145,947,000 (2024: HK\$131,822,000).

Contract assets

	Lifetime ECL (not credit-impaired) HK\$'000
As at 1 July 2023	1,542
– Allowance for ECL recognised	2,354
– Allowance for ECL reversed	(1,536)
Exchange realignment	(13)
As at 30 June 2024 and 1 July 2024	2,347
– Allowance for ECL recognised	4,459
– Allowance for ECL reversed	(2,368)
Exchange realignment	63
As at 30 June 2025	4,501



36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2025 and 2024.

The Group monitors capital using a gearing ratio, which is net debt/cash divided by equity attributable to owners of the Company. Net debt/cash includes trade and other payables, amount due to a director, bank and other borrowings, less cash and cash equivalents. The Group seeks to maintain a sustainable gearing ratio to meet its existing requirements. The gearing ratios at the end of the reporting periods are as follows:

	2025 HK\$'000	2024 HK\$'000
Cash and cash equivalents	5,317	24,309
Less: Trade and other payables	(49,089)	(41,039)
Amount due to a director of the Company	(1,167)	(11,899)
Bank and other borrowings	(8,000)	(3,762)
Net debt	(52,939)	(32,391)
Equity attributable to owners of the Company	109,253	120,344
Capital and net debt	162,192	152,735
Gearing ratio	48.5%	26.9%

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For the year ended 30 June 2025

37. RECONCILIATION OF LIABILITY ARISING FROM FINANCING ACTIVITY

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 cash flow statement as cash flows from financing activities.

	Amount due to a director HK\$'000	Bank and other borrowings HK\$'000	Lease liabilities HK\$'000	Interest payable (included in other payables) HK\$'000	Total HK\$'000
As at 1 July 2023	3,597	10,815	2,480	–	16,892
Finance costs	–	–	150	274	424
Financing cash inflows (outflows)	8,321	(7,008)	(1,125)	(274)	(86)
Exchange realignment	(19)	(45)	–	–	(64)
As at 30 June 2024 and 1 July 2024	11,899	3,762	1,505	–	17,166
New lease entered	–	–	802	–	802
Finance costs	–	–	113	257	370
Financing cash (outflows) inflows	(11,085)	4,204	(1,071)	(59)	(8,011)
Exchange realignment	353	34	–	–	387
As at 30 June 2025	1,167	8,000	1,349	198	10,714



38. RETIREMENT BENEFIT PLANS

The Group operates the MPF Scheme for all qualifying employees in Hong Kong. The assets of the above scheme are held separately from those of the Group in funds under the control of trustees. The Group contributes at the lower of HK\$1,500 per month or 5% of the relevant payroll costs to the MPF Scheme.

The employees employed by the PRC subsidiaries are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The total expenses recognised in profit or loss of HK\$826,000 (2024: HK\$858,000) represent contributions payable to these schemes by the Group in respect of the current accounting period and contributions to the schemes vests immediately. No forfeited contribution is available to reduce the contribution payable in the future years at 30 June 2025 and 30 June 2024.

LSP obligations

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Group has the obligation to pay LSP to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period. There is no significant impact on the Group's LSP liability with respect to employees that participate in MPF Scheme.

39. EVENTS AFTER THE REPORTING PERIOD

Besides elsewhere in consolidated financial statement, the Group did not have other material subsequent event after the reporting period ended on 30 June 2025.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS		
Interests in subsidiaries	77,594	77,733
Total non-current assets	77,594	77,733
CURRENT ASSETS		
Other receivable	182	350
Prepayments	398	105
Cash and cash equivalents	1,510	6,385
Total current assets	2,090	6,840
CURRENT LIABILITIES		
Other payables	1,282	1,453
Amount due to a subsidiary	6,606	10,618
Amounts due to a director	1,064	4,510
Bank and other borrowings	8,000	–
Lease liabilities	407	406
Total current liabilities	17,359	16,987
NET CURRENT LIABILITIES	(15,269)	(10,147)
TOTAL ASSETS LESS CURRENT LIABILITIES	62,325	67,586
NON-CURRENT LIABILITY		
Lease liabilities	141	–
Total non-current liability	141	–
NET ASSETS	62,184	67,586
EQUITY		
Share capital	33,366	25,025
Reserves (Note)	28,818	42,561
TOTAL EQUITY	62,184	67,586

The Company's statement of financial position was approved and authorised for issue by the board of directors on 26 September 2025 and signed on its behalf by:

Liu Yancheng
Director

Yao Runxiong
Director



Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

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

Note:

	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
As at 1 July 2023	16,683	563,560	377	(471,936)	108,684
Loss for the year	–	–	–	(57,020)	(57,020)
Rights issue of shares (Note 28(a))	8,342	7,611	–	–	15,953
Recognition of equity-settled share-based expense (Note 33)	–	–	227	–	227
Lapse of share option	–	–	(258)	–	(258)
As at 30 June 2024 and 1 July 2024	25,025	571,171	346	(528,956)	67,586
Loss for the year	–	–	–	(13,354)	(13,354)
Issue of shares (Note 28(b) and (c))	8,341	–	–	–	8,341
Transaction costs attributable to issue of shares	–	(615)	–	–	(615)
Recognition of equity-settled share-based expense (Note 33)	–	–	226	–	226
As at 30 June 2025	33,366	570,556	572	(542,310)	62,184

Five Year Financial Summary

30 June 2025

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published financial statements, is set out as below:

	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	142,910	160,732	81,518	211,606	380,146
Cost of sales	(133,135)	(154,789)	(76,075)	(189,112)	(342,390)
Gross profit	9,775	5,943	5,443	22,494	37,756
Other gains and (losses), net	230	459	919	(1,052)	5,155
Administrative expenses	(21,663)	(26,712)	(27,275)	(28,888)	(27,910)
Change in fair value of financial assets at fair value through profit or loss/ held-for-trading investments, net	(3)	(28)	(1,854)	(3,322)	(6,255)
Provision for expected credit loss recognised in respect of financial assets at amortised cost, net	(5,136)	(20,348)	(26,747)	(20,812)	(17,921)
Impairment loss recognised in respect of goodwill	–	–	–	–	(10,107)
Impairment loss recognised on property, plant and equipment and right-of-use assets	(1,120)	–	–	–	–
Share of results of an associate	(462)	–	–	–	–
Finance costs	(402)	(442)	(1,272)	(144)	(137)
Other operating expenses	(680)	(1,424)	(493)	(712)	(692)
Loss before tax	(19,461)	(42,552)	(51,279)	(32,436)	(20,111)
Income tax credit (expense)	1,357	(1,505)	(1,831)	(19,337)	(8,018)
Loss for the year	(18,104)	(44,057)	(53,110)	(51,773)	(28,129)
Attributable to owners of the Company	(21,761)	(47,260)	(61,622)	(44,005)	(30,142)
Non-controlling interests	3,657	3,203	8,512	(7,768)	2,013
	(18,104)	(44,057)	(53,110)	(51,773)	(28,129)
Assets and liabilities:					
Total assets	220,908	227,275	250,650	309,251	426,127
Total liabilities	(75,870)	(75,531)	(69,635)	(63,165)	(81,796)
Total equity	145,038	151,744	181,015	246,086	344,331
Equity attributable owners of the Company	108,133	120,344	152,583	225,840	276,389
Non-controlling interests	36,905	31,400	28,432	20,246	67,942
	145,038	151,744	181,015	246,086	344,331