



偉俊生物科技有限公司

Wai Chun Bio-Technology Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code : 0660)

2024/2025

ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Director

Lam Ka Chun (*Chairman*)

Independent Non-Executive Directors

Wong Po Keung (*appointed on 12 May 2025*)

Wang Ziniu (*appointed on 5 June 2025*)

Xu Huiling (*appointed on 5 June 2025*)

Wan Bo (*resigned on 5 June 2025*)

He Tao (*resigned on 5 June 2025*)

Kung Ying Tung (*appointed on 4 September 2024 and resigned on 14 February 2025*)

AUTHORISED REPRESENTATIVES

Lam Ka Chun

FENN David (*appointed on 1 June 2024 and resigned on 17 October 2024*)

Chin Ying Ying (*appointed on 18 October 2024 and resigned on 18 December 2024*)

COMPANY SECRETARY

FENN David (*appointed on 1 June 2024 and resigned on 17 October 2024*)

Chin Ying Ying (*appointed on 18 October 2024 and resigned on 18 December 2024*)

AUDIT COMMITTEE

Wong Po Keung

(*Chairman, appointed on 12 May 2025*)

Wang Ziniu (*appointed on 5 June 2025*)

Xu Huiling (*appointed on 5 June 2025*)

Wan Bo (*resigned on 5 June 2025*)

He Tao (*resigned on 5 June 2025*)

Kung Ying Tung (*Chairman, appointed on 4 September 2024 and resigned on 14 February 2025*)

REMUNERATION COMMITTEE

Wang Ziniu (*Chairman, appointed on 5 June 2025*)

Lam Ka Chun

Xu Huiling (*appointed on 5 June 2025*)

He Tao (*Chairman, resigned on 5 June 2025*)

Wan Bo (*resigned on 5 June 2025*)

Kung Ying Tung (*appointed on 4 September 2024 and resigned on 14 February 2025*)

NOMINATION COMMITTEE

Lam Ka Chun (*Chairman*)

Wang Ziniu (*appointed on 5 June 2025*)

Xu Huiling (*appointed on 5 June 2025*)

Wan Bo (*Chairman, resigned on 5 June 2025*)

He Tao (*resigned on 5 June 2025*)

Kung Ying Tung (*appointed on 4 September 2024 and resigned on 14 February 2025*)

REGISTERED OFFICE

P.O. Box 31119

Grand Pavilion

Hisbiscus Bay

802 West Bay Road

Grand Cayman KY1-1205

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 4001-02, 40/F.,

China Resources Building,

26 Harbour Road, Wanchai

Hong Kong

AUDITOR

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

24/F., Siu On Centre,

188 Lockhart Road,

Wan Chai, Hong Kong

SHARE REGISTRAR IN HONG KONG

Union Registrars Limited

Room 3301-04, 33/F

Two Chinachem Exchange Square

338 King's Road

North Point

Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Industrial and Commercial Bank of China Limited

Changle Sub-branch

China CITIC Bank Corporation Limited Weifang

Changle Sub-branch

STOCK CODE

Hong Kong Stock Exchange: 0660

COMPANY WEBSITE

<http://www.0660.hk>

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the year ended 30 June 2025, the Group recorded a revenue of approximately HK\$377.2 million (for the year ended 30 June 2024: approximately HK\$370.1 million), representing an increase of approximately 1.9% as compared to the previous year. The revenue for the year are relatively stable.

Gross Profit

The Group recorded a gross profit and gross profit margin of approximately HK\$36.0 million and 9.5% respectively for the year ended 30 June 2025, compared to a gross profit of approximately HK\$34.2 million and a gross profit margin of approximately 9.2% for the year ended 30 June 2024. The gross profit for the year have remained relatively stable and increased by approximately HK\$1.8 million.

Selling Expenses

Selling expenses also recorded an increment of approximately 13.3%, from approximately HK\$12.4 million for the year ended 30 June 2024 to approximately HK\$14.1 million for the year ended 30 June 2025, which is in line with the increase in revenue.

Administrative Expenses

Administrative expenses for the year have remained relatively stable, increased slightly by approximately 2.6% from approximately HK\$20.3 million for the year ended 30 June 2024 to approximately HK\$20.8 million for the year ended 30 June 2025.

Impairment and Allowances

For the year ended 30 June 2025, the Group recognised an impairment loss on non-current assets, amounting to approximately HK\$1.7 million (2024: approximately HK\$58.1 million). This impairment is a non-recurring and non-cash item, which has been attributed to the continuous loss making performance of the Group's business. Furthermore, the Group has recorded a reversal of impairment losses on receivables of approximately HK\$4.3 million for the year ended 30 June 2025, in which an expected credit loss on receivables of approximately HK\$4.8 million was recognized in the comparative year.

Loss Attributable to Owners of the Company

The loss attributable to owners of the Company amounted to approximately HK\$14.6 million for the year ended 30 June 2025, as compared to a loss of approximately HK\$44.2 for the year ended 30 June 2024. The improvement in loss was primarily due to significant decrease of impairment losses on non-financial assets recognised during the reporting year.

Impairment of Non-current Assets

As at 30 June 2025, the management reassessed the value-in-use of the operating segment of manufacturing and sale of modified starch and other biochemical products, primarily due to the significant impairment loss recognised during the year ended 30 June 2024 and the continued underperformance relative to internal expectations.

Management Discussion and Analysis

The value in use was calculated based on five-year cash flow projections, with a pre-tax discount rate of 11.2% and a sales growth rate of 2%, in line with industry forecasts. The impairment assessment indicated that the CGU's recoverable amount was lower than its carrying amount. The impairment loss of approximately HK\$1.7 million (2024: approximately HK\$58.1 million) was recognized, ensuring no asset's carrying amount fell below its recoverable amounts.

International Valuation Limited, an independent external valuer, has been engaged to carry out the valuation for the year ended 30 June 2025.

Financial Resources and Position

As at 30 June 2025, the Group had net current liabilities of approximately HK\$170.5 million (30 June 2024: approximately HK\$139.4 million) and cash and cash equivalents of approximately HK\$6.6 million (30 June 2024: approximately HK\$2.2 million).

Total debts of the Group amounting to approximately HK\$178.0 million as at 30 June 2025 (30 June 2024: approximately HK\$135.9 million), comprising outstanding payables to the holders of convertible bonds included in other payables, borrowings, loans from the ultimate holding company, convertible bonds and lease liabilities. The net debt (net of cash and cash equivalents) to total assets ratio of the Group was approximately 79.9% (30 June 2024: approximately 63.8%).

During the year ended 30 June 2025, the Group financed its operations primarily through internally generated funds, loans from the ultimate holding company, and borrowings.

The Group's cash and cash equivalents were mainly denominated in Hong Kong dollars, Renminbi, and United States dollars, and its business transactions were conducted primarily in Renminbi and United States dollars. The Group did not experience any significant difficulties or adverse effects on its operations due to fluctuations in currency exchange rates during the year.

Foreign Currency Fluctuation

For the Year, the Group conducted its business transactions principally in Renminbi and United States dollars. The Group has not experienced any material difficulties or negative impact on its operations as a result of fluctuations in currency exchange rates. Accordingly, the Directors considered that the foreign exchange exposure is relatively limited and no hedging of exchange risk is required. As an internal policy, the Group continues to implement a prudent policy on financial management policy and does not participate in any high risk speculative activities. Nevertheless, the management will continue to monitor the foreign exchange exposure and will take prudent measures when needed.

Pledge of Assets and Contingent Liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities. As at 30 June 2025, part of the Group's right-of-use assets with carrying amount of approximately HK\$20.3 million (30 June 2024: approximately HK\$20.0 million) were pledged to secure certain bank borrowings.

Management Discussion and Analysis

Dividend

The board of directors (the “Board”) has resolved not to recommend the payment of final dividend for the year ended 30 June 2025 (30 June 2024: nil).

BUSINESS REVIEW

During the year under review, the Group continued to engage in the manufacturing and sale of modified starch and other biochemical products. For the year ended 30 June 2025, the Group’s revenue and gross profit are relatively stable compared to the previous year. The Group also recorded a great improvement on net loss, primarily attributable to significant decrease of impairment losses on non-financial assets recognised during the reporting period.

Looking ahead, the Group will continue to pursue strategic acquisitions to capture new business opportunities in the PRC market and further strengthen its revenue and profit fundamentals. The Company has been actively identifying projects with growth potential for acquisitions or investments and is in discussions with various parties for such opportunities.

To ensure the Group’s financial stability and ability to operate as a going concern, the Directors of the Company have been implementing various measures, including securing loan facilities from the ultimate holding company, negotiating with potential investors to raise sufficient funds, and closely monitoring general administrative expenses and operating costs. The Group will continue to adopt measures aimed at improving its working capital and cash flows to support its operations and future development.

OTHER INFORMATION

Employees

As at 30 June 2025, the Group had a total of 61 employee (30 June 2024: 140 employee), the majority of whom are situated in the PRC. The Group implement employee optimization during the period, including offer competitive remuneration packages to employees, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

The Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group. The remuneration committee of the Company, having regard to the Company’s operating results, individual performance and comparable market statistics, decides the emoluments of the Directors. No Director, or any of his associates, and executive, is involved in dealing his own remuneration.

Major Acquisitions and Disposals of Subsidiaries

For the year ended 30 June 2025, there were no major acquisitions and disposal of subsidiaries.

Purchase, Sale or Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 30 June 2025.

Management Discussion and Analysis

Non-compliance with Listing Rules

During the year ended 30 June 2025, the Company failed to meet the requirement of Rule 3.21 of the Listing Rules (which requires that the audit committee comprising a minimum of three members) and Rule 3.10(2) of the Listing Rules (which requires that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise) until the appointment of Mr. Wong Po Keung as an independent non-executive Director with effect from 12 May 2025.

During the second half of current year, the Company failed to meet the requirement of Rule 13.92 of the Listing Rules (which provides that The Stock Exchange will not consider diversity to be achieved for a single gender board) until the appointment of Ms. Xu Huiling as an independent non-executive Director with effect from 5 June 2025.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. All directors have confirmed, following specific enquiries by the Company that they have complied with the required standards set out in the Model Code throughout the year ended 30 June 2025.

Audit Committee

As at the date of this annual report, the Board has three independent non-executive Directors, Ms. Xu Huiling, Mr. Wang Zinju and Mr. Wong Po Keung.

EVENTS AFTER THE REPORTING PERIOD

References are made to the circular of the Company dated 25 August 2025 and the announcements of the Company dated 21 August 2025, 11 September 2025, 29 September 2025 and 28 October 2025, the effective date of the Proposed Capital Reorganisation was expected to be on 14 November 2025 (which is indicative only and may be extended or varied), the long stop date for the alteration consents letters in relation to the proposed alteration to the terms of the existing convertible bonds have been extended to 30 November 2025 and the long stop date for the subscription agreement in relation to the proposed issuance of new convertible bonds has been extended to 30 November 2025.

Biographical Details of Directors

EXECUTIVE DIRECTOR

Mr. Lam Ka Chun has been appointed as an executive director of the Company with effect from 13 March 2023.

Mr. Lam Ka Chun, aged 34, has been managing directors of the Company and Wai Chun Group Holdings Limited (stock code: 1013) (a company listed on the Main Board of the Stock Exchange) since 2017 and he is responsible for the investment and operation of the listed companies. Mr. Lam Ka Chun served as chief executive officer in various companies from 2011 to 2017 and has accumulated extensive experience in projects investment and management. Mr. Lam Ka Chun studied chemistry at Imperial College London from 2009 to 2011. Other than disclosed above, Mr. Lam Ka Chun did not hold any other directorships in any listed public companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Po Keung ("Mr. Wong"), aged 54, has ample experience in auditing, accounting, financial management and company secretarial practices in respect of listed companies in Hong Kong. Mr. Wong holds a Master degree in Business Administration from the University of South Australia and he is also a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Since 30 September 2013, Mr. Wong is the executive director of China Environmental Resources Group Limited, a company that listed on the Stock Exchange (stock code: 1130) and the Singapore Exchange Limited (Singapore Stock Code: RS1) while he also works as its financial controller. Mr. Wong is also an independent non-executive director of FSM Holdings Limited (stock code: 1721) since 8 April 2020 and Wai Chun Group Holdings Limited (stock code: 1013) since 12 May 2025. Other than disclosed above, Mr. Wong did not hold any other directorships in any listed public companies in the past three years.

Mr. Wang Ziniu ("Mr. Wang"), aged 63, studied university at Xi'an and during the period from 1989 to 1992, Mr. Wang was an engineer of the Foreign Trade and Economic Committee and an officer of the real estate administration at the city of Xi'an. During the period from 1992 to 2017, Mr. Wang served as a senior engineer at the Shenzhen Media Group. Other than disclosed above, Mr. Wang did not hold any other directorships in any listed public companies in the past three years.

Ms. Xu Huiling ("Ms. Xu"), aged 33, has years of experience in biomedical teaching and research. She had studied statistics and psychology at Princeton University in the United States, life sciences at the Chinese University of Hong Kong and international economics at Huizhou University. During the period from 2015 to 2016, Ms. Xu worked as an assistant researcher responsible for research in relation to neuroscience. Ms. Xu also assisted in teaching and research in relation to neuropharmacology at the Medical College of Ohio in the United States. During the period from 2017 to 2020, Ms. Xu worked as an investment project manager at the AVIC Investment Group in Shenzhen, which focused on projects relating to biotechnology, financial technology and commercial real estate. Other than disclosed above, Ms. Xu did not hold any other directorships in any listed public companies in the past three years.

Report of the Directors

The Directors of the Company submit their report together with the audited consolidated financial statements for year ended 30 June 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding and the principal activities of its subsidiaries are set out in note 37(b) to the consolidated financial statements.

Discussions and reviews of the Group's business and possible risks and uncertainties that the Group may be facing are set out on pages 3 to 6 of this annual report. These discussions form part of this report of the Directors.

RESULTS AND DIVIDEND

The results of the Group for the year ended 30 June 2025 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 67 to 139.

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2025 (2024: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant, and equipment of the Group during the Year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the Year are set out in notes 30 and 31 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and of the Company during the Year are set out in the consolidated statement of changes in equity set out on page 71 and note 32 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 30 June 2025, the Company did not have any reserves available for distribution to its shareholders (2024: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the latest five financial years is set out on page 140 of this annual report.

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were:

Executive Director

Mr. Lam Ka Chun (*Chairman*)

Independent Non-executive Directors

Wong Po Keung (*appointed on 12 May 2025*)

Wang Ziniu (*appointed on 5 June 2025*)

Xu Huiling (*appointed on 5 June 2025*)

Wan Bo (*resigned on 5 June 2025*)

He Tao (*resigned on 5 June 2025*)

Kung Ying Tung (*appointed on 4 September 2024 and
resigned on 14 February 2025*)

The biographical details of the Directors of the Company are set out on page 7 of this annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Company, based on such confirmations, considers all the independent non-executive Directors are independent.

DIRECTORS’ SERVICE CONTRACTS

The executive Director has entered into a letter of appointment with the Company for a term of two years commencing from their date of appointment, which continues thereafter until terminated by either party giving not less than one month notice in writing to the other party.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of two years from their date of appointment, which can be terminated by either party giving not less than one month notice in writing to the other party. Each of the Independent Non-executive Directors is subject to the provisions for retirement by rotation and re-election at the annual general meeting of the Company (“AGM”) in accordance with the Company’s Articles of Association.

No Director proposed for re-election at the forthcoming AGM has service agreement with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Report of the Directors

DIRECTORS' REMUNERATION

Details of emoluments of the Directors are set out in note 13 to the consolidated financial statements.

The Directors' fees are subject to shareholders' approval at the AGM. Other emoluments are determined by the Company's Board of Directors with reference to the recommendations from the Remuneration Committee taking into account the Directors' duties, responsibilities and performance and the results of the Group.

PERMITTED INDEMNITY

Pursuant to the Articles of Association of the Company, every Director shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, expenses and liabilities which he may sustain or incur or about the execution and discharge of his duties or in relation thereto. A permitted indemnity provision that provides for indemnity against liability incurred by directors and other officers of the Group is currently in force and was in force throughout the year ended 30 June 2025.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed in note 36 to the consolidated financial statements, there are no transactions, arrangements and contracts of significance to which the Company's holding company, subsidiaries or fellow subsidiaries was a party and in which a Director or a connected entity of a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

COMPETING BUSINESS

None of the Directors had any interests in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules, during the Year and up to the date of this report.

INTERESTS OF CONTROLLING SHAREHOLDER IN CONTRACTS

Save as disclosed below in the section headed "Connected Transactions" and in notes 25, 27, 28 and 36 to the consolidated financial statements, there was no contract of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined in paragraph 16 of Appendix 16 to the Listing Rules) or any of its subsidiaries, at any time during the Year.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of, its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange, were as follows:

Report of the Directors

Long Positions

Name of Shareholder	Capacity	Long position/ Short position	Ordinary shares of HK\$0.25 each	
			Number of shares/ underlying shares held	Approximate percentage of issued share capital (Note c)
Mr. Lam Ching Kui	Beneficial owner	Long Position	268,072,400 (Note a)	150.20%
	Interests of controlled corporations	Long Position	221,150,243 (Note b)	123.91%

Notes:

- Mr. Lam Ching Kui directly holds 72,400 shares of the Company and the zero coupon convertible bonds in the principal amount of HK\$67,000,000 under which 268,000,000 shares would be issued by the Company upon full exercise of the conversion rights under the aforementioned zero coupon convertible bonds.
- Mr. Lam Ching Kui is the beneficial owner of Wai Chun Investment Fund which is deemed to be interested in 91,550,243 shares of the Company. Wai Chun Investment Fund is the sole shareholder of Chinese Success Limited, which is the holder of zero coupon convertible bonds in the aggregate principal amount of HK\$32,400,000 under which 129,600,000 shares would be issued by the Company upon full exercise of the conversion rights under the aforementioned zero coupon convertible bonds.
- The approximate percentages of shareholding are calculated based on 178,476,453 ordinary shares of the Company as at 30 June 2025.
- The zero coupon convertible bonds in the principal amount of HK\$67,000,000 held by Mr. Lam Ching Kui and the zero coupon convertible bonds in the outstanding principal amount of HK\$20,150,000 held by Chinese Success Limited had been due on 18 January 2025. However, on 27 December 2024, Mr. Lam Ching Kui and Chinese Success Limited agreed to extend the maturity dates of the zero coupon convertible bonds to 31 December 2027, which such extension has been resolved in the extraordinary general meeting of the Company held on 30 June 2025, and would become effective upon the completion of the Proposed Capital Reorganisation (defined in note 30(b)). In the opinion of the Directors, the failure of fulfilling the conditions are remote.

Other than disclosed above, as at 30 June 2025, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed below in the section headed "Connected Transactions", at no time during the Year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or any of their spouses or children under the age of 18, was granted any right to subscribe for equity or debt securities of the Company, nor had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As 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 disclosed above in respect of Directors, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long Positions

Name of Shareholder	Capacity	Ordinary shares of HK\$0.25 each	
		Number of shares/ underlying shares held	Approximate percentage of issued share capital (Note 5)
Lam Ching Kui (Note 1)	Beneficial owner	268,072,400	150.20%
	Interests of controlled corporations	221,150,243	123.91%
Wai Chun Investment Fund (Note 1)	Interests of controlled corporations	221,150,243	123.91%
Chinese Success Limited ("Chinese Success") (Note 1)	Beneficial owner	221,150,243	123.91%
Onward Global Investments Limited (Note 2)	Beneficial owner	12,863,500	7.21%
Wan Yuzhen (Note 2)	Beneficial owner	100	0.00%
	Interests of controlled corporation	12,863,500	7.21%
Fair Concourse Limited ("Fair Concourse") (Note 3)	Beneficial owner	14,127,040	7.92%
Mai Xiu Qun (Note 3)	Interest of controlled corporation	14,127,040	7.92%

Report of the Directors

Name of Shareholder	Capacity	Ordinary shares of HK\$0.25 each	
		Number of shares/ underlying shares held	Approximate percentage of issued share capital (Note 5)
South Bright Holdings Limited ("South Bright") (Note 4)	Beneficial owner	10,172,337	5.70%
Wan Qian Yi (Note 4)	Interest of controlled corporation	10,172,337	5.70%

Notes:

- (1) Chinese Success, which is wholly owned by Wai Chun Investment Fund, holds 91,550,243 shares of the Company. Mr. Lam Ching Kui, directly holds 72,400 shares and is the beneficial owner of the entire issued share capital of Wai Chun Investment Fund. As at 30 June 2025, Mr. Lam Ching Kui is also the holder of zero coupon convertible bonds in the principal amount of HK\$67,000,000 under which 268,000,000 shares would be issued by the Company upon full exercise of the conversion rights under the aforementioned zero coupon convertible bonds. Mr. Lam Ching Kui is the director of Chinese Success and Wai Chun Investment Fund.

As at 30 June 2025, Chinese Success is the holder of zero coupon convertible bonds in the outstanding principal amount of HK\$32,400,000 under which 129,600,000 shares would be issued by the Company upon full exercise of the conversion rights under the aforementioned zero coupon convertible bonds.

The zero coupon convertible bonds in the principal amount of HK\$67,000,000 held by Mr. Lam Ching Kui and the zero coupon convertible bonds in the outstanding principal amount of HK\$20,150,000 held by Chinese Success had been due on 18 January 2025. However, on 27 December 2024, Mr. Lam Ching Kui and Chinese Success agreed to extend the maturity dates of the zero coupon convertible bonds to 31 December 2027, which such extension has been resolved in the extraordinary general meeting of the Company held on 30 June 2025, and would become effective upon the completion of the Proposed Capital Reorganisation (defined in note 30(b)). In the opinion of the Directors, the failure of fulfilling the conditions are remote.

- (2) These 12,863,500 shares of the Company were held by Onward Global Investments Limited which is wholly-owned by Wan Yuzhen. For the purpose of SFO, Wan Yuzhen is deemed to be interested in these 12,863,500 shares held by Onward Global Investments Limited. Wan Yuzhen also directly holds 100 shares.
- (3) The 14,127,040 shares of the Company were held by Fair Concourse Limited which is wholly owned by Mai Xiu Qun. For the purpose of SFO, Mai Xiu Qun is deemed to be interested in these 14,127,040 shares held by Fair Concourse.
- (4) The 10,172,337 shares of the Company were held by South Bright Holdings Limited which is wholly owned by Wan Qian Yi. For the purpose of SFO, Wan Qian Yi is deemed to be interested in these 10,172,337 shares held by South Bright.
- (5) The approximate percentages of shareholding are calculated based on 178,476,453 ordinary shares of the Company as at 30 June 2025.

Save for the shareholders as disclosed herein, the Directors and the chief executive officer of the Company are not aware of any persons who, as at 30 June 2025, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

Report of the Directors

SHORT POSITIONS IN SHARES AND UNDERLYING SHARES IN THE COMPANY

As at 30 June 2025, the Company had not been notified of any short positions being held by any substantial shareholder in the shares or underlying shares of the Company.

OTHER PERSONS

As at 30 June 2025, the Company had not been notified of any interests or short positions being held by any person (other than the Directors and chief executives and the substantial shareholders as disclosed above) in the share capital of the Company that was required to be disclosed under Division 2 and 3 of Part XV of the SFO and the Listing Rules.

EQUITY-LINKED AGREEMENT

Convertible Preferences Shares

Details of the convertible preference shares are set out in note 31 to the consolidated financial statements.

SHARE OPTION SCHEME

The share option scheme adopted by the Company (the “Share Option Scheme”) at the extraordinary general meeting held on 22 July 2015 (the “Adoption Date”), the scheme mandate limit for the Share Option Scheme was approved by the then shareholders to allow the Company to grant share options entitling holders thereof to subscribe for up to 15,954,685 shares, representing approximately 8.94% of the issued shares of the Company as at the date of this annual report.

The Share Option Scheme, unless otherwise cancelled or amended, will remain in force for 10 years from the Adoption Date to 21 July 2025. The number of share options available for grant under the scheme mandate limit of the Share Option Scheme as at 1 July 2024 and 30 June 2025 was 15,954,685 and zero respectively. During the year ended 30 June 2025, 15,954,685 share options were granted and no share options were exercised or cancelled under the Share Option Scheme. As at 30 June 2025, the outstanding share options under the Share Option Scheme was 15,954,685.

Any share option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which a share option was granted, at any time during the option period after the share option has been granted by the Board but in any event, not longer than 10 years from the date of grant. A share option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period. Save as determined by the Board and specified in the offer letter at the time of the offer of the share option, there is no minimum period for which a share option must be held before it can be exercised.

Any grant of share options to a participant who is a Director, chief executive or substantial shareholder (as defined under the Listing Rules) of the Company or their respective associates (including a discretionary trust whose discretionary objects include a Director, chief executive or a substantial Shareholder of a company beneficially owned by any Director, chief executive or substantial Shareholder) must be approved by the independent non-executive Directors (excluding an independent non-executive Director who is the grantee of the Options).

Where the Board proposes to grant any share option to a participant who is a substantial shareholder or an independent non-executive Director, or their respective associates (including a discretionary trust whose discretionary objects include a substantial Shareholder or an independent non-executive Director or a company beneficially owned by any substantial shareholder or independent non-executive Director) would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate more than 0.1% of the total number of shares in issue; and
- (ii) having an aggregate value, based on the closing price of the shares at the date of each grant, over HK\$5,000,000.00,

such proposed grant of share options must be approved by the shareholders in general meeting. In such a case, the Company shall send a circular to its shareholders containing all those terms as required under the Listing Rules. All connected persons of the Company must abstain from voting at such general meeting (except that any connected person may vote against the relevant resolution provided that his intention to do so has been stated in this circular). Any vote taken at the meeting to approve the grant of such share options must be taken on a poll.

As at 1 July 2024 and 30 June 2025, no share options were granted and to be granted to a related entity participant or service provider (as defined in the Listing Rules) in any 12-month period exceeding 0.1% of the total issued Shares.

Particulars of the Share Option Scheme and detail of share options granted under the Share Option Scheme during the Year are set out in note 34 to the consolidated financial statements.

MANAGEMENT CONTRACTS

During the Year under review, no management and administrative contracts regarding the entire or any major businesses of the Company have been entered into or have existed.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. All directors have confirmed, following specific enquiries by the Company that they have complied with the required standards set out in the Model Code throughout the Year.

CONNECTED TRANSACTIONS

During the year ended 30 June 2025, all connected transactions as shown in note 36 to the consolidated financial statements are exempted from announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of connected transactions.

Report of the Directors

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the five largest customers of the Group accounted for approximately 28.28% of total turnover and sales to the largest customer accounted for approximately 7.97%. The five largest suppliers of the Group in aggregate accounted for approximately 88.15% of its operating costs for the Year. Purchases from the largest supplier accounted for approximately 42.74% of its operating costs. None of the Directors, their associates, or any shareholder (who to the knowledge of the Directors owned more than 5% of the Company's share capital) had any interest in the Group's five largest customers or suppliers.

PRE-EMPTIVE RIGHTS

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

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

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

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of Company Securities.

EMOLUMENT POLICY

As at 30 June 2025, the Group had a total of 61 employees, the majority of whom are situated in the PRC. In addition to offer competitive remuneration packages to employees, discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

The Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group.

The remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics, decides the emoluments of the Directors. No Director, or any of his associates, and executive, is involved in dealing his own remuneration.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ENVIRONMENTAL POLICIES

The Group puts great emphasis on environmental protection and sustainable development. The conscientious use of resources and the adoption of best practices across the Group's businesses underlie its commitment to safeguarding the environment. The Group encourages environmental protection, complies with environmental legislations and promotes awareness towards environmental protection to its employees. Several measures have been implemented by the Group in order to promote environmental protection, including, among others:

- Reduce: reduce waste material;
- Reuse: reuse waste material without processing;
- Recycle: reuse materials as resources;
- Refuse: avoid purchases;
- Recover: recover materials in a different form.

The Group continue to assess the performance of the above policies and with positive results so far.

Details of the environmental, social and governance of the Group are set out in the section headed "Environmental, Social and Governance Report" in this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board considers compliance with laws and regulations an important element in the business operation of the Group. The Group's major production facilities and over half of its sales are located in China and compliance with domestic laws and regulations in China is particularly important. The Group has specific personnel to handle and update compliance works in China and they also have the assistance from external legal advisors. The Board considers that the Group's compliance with laws and regulations in China is well monitored.

RELATIONSHIPS WITH STAKEHOLDERS

The Group provides a harmonious and professional working environment to employees and ensures they all are reasonable remunerated. The Company regularly reviews and updates its policies on remuneration and benefits, training, occupational health and safety.

The Group also recognises that it is important to maintain good relationship with business partners to achieve its long-term goals. During the Year, there was no material and significant dispute between the Group and its business partners.

Report of the Directors

CORPORATE GOVERNANCE

Details of the corporate governance of the Group are set out in the section headed “Corporate Governance Report” in this annual report.

AUDITOR

The consolidated financial statements of the Group for the year ended 30 June 2025 were audited by McMillan Woods (Hong Kong) CPA Limited (“McMillan”). McMillan will retire and, being eligible, offer themselves for re-appointment. The Board has taken the audit committee’s recommendation that a resolution for their re-appointment as independent auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Lam Ka Chun

Executive Director

Hong Kong, 30 September 2025

Corporate Governance Report

The Directors and all members of the management team of the Company are dedicated to maintain high standards of corporate governance. They will continue to exercise leadership, entrepreneurship, integrity and sound judgement so as to achieve continuing prosperity and to act in the best interests of the Company and its shareholders in a transparent and responsible manner. Strategic development with prudence and adherence to ethical principles form the cores of the Company's corporate governance practices.

The Company continues to devote efforts on promoting good corporate governance so as to ensure its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholders' value.

CORPORATE GOVERNANCE

The Company has adopted the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the year ended 30 June 2025, the Company has complied with the relevant code provisions set out in the CG Code except for the deviation from code provision C.2.1 and C.6.1, which are explained below.

Code provision C.2.1 provides that the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual. The Company did not separate the roles of the chairman and chief executive officer since the appointment of Mr. Lam Ka Chun for all positions in the Group with effect from 1 November 2023. Mr. Lam Ka Chun has extensive experience in project management and investments and was responsible for the overall corporate strategies, planning and business development of the Group. The balance of power and authorities are ensured by the operation of the Board which comprises experienced and high caliber individuals with sufficient number thereof being independent non-executive Directors.

Code provision C.6.1 provides that the company secretary should be an employee of the issuer and have day-to-day knowledge of the issuer's affairs. Where an issuer engages an external service provider as its company secretary, it should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. The Company did not appoint the company secretary since the resignation of Ms. Chin Ying Ying ("Ms. Chin") from 18 December 2024. The Company is in the process of identifying a suitable candidate to fill the vacancy of company secretary caused by the resignation of Ms. Chin.

BOARD OF DIRECTORS

Composition of the Board

As at the date of this annual report, the composition of the Board is set out as follows:

Executive Director

Mr. Lam Ka Chun (*Chairman*)

Independent Non-executive Directors

Mr. Wong Po Keung (*appointed on 12 May 2025*)

Mr. Wang Ziniu (*appointed on 5 June 2025*)

Ms. Xu Huiling (*appointed on 5 June 2025*)

Mr. Wan Bo (*resigned on 5 June 2025*)

Mr. He Tao (*resigned on 5 June 2025*)

Ms. Kung Ying Tung (*appointed on 4 September 2024 and resigned on 14 February 2025*)

Corporate Governance Report

Responsibilities

The Board has a balance of skill and experience and a balanced composition of executive and non-executive Directors and is responsible for oversight of the management of the Company's business and affairs. The Board has delegated the day-to-day responsibility to the executive Director(s) and senior management of the Company.

The Board is responsible for the formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management.

The executive Director(s) seeks to ensure that all Directors are properly briefed on issues brought up at Board meetings and receive adequate and reliable information in relation to matters discussed at Board meetings and also other affairs of the Group on a timely basis.

The executive Director(s) is responsible for day-to-day management of the Company's operations, financial management and the effective implementation of the overall strategies and initiatives adopted by the Board.

The Company considers that internal control system and risk management function are essential, and the Board plays an important role in implementing and monitoring internal control system and risk management function.

Save as disclosed below, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

During the year ended 30 June 2025, the Company failed to meet the requirement of Rule 3.21 of the Listing Rules (which requires that the audit committee comprising a minimum of three members) and Rule 3.10(2) of the Listing Rules (which requires that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise) until the appointment of Mr. Wong Po Keung as an independent non-executive Director with effect from 12 May 2025.

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

- attending regular Board meetings focusing on business strategy, operational issues and financial performance;
- active participation on the board of subsidiaries and associated companies;
- approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;
- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;

Corporate Governance Report

- monitoring and managing potential conflicts of interest of the Board, senior management and shareholders;
- consideration of misuse of corporate assets and abuse in related party transactions; and
- ensuring processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to meet their obligations, an appropriate organisational structure is in place with clearly defined responsibilities and limits of authority.

Appointment, Re-election and Removal of Directors

The appointment of all the Directors, including independent non-executive Directors, is for a specific term of not more than three years from date of appointment. The Company's Articles of Association provides for the retirement of Directors by rotation and any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting following the appointment.

The procedures and process of appointment, re-election and removal of directors are set out in the Company's Articles of Association. The Board is responsible for the reviewing its composition, monitoring the appointment of directors and assessing the independence of the independent non-executive Directors.

Board Meetings

During the year ended 30 June 2025, the Board held six regular board meetings. In addition, board meetings are convened when necessary to deal with everyday matters that require the Board's prompt decision, and are usually attended by executive Directors only. The Directors attended the meetings in person or through electronic means of communication. The attendance of each Director is set out as follows:

Name of Directors	Number of meetings attended/held
Mr. Lam Ka Chun (<i>Chairman</i>)	6/6
Mr. Wong Po Keung (<i>appointed on 12 May 2025</i>)	1/6
Mr. Wang Ziniu (<i>appointed on 5 June 2025</i>)	1/6
Ms. Xu Huiling (<i>appointed on 5 June 2025</i>)	1/6
Mr. Wan Bo (<i>resigned on 5 June 2025</i>)	5/6
Mr. He Tao (<i>resigned on 5 June 2025</i>)	5/6
Ms. Kung Ying Tung (<i>appointed on 4 September 2024 and resigned on 14 February 2025</i>)	2/6

Corporate Governance Report

General Meetings

During the year ended 30 June 2025, one annual general meeting and one extraordinary general meeting of the Company was held on 19 March 2025 and 30 June 2025 respectively. The attendance of each Director is set out as follows:

Name of Directors	Number of meetings attended/held
Mr. Lam Ka Chun	2/2
Mr. Wong Po Keung (<i>appointed on 12 May 2025</i>)	1/2
Mr. Wang Ziniu (<i>appointed on 5 June 2025</i>)	1/2
Ms. Xu Huiling (<i>appointed on 5 June 2025</i>)	1/2
Mr. Wan Bo (<i>resigned on 5 June 2025</i>)	1/2
Mr. He Tao (<i>resigned on 5 June 2025</i>)	1/2
Ms. Kung Ying Tung (<i>appointed on 4 September 2024 and resigned on 14 February 2025</i>)	0/2

Board Process

Directors are provided with relevant information to make informed decisions. The Board and each Director have separate and independent access to the Company's senior management for information and making enquiries if necessary. In addition, Directors may seek independent professional advice in appropriate circumstances at the Company's expenses.

Every Director is entitled to have access to the advice and services of the Company Secretary with a view to ensure that the Board procedures, and all applicable rules and regulations, are complied with. All minutes are kept by the Company Secretary and are opened for inspections by any Director during normal office hours by giving reasonable advance notice.

If a substantial shareholder or a Director has a conflict of interest in a matter before the Board, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent board committee will be set up to deal with the matter.

Directors' Training

According to the code provision A.6.5 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

All Directors have participated in continuous professional development by way of receiving in-house briefing, taking part in training relating to the Listing Rules and corporate governance matters or attending seminars relating to their role as a director of listed issuer. During the year ended 30 June 2025, Ms. Kung Ying Tung, who was appointed as an independent non-executive Director on 4 September 2024, Mr. Wong Po Keung, who was appointed as an independent non-executive Director on 12 May 2025, Mr. Wang Ziniu and Ms. Xu Huiling, who were appointed as independent non-executive Directors on 5 June 2025, had obtained the legal advice referred to Rule 3.09D of the Listing Rules, and all of them had confirmed that they are fully aware of their responsibilities and obligations as Directors under the Listing Rules and the relevant regulatory requirements.

Executive Director

Mr. Lam Ka Chun, was appointed as an executive director of the Company. The Board believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by current Board which comprises a sufficient number of experienced and high calibre individuals thereof representing the independent non-executive Directors of the Company.

Independent Non-executive Directors

The three independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of accounting, finance and electrical engineering. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director has given an annual confirmation of his independence to the Company, and the Company considers each of them to be independent under Rule 3.13 of the Listing Rules.

All independent non-executive Directors have been appointed for a term of two years from their date of appointment. Each of the independent non-executive Directors is subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Company's Articles of Association.

BOARD COMMITTEES

The Company has set up three committees of the Board, including the Remuneration Committee, Audit Committee and Nomination Committee of the Company, with specific terms of reference relating to their authority and duties, which strengthen the Board's functions and enhance its expertise.

Remuneration Committee

The Remuneration Committee comprises one executive Director and two independent non-executive Directors. Mr. Wang Ziniu is the Chairman of the Remuneration Committee.

The primary function of the Remuneration Committee is to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management. The Company's emolument policy is to ensure that the remuneration offered to employees including executive Directors and senior management is based on the skills, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages are also determined by reference to the Company's performance and profitability, remuneration level in the industry and the prevailing market conditions. The emolument policy for independent non-executive Directors, mainly comprising Directors' fees, is subject to annual assessment with reference to the market standard. Individual Director and senior management would not be involved in deciding their own remuneration.

The model of remuneration committee described in code provision E.1.2(c)(ii) of the CG Code has been adopted by the Remuneration Committee.

Corporate Governance Report

During the year ended 30 June 2025, the Remuneration Committee held one meeting, with attendance record as follows:

Name of Directors	Number of meetings attended/held
Mr. Wang Ziniu (<i>Chairman, appointed on 5 June 2025</i>)	0/1
Mr. Lam Ka Chun	1/1
Ms. Xu Huiling (<i>appointed on 5 June 2025</i>)	0/1
Mr. He Tao (<i>Chairman, resigned on 5 June 2024</i>)	1/1
Mr. Wan Bo (<i>resigned on 5 June 2024</i>)	1/1
Ms. Kung Ying Tung (<i>appointed on 4 September 2024 and resigned on 14 February 2025</i>)	1/1

During the year under review, the Remuneration Committee reviewed matters relating to remuneration packages of Directors and senior management.

Audit Committee

The Company has an audit committee (the “Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. A meeting of the Audit Committee was held to review the Group’s audited consolidated financial statements for the year ended 30 June 2024, in conjunction with the Group’s external auditor, McMillan Woods (Hong Kong) CPA Limited.

During the year ended 30 June 2025, the Audit Committee held three meetings, with attendance record as follows:

Name of Directors	Number of meetings attended/held
Mr. Wong Po Keung (<i>Chairman, appointed on 12 May 2025</i>)	0/3
Mr. Wan Bo (<i>resigned on 5 June 2025</i>)	3/3
Mr. He Tao (<i>resigned on 5 June 2025</i>)	3/3
Mr. Wang Ziniu (<i>appointed on 5 June 2025</i>)	0/3
Ms. Xu Huiling (<i>appointed on 5 June 2025</i>)	0/3
Ms. Kung Ying Tung (<i>Chairman, appointed on 4 September 2024 and resigned on 14 February 2025</i>)	1/3

At the meetings, the Audit Committee reviewed the report to change auditor of the Company, the audited financial statements for the year ended 30 June 2024, and the interim results for the six months period ended 31 December 2024. The Audit Committee has also reviewed the Group accounting principles and practices, Listing Rules and statutory compliance and financial reporting matters. The Audit Committee is satisfied with their review of the independence of the auditor and their audit process for the year ended 30 June 2024.

Corporate Governance Report

The Group's results and consolidated financial statements for the year ended 30 June 2025 have been reviewed by the Audit Committee.

Nomination Committee

The Nomination Committee comprises one executive Director and two independent non-executive Directors. Mr. Lam Ka Chun is the Chairman of the Nomination Committee.

The primary function of the Nomination Committee is to make recommendations to the Board on new appointment and re-appointment of directors and senior management. New directors are sought mainly through referrals and internal promotions. In evaluating whether an appointee is suitable to act as a Director, the Board will consider his/her qualifications, experience, expertise and knowledge with reference to the Diversity Policy adopted by the Board and the requirements under the Listing Rules.

During the year ended 30 June 2025, the Nomination Committee held one meeting, with attendance record as follows:

Name of Directors	Number of meetings attended/held
Mr. Lam Ka Chun (<i>Chairman</i>)	1/1
Mr. Wan Bo (<i>Chairman, resigned on 5 June 2025</i>)	1/1
Mr. He Tao (<i>resigned on 5 June 2025</i>)	1/1
Mr. Wang Ziniu (<i>appointed on 5 June 2025</i>)	0/1
Ms. Xu Huiling (<i>appointed on 5 June 2025</i>)	0/1
Ms. Kung Ying Tung (<i>appointed on 4 September 2024 and resigned on 14 February 2025</i>)	1/1

Corporate Governance Functions

The Company's corporate governance functions are carried out by the Board in compliance with the CG Code.

The corporate governance functions currently performed by the Board are to develop and review the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements; to oversee the Company's orientation program for new Director; to review and monitor the training and continuous professional development of Directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and to review the Company's disclosure in the Corporate Governance Report.

During the year ended 30 June 2025, the Board has reviewed the Company's policies and practices on corporate governance, the training and continuous professional development of the Directors and senior management as well as the Company's compliance with the CG Code.

Corporate Governance Report

COMPANY SECRETARY

Mr. FENN David (“Mr. Fenn”) was appointed as the company secretary on 1 June 2024 and resigned on 17 October 2024. After the resignation of Mr. Fenn, Ms. Chin was appointed as the company secretary on 18 October 2024 and resigned on 18 December 2024. The Company is in the process of identifying a suitable candidate to fill the vacancy of company secretary caused by the resignation of Ms. Chin.

The Company Secretary’s functions are to ensure a good information flow within the Board and between the Board and senior management of the Company, to provide advice to the Board in relation to the Directors’ obligations under the Listing Rules and applicable laws and regulations, and to assist the Board in implementing the corporate governance practices.

All the company secretaries of the Company had obtained not less than 15 hours of professional training as required under Rule 3.29 of the Listing Rules during the year ended 30 June 2025.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”). The Company has made specific enquiries to all Directors and all Directors have confirmed with the Company that they have complied with the required standard set out in the Model Code and the Company’s code of conduct regarding Directors’ securities transactions during the Year.

EXTERNAL AUDITOR AND ITS REMUNERATION

On the Company’s extraordinary general meeting held on 29 June 2023, ZHONGHUI ANDA CPA Limited (“ZHONGHUI”) was removed as the auditor of the Company while CCTH CPA Limited (“CCTH”) has been appointed to fill in the vacancy following the removal of ZHONGHUI. CCTH was re-appointed as the auditor in the Company’s annual general meetings held on 29 December 2023 and resigned on 26 July 2024 while McMillan Woods (Hong Kong) CPA Limited (“McMillan Woods”) has been appointed to fill in the vacancy following the resignation of CCTH. On the annual general meeting held on 19 March 2025, McMillan Woods was re-appointed as the auditor of the Company and to hold office until the conclusion of the forthcoming annual general meeting.

The Auditors’ remuneration for the year ended 30 June 2025 was as follows:

Nature of work	Fee HK\$'000
Audit services	500

DIRECTORS' RESPONSIBILITY IN PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge that their responsibilities for preparing the consolidated financial statements and ensuring that the preparation of the accounts is in accordance with statutory requirements and applicable accounting standards.

The statement of the Auditors of the Company regarding their reporting responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report on pages 64 to 66 of this annual report.

GOING CONCERN

Save as disclosed in note 2 to the consolidated financial statements, the Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The objective is to cover all important controls, including financial, operational, compliance, and risk management functions to endure they are in place and functioning effectively for the Group.

The successful management of risk is essential for the long term growth and sustainability of the Group's business. These can only be achievable if certain risks are managed effectively. Effective risk management and strong internal controls are integral to the Group's business model and are reflected in the risk management policy adopted within the business.

Policy

The Group's risk management policy includes the following elements:

- Identification of significant risks in the Group's operation environment and evaluate the impacts of those;
- Develop necessary measure to manage those risks;
- Risk and mitigate measures with risk ownership will be documented in a risk register; and
- Risk register will be monitored and reviewed the effectiveness of such measures regularly.

Corporate Governance Report

The Board has delegated the Audit Committee to perform its responsibilities of risk management and internal control systems by performing the following:

- Oversees the Group's risk management and internal control systems on an ongoing basis;
- Reviews the effectiveness of the Group's risk management and internal control systems annually, and such review should cover all material controls including financial, operational and compliance control; and
- Considers major findings on risk management and internal control matters, implementation of the mitigation activities by the management team, and reports and makes recommendations to the Board.

The Group's internal control review is performed by an outsourced internal control consultant, which reports directly to the Audit Committee of the Group.

The Board has received a report from the outsourced internal control consultant summarizing internal control review results for the financial year. The report states the findings on internal control review and actions to be taken by management as a result, and no significant control deficiency was identified. These findings and recommendations for improvement have been communicated to the respective management for their responses and corrective actions. The Group's management team monitors the implementation of its recommendations and reports the outcome to the Audit Committee. The relevant assessment and review reports have been considered by the Audit Committee and the Board for assessing the effectiveness of the internal control systems.

Internal Audit

The Company does not have an internal audit department. The Board has reviewed the need for an internal audit function and is of the view that in light of the size, nature and complexity of the business of the Group, as opposed to diverting resources to establish a separate internal audit department, it would be more cost effective to appoint external independent professionals to perform independent review of the adequacy and effectiveness of the risk management and internal control systems of the Group. Nevertheless, the Board will continue to review at least annually the need for an internal audit department.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An AGM of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an AGM, shall be called an extraordinary general meeting.

Shareholders to Convene an Extraordinary General Meeting

Shareholders may convene an extraordinary general meeting of the Company according to the provisions as set out in the Articles of Association and the Companies Law of Cayman Islands. The procedures that shareholders can use to convene an extraordinary general meeting are set out in Article 57 of the Company's Articles of Association.

Putting Enquiries by Shareholders to the Board

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong.

Procedures for Putting Forward Proposals by Shareholders at Shareholders' Meeting

There are no provisions allowing shareholders to move new resolutions at general meetings under the Cayman Islands Companies Law or the Articles of Association of the Company. Shareholders who wish to move a resolution may request the Company to convene an extraordinary general meeting following the procedures set out in the preceding paragraph.

CONSTITUTIONAL DOCUMENTS

During the year ended 30 June 2025, there were changes in the Company's Memorandum and Articles of Association, details please refer to Appendix III of the circular of the Company dated 25 February 2025.

Environmental, Social and Governance Report

INTRODUCTION

In accordance with the requirements of Appendix C2 – Environmental, Social and Governance Reporting Guide (the “Reporting Guide”) set out in the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), Wai Chun Biotechnology Co., Ltd. and its subsidiaries (collectively referred to as the “Group”) are pleased to present this Environmental, Social and Governance Report (the “Report”). The purpose of this Report is to provide the stakeholders with a comprehensive understanding of their performance, initiatives and achievements in four aspects of environmental, social and governance (“ESG”): environmental protection, employment and labor policies, operational practices, and community participation.

Governance Structure

Board of Directors’ Oversight of ESG Matters and Sustainable Development Approach

The Group regards sustainable development as an important aspect of its future development and believes that sustainable development should start from the Group’s internal management. The Board of Directors has full responsibility for formulating the Group’s sustainable development direction and strategies. It conducts an enterprise risk assessment at least once a year to identify the complex business environment of current and potential risks, including but not limited to ESG aspects. The Board of Directors will evaluate or engage independent third parties to review the Group’s existing strategies, goals and internal controls, and make necessary improvements to mitigate risks. The Board of Directors is also responsible for overseeing and ensuring that management provides all appropriate tools and resources to the ESG work team to oversee ESG matters.

Board of Directors’ Environmental, Social and Governance Management Approach and Strategies for Material ESG – related Matters

To better understand the opinions and expectations of different stakeholders on ESG matters, the Group conducts a materiality assessment every year. The Group ensures to use various platforms and communication channels to reach out to, listen to, and respond to its major stakeholders. Through communication with stakeholders, the Group is able to understand their expectations and concerns. The feedback received enables the Group to make more informed decisions and better evaluate and manage the impacts of such business decisions.

The Group has evaluated the materiality of ESG aspects through the following steps: (i) the Group identifies ESG matters; (ii) with the participation of stakeholders, ranks the priority of key ESG categories; and (iii) validates and determines material ESG matters based on the results of communication with stakeholders.

These steps can enhance the understanding of the importance that the Group’s stakeholders attach to various ESG matters, and enable the Board of Directors to make more comprehensive plans for the future sustainable development direction.

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Board of Directors' Review Progress of ESG – related Objectives and Goals

The Group reviews the implementation performance and progress of ESG – related indicators every year. If any major non-compliance is found, the Group should analyze the differences, identify the causes in a timely manner, communicate with stakeholders, and modify the ESG strategy as appropriate to make it closer to the business reality. The Group will also actively engage with various stakeholders to ensure that its ESG performance meets their expectations. The Board of Directors has set future strategic goals, enabling the Group to develop a practical path forward and focus on the development direction to achieve its vision. The ESG work team will balance the Group's philosophy and goals and carefully review whether they can be achieved.

Reporting Principles

This Environmental, Social and Governance Report is prepared in accordance with the “comply or explain” requirement and the four reporting principles of the Environmental, Social and Governance Reporting Guide:

- | | |
|-----------------|--|
| Materiality: | We disclose all environmental, social and governance issues that are material enough to inform the investors and other stakeholders. |
| Quantification: | The key performance indicators (“KPIs”) in this report are measurable, so that the environmental, social and governance performance can be compared with that of the peers, industry standards, and their past years' performance. |
| Balance: | The information in this report is presented in an unbiased manner. We do not select, omit, or present information that may unduly influence stakeholders' decisions or judgments. |
| Consistency: | The calculation and assumptions of all KPIs are consistent with those of previous years to enable meaningful comparisons. Any changes in the relevant assumptions or calculation methods will be clearly disclosed. |

Reporting Scope

The scope of this Report focuses on the Group's main business, which is the manufacturing and sale of modified starches and other biochemical products. The Group has a factory in Shandong Province, the People's Republic of China (the “PRC”) (the “Shandong Factory”), which produces modified starches and other refined biological – medical oils. According to the Reporting Guide, the Shandong Factory is considered material for the purpose of the Environmental, Social and Governance Report. The information described in this report covers the period from 1 July 2024 to 30 June 2025 (the “Reporting Period” or the “Year 2025”), and focuses on the disclosure of the policies and relevant performance of the Shandong Factory and the Hong Kong management headquarters in four environmental aspects and eight social aspects during the Reporting Period.

In addition to achieving business goals, the Group believes it has a responsibility to operate in a sustainable manner and has incorporated ESG considerations into its daily operations. Therefore, the Group has developed ESG KPIs and compared them with the report results for the year ended 30 June 2024 (the “Year 2024”). The Group will make improvements and appropriate corrections to address deficiencies and take corresponding measures when necessary.

Environmental, Social and Governance Report

Stakeholder Engagement and Maintenance

The Group identifies stakeholders based on their relationship with the Group, the extent to which they are affected by the business operations, and the extent to which they can influence the achievement of business goals. Stakeholders during the Reporting Period include employees, customers, shareholders, suppliers, regulatory authorities, and the community. To strengthen the connection with internal and external stakeholders and to more actively create social value, the Group is committed to understanding stakeholders' concerns through a wide range of communication channels. The following table summarizes the main stakeholders related to the Group, their expectations, and the Group's communication and feedback:

Major Stakeholders		Expectations	Communication
Internal	Employee	• Career development	• Annual performance appraisal system and staff communication
		• Salary and benefits and employee communication	• Training, seminars and briefing sessions
	Shareholders	• Communication with shareholders • Corporate transparency • Financial performance	• Annual general meeting and other general meetings • Investor and press conferences, briefings, and company website • Corporate communications including announcements, press releases, circulars, interim and annual reports
External	Customers	• Customer satisfaction	• Company website and customer service hotline
	Suppliers	• Integrity cooperation	• Regular supplier communications and reviews
	Regulators	• Response to inquiries from regulator	• Regular meetings and communications
		• Corporate governance and compliance • Compliance training	• Corporate governance report and operation with compliance • Training, focus groups and other events
	Community	• Community care	• Sponsorships and donations

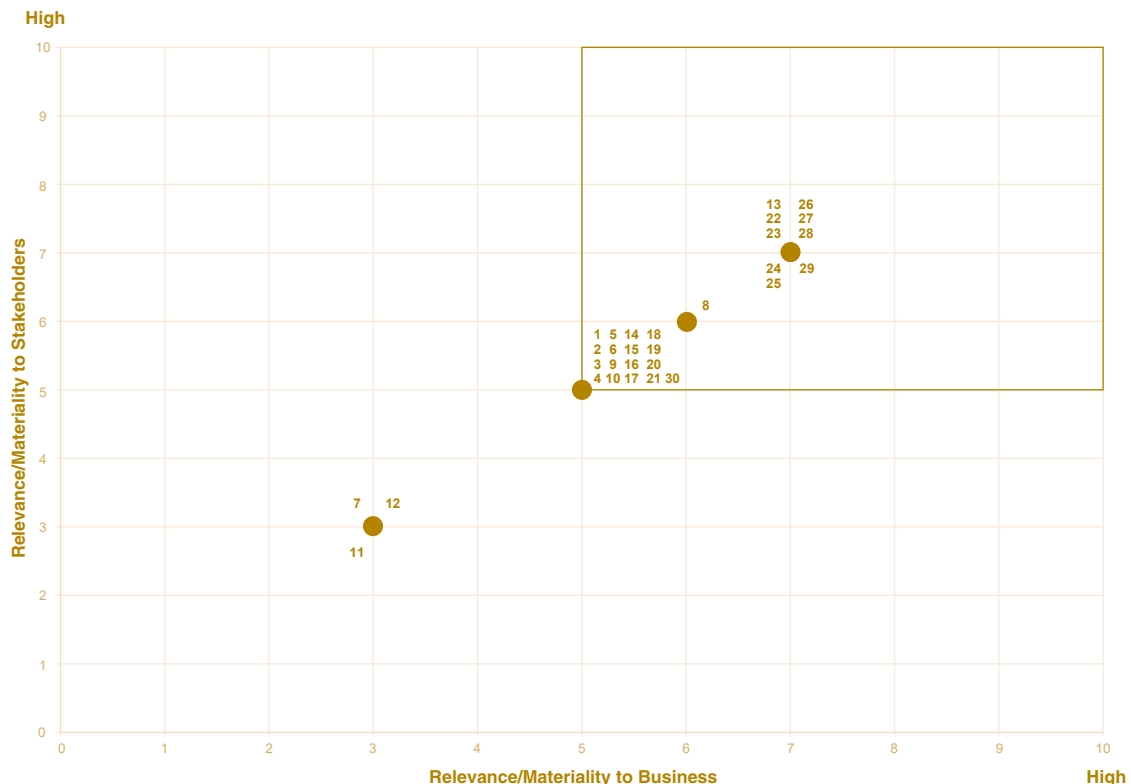
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Materiality Assessment

The Group conducts a materiality assessment every year to deepen stakeholders' understanding of the Group's ESG performance and sustainable development strategy during the Reporting Period. The detailed approach and methods of the materiality assessment are as follows:

1. **Method Design:** Materiality analysis is designed to support the implementation of environmental, social and operational initiatives and comply with the materiality principle outlined in the above – mentioned reporting principles. This method also complies with the requirements of the Listing Rule.
2. **Identification of Material ESG Issues:** The Group reviews the previous year's material ESG issues and feedback from stakeholders. In addition, the Group also reviews its policies and procedures, industry and international trend reports, regulatory updates, and external standards.
3. **Stakeholder validation and participation:** ESG issues are rated with internal and external stakeholders based on a range of ratings from 1 (no significance) to 9 (high significance). Additional ESG issues not covered in the above assessment can also be raised and stakeholders are encouraged to provide feedback on how we engage.
4. **Prioritization of Material Environmental, Social and Governance Matters:** Through statistical analysis, environmental, social and governance matters are prioritized according to their importance and presented in a chart.

The Group's material environmental, social and governance issues are shown in the following table:



Environmental, Social and Governance Report

The Group's material environmental, social and governance issues are shown in the following table:

Environmental Aspect	Social Aspect	Operation Aspect
1. Greenhouse Gas Emissions	12. Community Contribution	21. Anti-Corruption
2. Energy Consumption and Resource Management	13. Occupational Health and Safety	22. Supply Chain Management
3. Water Resource Management	14. Child Labor	23. Supplier Evaluation and Selection
4. Waste Management	15. Forced and Compulsory Labor	24. Customer Service and Satisfaction
5. Packaging Material Usage	16. Training and Development	25. Customer Privacy
6. Environmental Impact	17. Compensation and Employee Benefits	26. Handling of Feedback and Complaints
7. Climate Change	18. Diversity and Equal Opportunities	27. Product Health and Safety
8. Supplier Environmental Risks	19. Talent Attraction and Retention	28. Product and Service Labeling
9. Environmental Protection	20. Promotion of Local Employment	29. Protection of Intellectual Property
10. Generation of Hazardous Waste		30. Marketing
11. Generation of Non-Hazardous Waste		

INFORMATION AND FEEDBACK

The Group welcomes all feedback from investors and stakeholders in particular the important areas identified in the materiality assessment. Your opinion is highly valued, should you have any suggestions or comments, please contact us through the channels below:

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Website: <http://www.0660.hk>

A. ENVIRONMENT

Overview of Environmental Categories

The Group is well aware of its responsibilities for environmental protection and sustainable development and is committed to incorporating environmental protection and sustainable development as important parts of its business strategy.

A1 Emissions

During the production process, the Shandong Factory generates, discharges and emits harmful and non-harmful air, liquid and solid waste, as well as indirect greenhouse gas (“GHG”) emissions from electricity and vehicle use. On the other hand, the trading business is conducted entirely within the office. Except for indirect greenhouse gas emissions and general office waste (emitted and generated through the use of electricity, office paper and stationery), it does not produce harmful air and liquid waste.

The Group has clear instructions for controlling waste gas emissions, wastewater discharges, and the disposal of harmful and non-harmful waste at the Shandong Factory. The Group's environmental department and various government departments conduct continuous and regular inspections and supervision of emissions.

To be an environmentally responsible enterprise and to protect the environment and conserve natural resources, the Group has implemented the following environmental protection measures in its daily operations and activities to reduce and prevent adverse impacts on the environment. The Group has assigned responsible personnel to regularly inspect the office and factory during working hours to ensure that (i) fresh water is not wasted and is used reasonably; (ii) power sources are turned off when not in use or when work is not in progress; (iii) investment is made in fresh-water-saving and energy-saving tools and equipment, such as installing water meters, LED lights and solar systems, to reduce consumption. The Group also encourages the economical use and recycling of resources to prevent and reduce waste. All hazardous waste generated is collected and disposed of by professional licensed contractors. All harmful gas emissions are processed by the self-installed systems before being discharged. Non-hazardous waste is also disposed of by local waste collectors.

The intensity of environmental aspects, including waste gas emissions, was calculated based on the number of employees in the previous reporting period. Due to changes in business scale and future development, the basis for calculating intensity has now been changed to HK\$ million in revenue, starting from the current reporting period. Emission targets have been recalculated on this new basis to ensure the consistency and comparability of data in the report. In the refined oil production line, n-hexane is generated during the soaking process, which is collected by the paraffin wax collection system and sent to the deodorization equipment for treatment before being discharged up to local standards.

During the Reporting Period, all harmful air emissions from the Shandong Factory were collected and processed by the Group's internally installed systems before being discharged, and no negative comments or violations were reported by internal and external control sources. The performance of the Shandong Factory in air pollutant control complies with all local and national standards, and thus has not attracted any attention from the Group, the local community, or government officials.

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Air Emissions

The Group has implemented various systems in the Shandong Factory to effectively collect and manage all harmful gas emissions. Dust is generated in the drying process air of the modified starch production line. To address this issue, a spiral dust collector has been installed, which facilitates a two-stage filtration process. 99.5% of the dust is successfully removed, ensuring that the air discharged from the factory meets local air quality standards. In the relevant soaking process of the biomedical refined oil production line, harmful n-hexane is generated. To mitigate its impact, a paraffin wax collection system has been installed. This system systematically collects n-hexane and sends it to the deodorization facility for treatment to meet local standards before being released into the environment.

During the Reporting Period, direct emissions mainly came from the combustion of fuel in operating vehicles. The approximate contents of nitrogen oxides ("NOx"), sulphur oxides ("SOx") and particulate matter ("PM") generated by the Group during the production process are shown in the following table:

Emissions from Vehicles (Note 1)	Units	Year 2025	Year 2024
Nitrogen Oxides (NOx)	gram	0.09	975.28
Sulphur Oxides (SOx)	gram	0.01	7.50
Particulate Matter (PM)	gram	–	71.81
Total air emission	gram	0.1	1,054.59
Total air emission intensity	gram/HK\$ million of revenue	0.0003	2.85

Note 1: The emission factors used to calculate nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM) are from: (i) the EMFAC – HK vehicle emission calculation model of the Hong Kong Environmental Protection Department; (ii) and the vehicle emission modeling software – MOBILE6.1 of the US Environmental Protection Agency. It is assumed that the relative humidity is 80%, the temperature is 25 degrees Celsius, and the average speed is 30 km/h, including only exhaust emissions during operation.

Note 2: During the Year 2025, no combustion of fuel in operating of motor vehicle.

Various energy-saving measures have been implemented to reduce emissions, including but not limited to encouraging employees to use video conferencing, reducing unnecessary travel, encouraging the use of public transportation for long-distance travel, and cycling or walking for short-distance travel; and exploring other alternatives, such as using electric or energy-saving vehicles to reduce emissions.

Type of Emission	Emission Reduction Targets	Base Year	Status
Emission Intensity of Nitrogen Oxides (NOx)	To reduce by 2% by 2026	2020	In progress
Emission Intensity of Sulphur Oxides (SOx)	To reduce by 2% by 2026	2020	In progress
Emission Intensity of Particulate Matter (PM)	To reduce by 2% by 2026	2020	In progress

Environmental, Social and Governance Report

Greenhouse Gas (GHG) Emissions

Global warming is a key area of concern in climate change. Due to human activities such as the burning of fossil fuels and deforestation, global warming has accelerated and disrupted the ecological balance of the natural world, ultimately affecting the livelihoods of employees, customers, and the community. The Group has been closely monitoring greenhouse gas emission levels and exploring different ways to reduce pollution.

The main sources of the Group's greenhouse gas emissions are direct emissions from mobile combustion sources ("Scope 1"), indirect emissions from purchased electricity ("Scope 2"), and other indirect emissions ("Scope 3").

During the Reporting Period, GHG emissions were as follows:

GHG Emissions during the Reporting Period	Unit	Year 2025	Year 2024
Direct Greenhouse Gas Emissions (Scope 1)	Tonnes of CO ₂ equivalent	1	1
Indirect Greenhouse Gas Emissions (Scope 2) <i>(Note 1)</i>	Tonnes of CO ₂ equivalent	6,823	7,122
Other Indirect Greenhouse Gas Emissions (Scope 3)	Tonnes of CO ₂ equivalent	53	57
Total Greenhouse Gas Emissions	Tonnes of CO ₂ equivalent	6,877	7,180
Scope 1 Intensity	Tonnes of CO ₂ equivalent/Revenue in HK\$ million	0.003	0.003
Scope 2 Intensity	Tonnes of CO ₂ equivalent/Revenue in HK\$ million	18.09	19.25
Scope 3 Intensity	Tonnes of CO ₂ equivalent/Revenue in HK\$ million	0.14	0.15
Greenhouse Gas Intensity	Tonnes of CO ₂ equivalent/Revenue in HK\$ million	18.23	19.41

Scope 1: Mainly represents the consumption of liquefied petroleum gas;

Scope 2: Mainly represents the electricity purchased from power suppliers; and

Scope 3: Mainly represents the consumption of waste paper and water.

Note 1: The emission factors are sourced from the National Emission Coefficient of China and the 2024 Sustainability Report of Hongkong Electric Investments. These data are calculated based on the emission coefficient of the North China Regional Power Grid in 2022 and the "Environmental Key Performance Indicator Reporting Guide".

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Indirect emissions are the main source of the Group's greenhouse gas production, with the majority of indirect emissions coming from electricity use. The greenhouse gas emissions from Scope 1 to Scope 3 remained stable, and the emission intensity was similar to that of the previous reporting period. The Group's goal is to reduce the greenhouse gas emission intensity per unit of revenue by 2% (compared to the 2020 base year) by the end of the fiscal year 2026.

Emission Reduction Targets for GHG Emissions	Emission Reduction Targets	Base Year	Status
GHG emissions intensity (Scope 1)	Reduce 2% by FY2026	2020	In progress
GHG emissions intensity (Scope 2)	Reduce 2% by FY2026	2020	In progress
GHG emissions intensity (Scope 3)	Reduce 2% by FY2026	2020	In progress

Currently, the emission reduction targets for Scope 1 to Scope 3 are still in progress. The Group will continue to annually assess and record greenhouse gas emissions and other environmental data to assist the Group in achieving future emission reduction targets.

Compliance with Relevant Laws and Regulations

The Group fully complies with all national and local environmental laws, regulations, and industry standards, including but not limited to the Air Pollution Control Ordinance (Cap. 311), the Ozone Layer Protection Ordinance (Cap. 403), the Environmental Protection Ordinance, the relevant laws of the People's Republic of China, and the Water Pollution Prevention Law of the People's Republic of China. During the Reporting Period, the Group did not discover any violations of emissions and environmental regulations.

Waste Management

The modified starch and refined corn oil businesses of the Shandong Factory generate solid waste. The residues of the Shandong Factory are the main source of solid waste, and if not properly treated, the residues may be hazardous. To reduce such risks, the Group has taken proactive measures to hire professional licensed contractors to collect and dispose of such residues. This approach ensures proper treatment in accordance with regulatory requirements and industry best practices. During the Reporting Period, the Group's production plant did not generate hazardous waste.

During the Reporting Period, in addition to residues, the Shandong Factory also generated non-hazardous general waste from various sources, such as waste paper packaging materials, office waste, and general household waste. As part of its commitment to the environmental protection strategy, the Group has implemented a waste management plan to systematically transfer these non-hazardous wastes to the cleaning staff hired by the building management for regular collection and proper disposal. The Group advocates that employees save and recycle resources to prevent and reduce waste.

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The Group complies with all laws and regulations regarding the generation of hazardous and non-hazardous waste, including but not limited to the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong). The Group advocates that employees adopt environmental protection measures such as paperless office work and double-sided printing to minimize non-hazardous waste.

Generation of Hazardous and Non-Hazardous Waste

	Units	Year 2025	Year 2024
Total Hazardous Waste <i>(Note 1)</i>	Tonnes	Not applicable	Not applicable
Hazardous Waste Intensity <i>(Note 1)</i>	Tonnes/Revenue in HK\$ million	Not applicable	Not applicable
Total Non-Hazardous Waste	Tonnes	3,707	4,000
Non-Hazardous Waste Intensity	Tonnes/Revenue in HK\$ million	9.83	10.81

Note 1: Since the hazardous liquid waste and solid waste generated by the Shandong Factory are collected and disposed of by professional qualified contractors, relevant data are not statistically available.

The Group's goal is to reduce the intensity of non-hazardous waste generated per unit of revenue by 2% (compared to the 2020 base year) by the end of the fiscal year 2026. As of the end of the Reporting Period, the progress of the current non-hazardous waste reduction target is stable. The Group will continuously assess and record the generated waste and other environmental data to assist the Group in monitoring the emission reduction target.

Compliance with Relevant Laws and Regulations

During the Reporting Period, the Group complied with various laws and regulations related to power generation, hazardous waste, and non-hazardous waste, including but not limited to the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong) and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes. Currently, the progress of reducing non-hazardous waste is stable. If necessary, the Group will monitor the situation and adjust the reduction target.

The Shandong Factory generates and discharges contaminated waste liquid during the production process. If not properly managed and controlled, it may have a serious negative impact on the environment. Since the Shandong Factory does not have an approved built-in waste liquid discharge outlet, all contaminated waste liquid is subcontracted to licensed contractors for collection, treatment, and disposal. The Group also generates domestic and sanitary water from employees, offices, and factory workers. The used water is discharged into the public sewage system for further treatment.

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A2 Use of Resources

The Group firmly believes that environmental protection is a key factor in the sustainable development of its business. Therefore, it adheres to the highest environmental protection standards in its business operations. The Group is committed to conserving and protecting energy, water, and paper, and promoting this awareness among employees and business partners. Although the Group is not a manufacturing enterprise and uses few resources in its business activities, it adheres to the 5R principle as the guiding principle for its resource conservation and reduction plan, advocating reduction, reuse, recycling, replacement, and restoration.

In the Shandong Factory, the Group uses electricity, steam, water, and fuel for production, while office operations only rely on electricity and general resources. The electricity is fully supplied by the urban power grid, and there is no problem with power supply. The production and domestic water of the Shandong Factory completely rely on urban water supply, and there is no problem with water supply. Reliable and high — quality incoming water is crucial for the production needs. Within the production parameter range, it is not economically or technically feasible to use alternative water sources or recycled water without incurring significant costs and environmental impacts. Steam is used in one of the production processes of starch modification, which helps to filter chemicals from the product. Steam is supplied by urban pipelines. The Group's activities and operations do not consume a large amount of paper and packaging materials. To save operating costs and improve its environmental friendliness, the Group encourages employees to use digital storage and communication to reduce paper use. The packaging materials used for finished products are carefully selected to meet the specifications, with priority given to non – toxic and environmentally friendly materials.

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The approximate resource consumption and the intensity of the Group during the Reporting Period is as follows:

Types of Sources	Unit	Year 2025	Year 2024
Electricity consumption <i>(Note 1)</i>	kWh	10,070,187	9,861,349
Fuel consumption	kWh	–	4,943
Total energy consumption	kWh	10,070,187	9,866,292
Energy consumption intensity	kWh/HK\$ million of revenue	26,699	26,666
Water consumption	m ³	86,222	84,537
Water consumption intensity	m ³ /HK\$ million of revenue	229	229
Steam consumption	m ³	73,194	71,766
Steam consumption intensity	m ³ /HK\$ million of revenue	194	194
Total packaging <i>(Note 2)</i>	Tonnes	660	649
Total packaging intensity	Tonnes/HK\$ million of revenue	1.74	1.75

Note 1: The conversion factor used to convert data in other units to kWh is sourced from the Energy Statistics Manual published by the International Energy Agency.

Note 2: The total packaging quantity includes the total Tonnes of plastic, paper, and metal used for packaging finished products.

Since greenhouse gas emissions largely depend on the level of energy consumption, the Group has developed KPIs for electricity consumption, water consumption, steam usage, and packaging usage for daily monitoring and supervision.

The increase in energy use is mainly due to the increased production volume of the Shandong Factory. The Group has also developed and implemented a series of measures to regulate resource use. These measures include but are not limited to:

- Turn off the air conditioning and lighting systems during non-office hours;
- Encourage employees to turn off equipment and appliances when not in use;

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- Choose energy-saving appliances, such as using LED energy-saving lights instead of traditional fixtures;
- Encourage employees to develop the habit of saving water by turning off water taps with their hands;
- Post water-saving signs to enhance employees' water-saving awareness;
- Invest in fresh water and energy saving tools and equipment such as the installation of water measuring meters and solar energy systems to reduce consumption; and
- Strengthen the management of water equipment to prevent water leakage.

With the implementation of water-saving measures in the Shandong Factory, the current progress of water conservation is satisfactory. The Group will continuously monitor the water use situation and maintain the above-mentioned measures. However, in terms of the reduction targets for energy, steam, and total packaging, the current progress is relatively slow. Due to the continuous update of packaging design to enhance packaging strength and ensure product safety during transportation, the usage of packaging materials has increased. In the future, the Group will actively monitor the resource usage situation and strive to reduce consumption. The targets may be adjusted to adapt to the current business scale.

Reduction Target of Resources Consumption

Environmental KPI	Reduction Target	Base Year	Status
Energy consumption intensity	Reduce 2% by FY2026	2020	In progress
Water consumption intensity	Reduce 2% by FY2026	2020	In progress
Steam consumption intensity	Reduce 2% by FY2026	2020	In progress
Total Packaging intensity	Reduce 2% by FY2026	2020	In progress

A3 Environment and Natural Resources

The nature of the Group's business involves production and manufacturing, and its operations and activities consume a large amount of fresh water and steam, which is considered to have an impact on natural resources. The Group has successfully taken measures to reduce consumption. The Shandong Factory discharges waste gas and wastewater containing impurities, which has an impact on the environment. The discharged air is filtered, and the wastewater is collected, treated, and disposed of by licensed operators, causing no problems to the environment. Nevertheless, the Group has chosen to adopt policies and guidelines that conform to the internationally recognized "5R" principles and practices, striving to make the best use of resources and avoid waste as much as possible:

- Reduction: Minimize waste;
- Reuse: Reuse waste materials without treatment;
- Recycling: Reuse materials as resources;
- Refuse: Avoid purchases; and
- Recover: Recover materials in different forms.

A4 Climate Change

United Nations data shows that climate change is occurring faster and more severely than expected, and public awareness of climate change is also constantly increasing. For enterprises, the impact of climate change is changing and even reshaping the current business ecosystem. Facing this new business challenge, the Group has been closely monitoring the impact of climate change to take advantage of potential opportunities and mitigate these potential risks. During the Reporting Period, the Group closely monitored potential physical risks and transition risks, as detailed below:

Physical Risk

Acute Risks: The core businesses of the Group include selling and providing comprehensive services for computer and communication systems, as well as trading chemicals and agricultural products, which bring stable income to the Group. Since the Group is a non-production-oriented enterprise, it is expected that the weather will not have a significant impact on the business. The main potential physical risk is caused by extreme weather-related events such as thunderstorms, typhoons, and hurricanes, which may prevent employees from providing services to customers. The Group has developed emergency measures covering various weather-related events to reduce resilience risks, such as promptly releasing official weather warning reports to remind employees to prioritize office projects under extreme weather conditions.

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Chronic Risks: Long-term chronic risks can affect the Group's operations. Rising temperatures and decreasing water sources can affect the stability of public infrastructure, including power, network, transportation, and water supply. In addition, the Group's suppliers may be located in high-risk areas of climate change, posing a risk to the Group.

These long-term physical risks have strategic, operational, and financial implications. They may lead to increased risks and disaster protection and related business costs, decreased output, reduced income, and decreased asset quality.

Transition Risk

Policy Risks: The Paris Agreement is a climate change agreement jointly signed by 178 parties worldwide and is a unified arrangement for global climate change actions after 2020. Since 2019, Hong Kong's progress in mitigating climate change has been reviewed annually. The Hong Kong Special Administrative Region Government may implement new policies based on Hong Kong's progress by the submission deadline. The Group has been closely monitoring climate-change-related regulations, regularly reviewing global and local government policies, regulatory dynamics, and market trends, and promptly adjusting its climate strategy to meet regulatory requirements.

Market Risks: Climate change can affect the market in various ways and may change customers' behaviors and preferences. With increased attention to emission reduction performance and environmentally friendly products, the concerns and considerations of stakeholders may shift.

Legal Risks: As mentioned in the policy risks, the Group regularly monitors changes in policies and regulatory requirements. Due to the nature of the Group's business, the impact of climate change is minimal. During the Reporting Period, the Group did not discover any third-party litigation related to climate change.

These long-term transition risks affect the Group's strategic direction. In the foreseeable future, more resources will be invested to achieve emission reduction targets.

B. SOCIAL

B1 Employment

Employees are the strong foundation of an enterprise and an important basis for its operations. The Group adheres to the people-oriented values and is committed to creating a safe and healthy working environment and providing a workplace free from any form of discrimination and harassment. To this end, the Group has also developed appropriate policies and procedures, including but not limited to recruitment, transfer and promotion, dismissal, salary, capital calculation and compensation, and other benefits. Focusing on a transparent recruitment and employment mechanism, the Group has also established a transparent platform to receive employees' feedback, measure their satisfaction, pay attention to their personal development, and protect and respect their legitimate rights and interests.

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The employee workforce is segmented as follows by gender, age group, employment type, and geographical region:

Classification	Unit	Year 2025	Year 2024
By Gender			
Male	Persons	53 (87%)	103 (74%)
Female	Persons	8 (13%)	37 (26%)
Total	Persons	61 (100%)	140 (100%)
By Age			
Below 30 years old	Persons	7 (11%)	33 (24%)
Between 30 to 50 years old	Persons	47 (78%)	88 (62%)
Over 50 years old	Persons	7 (11%)	19 (14%)
Total	Persons	61 (100%)	140 (100%)
By Employment Type			
Full-time	Persons	58 (95%)	134 (95%)
Part-time	Persons	3 (5%)	6 (5%)
Total	Persons	61 (100%)	140 (100%)
By Geographic Location			
Hong Kong	Persons	5 (8%)	8 (6%)
Mainland China	Persons	56 (92%)	132 (94%)
Total	Persons	61 (100%)	140 (100%)

During the Reporting Period, the Group's annual employee turnover rate, segmented by gender, employment type, age group, and region, is as follows:

Employee Turnover Rate	Year 2025	Year 2024
By Gender <i>(Note 1)</i>		
Male	98%	17%
Female	363%	19%
By Age <i>(Note 1)</i>		
Below 30 Years Old	371%	15%
Between 30 to 50 Years Old	91%	20%
Over 50 Years Old	171%	11%
By Employment Type <i>(Note 1)</i>		
Full-time	134%	14%
Part-time	100%	100%
By Geographic Location <i>(Note 1)</i>		
Mainland China	139%	16%
Hong Kong	60%	50%

Note 1: The employee turnover rate is calculated by dividing the number of employees who left during the Reporting Period by the total number of employees in that category as of 30 June 2025.

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The Group will make further efforts to continue to pay more attention to employees and actively take various measures to retain talent and reduce the employee turnover rate, such as:

- Optimizing the recruitment process to enable candidates to fully understand the Group's working environment and benefits.
- Emphasizing corporate culture training for employees to enhance their sense of identity with the Group's culture.
- Paying attention to employees' work pressure, promoting dialogue between management and employees, and relieving employees' psychological pressure.
- Widening the development channels for employees within the Group to provide a competitive career platform for employees and fully meet their career development requirements.

The Group maintains equal employment opportunities for individuals of different genders, ages, ethnicities, and religions in all aspects of labor relations, including recruitment, promotion, and dismissal. Qualifications, experience, and performance related to job requirements are the only considerations. The Group arranges fair and reasonable salary and compensation for all employees. Employees' salary and compensation are determined with reference to the prevailing market levels and are commensurate with their abilities, qualifications, and experience. All employees of the Group enjoy fixed working hours, all statutory holidays, and leave and benefits in compliance with legal regulations, including but not limited to insurance, Mandatory Provident Fund, sick leave, maternity leave, marriage leave, paternity leave, and jury duty leave. In addition, the Group organizes various recreational activities for employees, including but not limited to annual dinners, birthday or Christmas parties, to enhance employee cohesion.

Compliance with Relevant Laws and Regulations

During the Reporting Period, the Group complied with labor-related laws and regulations including but not limited to the Labor Law of the People's Republic of China, the Regulations on Labor Security Supervision, the Labor Contract Law of the People's Republic of China, and the Employment Ordinance of the Hong Kong Special Administrative Region. In 2025, there was no report of significant fines or non-economic sanctions for violating relevant laws and regulations.

B2 Health and Safety

Establishing a positive health and safety culture has always been one of the top priorities of the Group. A healthier workforce will bring better productivity and higher morale, ultimately creating a high-performing and flexible organization. The Group cares about the safety and health of all employees and provides medical benefits, health insurance, and employee compensation insurance for all full-time employees. In the event of an accident or injury, the management team will be immediately notified, and an investigation will be launched to analyze the cause of the incident. First-aid equipment and other medical facilities are also available at all times in all workplaces of the Group.

Environmental, Social and Governance Report

The Group also provides a safe, clean, and healthy working environment for employees who need to work in the office, protecting them from occupational hazards. This includes but is not limited to measuring the body temperature of employees and customers when entering the office area, regularly disinfecting frequently-touched surfaces, and requiring the wearing of surgical masks. The Group has also implemented a no-smoking policy, prohibiting employees from smoking in any area of the office to provide a healthy, safe, and breathable working environment.

During the Reporting Period, the Group did not experience any major work-related injuries. In addition, there was no situation of being subject to significant fines or sanctions for violating relevant laws and regulations.

The total indicators regarding health and safety are as follows:

Indicators	Year 2025	Year 2024	Year 2023
Number of work-related fatalities <i>(Note 1)</i>	—	—	—
Ratio of work-related fatalities	—	—	—
Lost day due to work injury <i>(Note 1)</i>	—	—	—

Note 1: During the Reporting Period, there were no employee work-related deaths or lost workdays due to work-related injuries in the Group.

Compliance with Relevant Laws and Regulations

The Employee Handbook, the Employment Contract for Employees in China, and the Employment Contract for Employees in Hong Kong have detailed health and safety guidelines and measures, which comply with the Hong Kong Employment Ordinance and Chinese labor laws and regulations. The Group fully complied with the relevant regulations during the Reporting Period. During the Reporting Period, the Group did not report any major work-related deaths or injuries. In addition, during the Reporting Period, there were no huge fines or sanctions due to violations of relevant laws and regulations.

B3 Development and Training

Employee training, as an important part of human resource development, plays a crucial role in improving employee quality, accelerating knowledge and technology accumulation, and enhancing enterprise cohesion. It is an effective way to enhance the Group's competitiveness. The Group pays attention to employees' career planning and development and believes that providing good training helps improve employees' work quality and enables them to integrate into the Group quickly. It also helps employees acquire the professional knowledge to fulfill their duties and is beneficial for their long-term career development. The Group also provides employees with the necessary level of factory operation and production knowledge training to ensure that they can competently and capably fulfill their job responsibilities.

Environmental, Social and Governance Report

The Group provides basic business skills training to all new employees, as well as onboarding training on internal rules and regulations and training on corporate culture. The Group also encourages all employees to pursue further education and actively participate in job-related training organized by external organizations, and provides them with training allowances.

Training information by gender and employee category is as follows:

	Year 2025	Year 2024
Percentage of Trained Employees <i>(Note 1)</i>	39%	24%
Percentage of Trained Employees by Gender <i>(Note 2)</i>		
Male	92%	70%
Female	8%	30%
Percentage of Trained Employees by Position Level <i>(Note 2)</i>		
Senior Management	29%	76%
Middle Level Staff	67%	24%
Entry level Staff	4%	—

Note 1: It is calculated by dividing the number of employees who took part in training by the number of employees as at 30 June 2025.

Note 2: It is calculated based on the number of employees trained in each category divided by the number of employees who took part in training.

During the Reporting Period, the average training hours of employees by gender and position level in the Group are as follows:

	Year 2025	Year 2024
Total Training Hours	68	168
Average Training Hours per Employee <i>(Note 1)</i>	1.1	1.2
Average Training Hours by Gender <i>(Note 2)</i>		
Male	1.17	1.26
Female	0.75	1.03
Average Training Hours by Position Level <i>(Note 2)</i>		
Senior Management	2.33	6.08
Middle Level Staff	1.12	0.25
Entry level Staff	0.09	—

Note 1: It is calculated by dividing the total number of training hours by the total number of employees as at 30 June 2025.

Note 2: It is calculated by dividing the total number of training hours for such category by the number of employees as at 30 June 2025 in such category.

Looking ahead, the Group will attach more importance to employees' development and will continue to provide training opportunities for employees.

B4 Labor Standards

The Group strictly complies with all laws and regulations related to the prohibition of child labor or forced labor, including but not limited to the Hong Kong Employment Ordinance, the Law of the People's Republic of China on the Protection of Minors, the Labor Contract Law of the People's Republic of China, and the Provisions on the Prohibition of the Use of Child Labor. The Group recognizes that child labor and forced labor are violations of basic human rights and prohibits all forms of child labor or forced labor.

The Group has taken a series of measures to prevent such incidents. All personal documents provided by employees during the recruitment process, including identity cards, passport copies, educational qualifications and certificates, reference letters, performance evaluations, and other documents, must be genuine. The Human Resources Department will verify the legality of the relevant documents and the authenticity of the holders.

The Group also endeavors to fulfill its responsibilities to employees, respects their legitimate rights and interests, improves the working environment, cares about employees' physical and mental health, and achieves the common development of the Group and employees. The Group adopts market practices as the minimum labor standards for labor protection and benefits. Information on employees' holidays, leaves, and benefits is also detailed in the Group's policies. When an employee's personal rights are suspected of being violated or infringed, the employee can report to the management through different communication channels. If there is any case of child labor or forced labor, the Group will immediately terminate the labor contract with the relevant employee and hold the responsible person of the relevant position accountable.

Compliance with Relevant Laws and Regulations

During the Reporting Period, the Group did not discover any major illegal and non-compliant acts related to the prohibition of child labor that had a significant impact on us, nor did it discover any cases of forced labor or the use of child labor.

B5 Supply Chain Management

Supply chain management directly affects the reliability and stability of operations and service quality. Therefore, the Group is committed to managing the risks of its supply chain through established procedures and conducting quality assurance inspections on incoming key materials.

As stated in the procurement documents, the Group reserves the right to inspect raw materials before procurement. During the procurement process, the backgrounds and qualifications of three or more suppliers are evaluated, and inquiries and price comparisons are made for qualified suppliers. If multiple suppliers meet the requirements, enterprises with a good reputation in environmental protection and social responsibility or those holding environmental certifications will be given priority.

The Group strictly complies with regulations when dealing with suppliers and follows fair and just procurement procedures. In addition to meeting quality and legal requirements, the Group expects suppliers to practice fair labor and fulfill environmental responsibilities. Suppliers who fail to pass the evaluation will be removed from the supplier list. In addition, if a major quality incident related to products and services occurs, the cooperation relationship with the relevant supplier will be immediately terminated, and the supplier will be removed from the authorized supplier list.

Environmental, Social and Governance Report

The Group has always maintained a stable supply source and expects its supply source will not pose a potential threat to the operation of the Group's factory. The Group will enter into purchase agreements with suppliers in nearby areas to support the local economy. The number of suppliers is as follows:

Number of Suppliers by Region	Year 2025	Year 2024
Mainland China	215	321
Hong Kong	—	—

During the Reporting Period, there were no situations where the Group's suppliers had significant actual or potential negative impacts on business ethics, environmental protection, human rights, labor practices, etc., nor were there any cases involving human rights violations.

B6 Product Responsibility

Product Quality and Recall

A good customer relationship not only helps the Group maintain customer loyalty but also increases sales. Among them, providing high-quality products and services is the key to maintaining a good customer relationship. The Group deeply understands the importance of products and services and therefore puts winning the trust and satisfaction of customers first in its business process.

The Group mainly provides modified starch and biomedical refined oil products to Chinese customers. To ensure the safety, accuracy, and compliance of products, the Group takes reasonable measures and precautions to ensure that they meet all agreed requirements and industry standards. To ensure product safety and quality, the Group has obtained the ISO9001 – 2008 Quality Management System Certification and the CNCA/CTS 0010 – 2008A (CCAA 0005 – 2014) Food Safety Management System Certification. The Group has also obtained the CNCA/CTS 0020 – 2008A (CCAA 0014 – 2014) certification for the production of starch and starch products. The Group's sales personnel maintain continuous communication with customers through regular emails, phone calls, and social media to resolve customer complaints and provide effective feedback in a timely manner.

During the Reporting Period, the Group strictly complied with relevant laws and regulations such as the Product Quality Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Consumers' Rights and Interests. There were no defect complaints regarding the products, technologies, or services provided by the Group, nor were there any product recalls due to health and safety issues.

Environmental, Social and Governance Report

Intellectual Property Rights

The Group integrates the awareness of intellectual property protection into its daily business operations. The technologies used in the production of modified starch and biomedical refined oil products are well-established and widely known. The Group sells products under its own brand and anticipates no intellectual property issues. The Group also relies on intellectual property laws, trade secrets, confidentiality procedures, and contract terms to protect the intellectual property and requires employees and customers to sign written confidentiality agreements at the beginning of establishing a relationship with us.

Compliance with Relevant Laws and Regulations

During the Reporting Period, there were no pending or threatened major legal litigations, claims, disputes, arbitrations, or administrative litigations involving any intellectual property rights of any member company of the Group or any of its directors. However, the Group always complies with the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Patents Ordinance (Cap. 514 of the Laws of Hong Kong), and the Copyright Ordinance (Laws of Hong Kong). The Group will continue to evaluate the importance of intellectual property to its business and formulate protection measures when necessary.

Quality and Safety

The Group has taken all reasonable measures and steps to ensure that the products sold and delivered meet the requirements of safety, accuracy, compliance, and all agreed or legal regulations and industry standards, and are in accordance with the terms and conditions of the contracted sales.

The Group has developed policies and procedures to ensure that all customer concerns and complaints are properly handled at an appropriate level in a timely manner. Sales personnel are the front-line employees who monitor and review the quality performance of the delivered products and receive complaints, concerns, or dissatisfaction.

During the Reporting Period, the Shandong Factory did not experience any sales returns or rejections due to product quality problems, nor did it receive any complaints about product quality from customers, consumer councils, or relevant government agencies. In addition, there was no report of large-amount fines during the Reporting Period.

During the reporting period, the number of complaints and product recalls was as follows:

Number of Complaints and Product Recalls during the Reporting Period	Year 2025	Year 2024
Number of Complaints	—	—
Number of Products to be Recalled due to Health and Safety Reasons	—	—

Environmental, Social and Governance Report

Customer Service and Complaints

The Group has developed policies and procedures to ensure that all customer concerns and complaints are properly handled at an appropriate level in a timely manner. Sales personnel are the front-line employees who monitor and review the quality performance of the delivered products and receive complaints, concerns, or dissatisfaction. In addition, the Group actively communicates with customers through various communication channels (including but not limited to face-to-face communication, Weibo, email, and phone calls) to deeply understand customers' needs and concerns. If any product quality problems are found, the relevant sales personnel will immediately understand the situation, find out the reasons, report to the senior management, and resolve the problems in a timely manner.

Privacy and Consumer Data Protection

The Group is committed to protecting the personal information and privacy rights of customers, employees, and business partners. The Group's confidentiality policies and privacy practices cover the collection, processing, use, and disclosure of personal data. The Group collects and uses personal information in a responsible and non-discriminatory manner and limits the use of information to the consistent purposes defined in the Personal Data (Privacy) Ordinance of Hong Kong Law. The Group has established a secure environment, implemented data protection measures, and stored such data in an internal system. Only authorized employees can access the data, and the Group will not disclose the personal data of its employees, customers, and suppliers without the permission of the relevant parties.

During the Reporting Period, the Group complied with data-protection-related laws and regulations, including but not limited to the Personal Information Protection Law of the People's Republic of China and the Personal Data (Privacy) Ordinance of Hong Kong Law. All business operations within the Group must comply with the privacy policy, and the Group has a zero-tolerance attitude towards violations. During the Reporting Period, the Group did not record any major violations of consumer data and privacy.

Compliance with Relevant Laws and Regulations

During the Reporting Period, the Group did not have any issues related to intellectual property rights, privacy rights, or consumer data protection that led to huge fines or sanctions.

B7 Anti-corruption

A sound ethical conduct system and anti-corruption mechanism are the cornerstones of the Group's sustainable and healthy development. The Group does not tolerate any acts of corruption, fraud, or other violations of professional ethics. To create a corruption-free and bribery-free workplace, the Group has developed an anti-corruption policy with reference to laws and regulations such as the Anti-Money Laundering Law of the People's Republic of China, the Criminal Law of the People's Republic of China, the Interim Provisions, the Prevention of Bribery Ordinance, the Organized and Serious Crimes Ordinance (Cap. 455), the United Nations (Anti-Terrorism Measures) Ordinance (Cap. 575), and the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap. 575). This policy clearly prohibits any form of bribery and corruption, and all employees must abide by the relevant internal rules, as well as the laws and regulations of each operating country/region. The Group regularly provides anti-corruption education to directors and employees through online broadcasts or by distributing electronic training materials to enhance their awareness of ethical behavior and corruption issues. During the Reporting Period, the Group did not conduct anti-corruption training.

The Group encourages employees to abide by integrity and ethical behavior and helps employees properly handle conflicts of interest and improper benefit temptations in their work. At the same time, the Group informs all social stakeholders in an appropriate form to provide information on the Group's commitment to abide by laws and integrity, which is directly or indirectly related to the enterprise, including external stakeholders (customers, suppliers, regulatory authorities, and shareholders).

In addition, the Group has developed and regularly reviews its internal audit system to create an overall clean and honest business environment and prevent damage to the Group's reputation and interests. During the Reporting Period, neither the Group nor its employees were involved in any legal cases related to bribery, extortion, fraud, money laundering, etc., nor were there any corruption litigations against the Group and its employees. The Group has not discovered any serious violations of relevant laws and regulations that have a major impact on the Group in terms of bribery, extortion, fraud, and money laundering. Currently, the Group has not developed a whistle-blowing procedure. However, the Group intends to develop relevant policies to protect employees who wish to report any issues. During the Reporting Period, there were no whistle-blowing matters submitted to the management. The management actively encourages employees to raise any concerns they may have.

B8 Community Investment

The Group is well aware of its responsibilities for community construction and development and is committed to providing available resources to support the community. The Group actively seeks opportunities to cooperate with charitable organizations and participates in various charity activities to attract social attention and encourage employees to further participate in community services.

The Group also advocates that employees participate in volunteer services, serve the community, and participate in other voluntary and charity activities, and provides employees with paid leave as support and encouragement. It also supports employees to take paid leave to participate in volunteer services in local villages and communities. Looking ahead, the Group will continue to adhere to the principles of being responsible to shareholders, investors, suppliers, customers, and the public, seek further development opportunities, and maintain a harmonious relationship with stakeholders.

Environmental, Social and Governance Report

HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/ Explanation
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Emissions
A1.1	The types of emissions and respective emissions data.	Emissions — Air Emissions
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — GHG Emissions
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Waste Management
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions — Waste Management
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions — Waste Management

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Aspects, General Disclosures and KPIs	Description	Relevant Chapter/ Explanation
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources

Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/ Explanation
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change
B. Social		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employment
B1.2	Employee turnover rate by gender, age group and geographical region.	Employment

Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/ Explanation
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
B2.2	Lost days due to work injury.	Health and Safety
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standard		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

Environmental, Social and Governance Report

Aspects, General Disclosures and KPIs	Description	Relevant Chapter/ Explanation
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility — Complaints Handling Procedures
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Intellectual Property Rights
B6.4	Description of quality assurance process and recall procedures.	Product Responsibility — Product Quality and Recall
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility — Privacy and Consumer Data Protection

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Aspects, General Disclosures and KPIs	Description	Relevant Chapter/ Explanation
Aspect B7: Anti-Corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
B8.2	Resources contributed (e.g. money or time) to the focused area.	Community Investment

Independent Auditor's Report



TO THE SHAREHOLDERS OF WAI CHUN BIO-TECHNOLOGY LIMITED

瑋俊生物科技有限公司

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wai Chun Bio-Technology Limited (the “Company”) and its subsidiaries (collectively refer to as the “Group”) set out on pages 67 to 139, which comprise the consolidated statement of financial position as at 30 June 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of approximately HK\$10,701,000 for the year ended 30 June 2025 and as at 30 June 2025, the Group had net current liabilities and net liabilities of approximately HK\$170,542,000 and HK\$62,653,000 respectively. These events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Management’s arrangements to address the going concern issue are also described in note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. The key audit matters we identified are: (i) impairment assessment of trade receivables; and (ii) impairment assessment of property, plant and equipment and right-of-use assets.

(i) Impairment assessment of trade receivables

Refer to the notes 4, 5 and 6 to the consolidated financial statements for the material accounting policy information, critical accounting judgements and key sources of estimation uncertainty, financial risk management respectively and its relevant disclosure in note 19 to the consolidated financial statements.

As at 30 June 2025, the carrying amount of the Group's trade receivables was approximately HK\$28,787,000, net of provision for loss allowance of approximately HK\$3,121,000.

The provision for loss allowance on trade receivables based on the expected credit losses ("ECL") model is estimated by the management of the Group and the independent valuer engaged by the management of the Group through the application of judgements and estimations. The provision for loss allowance of trade receivables is estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information.

Due to the significance of the amount of the trade receivables to the Group's consolidated financial statements and the involvement of significant management's judgements and estimations, we considered this as a key audit matter.

Our audit procedures in relation to the impairment assessment of trade receivables included:

1. obtained an understanding of the impairment assessment performed by the management of the Group on the trade receivables under the ECL model and evaluated the design and implementation of key controls over credit control;
2. evaluated the competence, capabilities and objectivity of the independent valuer engaged by the management of the Group;

Independent Auditor's Report

KEY AUDIT MATTERS (continued)

(i) Impairment assessment of trade receivables (continued)

3. assessed, with the assistance of the auditor's expert, the reasonableness of the Group's ECL model used for the impairment assessment by:
 - (1) examining the model inputs used by management of the Group to form such judgements and estimates including testing the accuracy of the historical default data, on a sample basis;
 - (2) evaluating whether the historical loss rates are appropriately adjusted based on current and forecast general economic conditions and forward-looking information with reference to our knowledge of the business obtained elsewhere during our audit and assessing whether there was an indication of management bias when recognising provision for loss allowance on trade and other receivables; and
 - (3) recalculating the amount of the provision for loss allowance on trade receivables and assessing the appropriateness and adequacy of the impairment as at 30 June 2025;
4. inspected the subsequent settlements of the trade receivables as at 30 June 2025; and
5. assessed the adequacy of the disclosures related to impairment assessment of trade receivables.

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

Refer to notes 4 and 5 to the consolidated financial statements for the material accounting policy information, critical accounting judgements and key sources of estimation uncertainty and its relevant disclosure in note 16 to the consolidated financial statements.

As at 30 June 2025, the carrying amounts of the Group's property, plant and equipment and right-of-use assets were approximately HK\$67,608,000 and HK\$25,613,000 respectively. In view of the continued under-performance comparing to the expectations from the management during the year ended 30 June 2025, the management of the Group performed impairment testing on the Group's property, plant and equipment and right-of-use assets. Based on the calculation of the recoverable amount, as determined using value-in-use calculation of the cash-generating unit (the "CGU") with reference to the profit forecast and cash flows projection of the CGU, impairment losses of property, plant and equipment of approximately HK\$1,748,000 has been recognised for the year ended 30 June 2025.

Due to the significance of the amount of the property, plant and equipment and right-of-use assets to the Group's consolidated financial statements and the involvement of significant management's judgements and estimations, we considered this as a key audit matter.

KEY AUDIT MATTERS (continued)

(ii) Impairment assessments of non-financial assets (continued)

Our audit procedures in relation to the impairment assessment of property, plant and equipment and right-of-use assets included:

1. discussed with the management of the Group to identify the indication of possible impairment on the property, plant and equipment and right-of-use assets and assessed and reviewed the impairment testing performed by the management of the Group;
2. assessed the appropriateness of the management's assessment on identification and allocations of assets to the CGU;
3. reviewed, with the assistance of the auditor's expert, the methodology adopted, the underlying assumptions and data used in the profit forecast and cash flows projections for the value-in-use calculation;
4. challenged, with the assistance of the auditor's expert, the appropriateness of the judgements and estimates used by the management of the Group in the profit forecast and cash flows projections, including the sales growth rate, terminal growth rate, net profit margin and pre-tax discount rate, against historical performance, available market information and financial budgets approved by the directors of the Company; and
5. assessed the adequacy of the disclosures related to impairment assessment of property, plant and equipment and right-of-use assets.

OTHER INFORMATION

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

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

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

Independent Auditor's Report

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee assists the directors of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditor's Report

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

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

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

Lo Ka Ki

Audit Engagement Director

Practising Certificate Number: P06633

24/F., Siu On Centre

188 Lockhart Road

Wan Chai, Hong Kong

Hong Kong, 30 September 2025

Consolidated Statement of Profit or Loss

For the year ended 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	7	377,168	370,069
Cost of sales		(341,164)	(335,888)
Gross profit		36,004	34,181
Other income and other gains and losses, net	8	1,113	1,271
Selling expenses		(14,077)	(12,428)
Administrative expenses		(20,828)	(20,304)
Reversal of impairment losses/(Impairment losses) on receivables under expected credit loss model, net		4,257	(4,829)
Impairment losses on property, plant and equipment	16	(1,748)	(58,149)
Finance costs	10	(13,652)	(17,909)
Loss before tax		(8,931)	(78,167)
Income tax (expense)/credit	11	(1,770)	12,460
Loss for the year	12	(10,701)	(65,707)
(Loss)/profit for the year attributable to:			
– Owners of the Company		(14,623)	(44,212)
– Non-controlling interests		3,922	(21,495)
		(10,701)	(65,707)
		HK cents	HK cents
Loss per share	15		
– Basic and diluted		(8.43)	(25.78)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

	2025 HK\$'000	2024 HK\$'000
Loss for the year	(10,701)	(65,707)
Other comprehensive income/(expense):		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>1,000</u>	<u>(72)</u>
Total comprehensive expense for the year	<u>(9,701)</u>	<u>(65,779)</u>
Total comprehensive (expense)/income for the year attributable to:		
– Owners of the Company	(14,113)	(44,248)
– Non-controlling interests	<u>4,412</u>	<u>(21,531)</u>
	<u>(9,701)</u>	<u>(65,779)</u>

Consolidated Statement of Financial Position

At 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	16	67,608	54,272
Right-of-use assets	17	25,613	26,425
Deferred tax assets	29	14,668	14,403
		107,889	95,100
Current assets			
Inventories	18	56,530	33,711
Trade receivables	19	28,787	29,160
Deposits, prepayments and other receivables	20	14,891	49,366
Bank balances and cash	21	6,558	2,161
		106,766	114,398
Current liabilities			
Trade payables	22	76,663	99,054
Accruals and other payables	23	103,130	26,413
Contract liabilities	24	1,288	2,323
Borrowings	25	76,435	47,379
Tax payable		1,037	1,046
Lease liabilities	26	–	1,134
Convertible bonds	27	11,040	73,985
Loans from the ultimate holding company	28	7,715	2,513
		277,308	253,847
Net current liabilities		(170,542)	(139,449)
Total assets less current liabilities		(62,653)	(44,349)
Non-current liability			
Convertible bonds	27	–	10,891
Net liabilities		(62,653)	(55,240)

Consolidated Statement of Financial Position

At 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Capital and reserves			
Share capital	30	44,619	42,869
Reserves	32	(135,697)	(122,122)
Capital deficiency attributable to owners of the Company		(91,078)	(79,253)
Non-controlling interests		28,425	24,013
Capital deficiency		(62,653)	(55,240)

The consolidated financial statements on pages 74 to 139 were approved and authorised for issue by the board of directors on 30 September 2025 and are signed on its behalf by:

Lam Ka Chun
Director

Wong Po Keung
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2025

	Attributable to owners of the Company										Total equity/ (capital deficiency)
	Share capital HK\$'000 (Note 32(c)(i))	Share premium HK\$'000 (Note 32(c)(ii))	Other reserve HK\$'000 (Note 32(c)(iii))	Convertible bonds reserve HK\$'000 (Note 32(c)(iii))	Share option reserve HK\$'000 (Note 32(c)(iv))	Statutory reserve HK\$'000 (Note 32(c)(v))	Translation reserve HK\$'000 (Note 32(c)(vi))	Accumulated losses HK\$'000 (Note 32(c)(vii))	Sub-total HK\$'000	Non-controlling interests HK\$'000	
At 1 July 2023	42,869	209,982	6,906	10,366	39,864	10,085	(2,090)	(352,987)	(35,005)	45,544	10,539
Loss for the year	-	-	-	-	-	-	-	(44,212)	(44,212)	(21,495)	(65,707)
Other comprehensive expense for the year:											
Exchange differences on translating foreign operations	-	-	-	-	-	-	(36)	-	(36)	(36)	(72)
Total comprehensive expense for the year	-	-	-	-	-	-	(36)	(44,212)	(44,248)	(21,531)	(65,779)
Transfer of share option reserve upon lapse of share options	-	-	-	-	(39,864)	-	-	39,864	-	-	-
At 30 June 2024	42,869	209,982	6,906	10,366	-	10,085	(2,126)	(357,335)	(79,253)	24,013	(55,240)
At 1 July 2024	42,869	209,982	6,906	10,366	-	10,085	(2,126)	(357,335)	(79,253)	24,013	(55,240)
(Loss)/profit for the year	-	-	-	-	-	-	-	(14,623)	(14,623)	3,922	(10,701)
Other comprehensive income for the year:											
Exchange differences on translating foreign operations	-	-	-	-	-	-	510	-	510	490	1,000
Total comprehensive expense for the year	-	-	-	-	-	-	510	(14,623)	(14,113)	4,412	(9,701)
Derecognition of convertible bonds (note 27)	-	-	-	(8,201)	-	-	-	8,201	-	-	-
Conversion of convertible bonds (note 27)	1,750	35	-	(271)	-	-	-	-	1,514	-	1,514
Recognition of equity-settled share-based payments (note 34)	-	-	-	-	774	-	-	-	774	-	774
At 30 June 2025	44,619	210,017	6,906	1,894	774	10,085	(1,616)	(363,757)	(91,078)	28,425	(62,653)

Consolidated Statement of Cash Flows

For the year ended 30 June 2025

	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(8,931)	(78,167)
Adjustments for:		
Depreciation on property, plant and equipment	11,429	9,142
Depreciation on right-of-use assets	1,748	2,217
Finance costs	13,652	17,909
Impairment losses on property, plant and equipment	1,748	58,149
(Reversal of impairment losses)/impairment loss on receivables under expected credit loss model, net	(4,257)	4,829
Loss on disposals of property, plant and equipment	182	606
Interest income	(5)	(12)
Share-based payments expenses	774	—
Operating profit before working capital changes	16,340	14,673
Change in trade receivables	2,237	6,144
Change in deposits, prepayments and other receivables	37,838	(5,434)
Change in inventories	(21,926)	3,706
Change in contract liabilities	(1,064)	(4,380)
Change in other payable and accruals	(6,274)	1,781
Change in trade payables	(23,672)	36,205
Cash generated from operations	3,479	52,695
Interest on lease liabilities	(14)	(64)
Income tax paid	(2,044)	(537)
Net cash generated from operating activities	1,421	52,094
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	5	12
Purchase of property, plant and equipment	(25,540)	(40,047)
Payment for land use rights	(474)	—
Net cash used in investing activities	(26,009)	(40,035)

Consolidated Statement of Cash Flows

For the year ended 30 June 2025

	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in loans from the ultimate holding company	4,892	–
Interest paid	(2,442)	(2,698)
Principal elements of lease payments	(1,134)	(1,670)
Borrowings – proceeds/(repayments), net	27,577	(11,756)
Net cash from/(used in) financing activities	28,893	(16,124)
Net increase/(decrease) in cash and cash equivalents	4,305	(4,065)
Effect of foreign exchange rate changes	92	(86)
Cash and cash equivalents at beginning of year	2,161	6,312
Cash and cash equivalents at end of year	6,558	2,161
Analysis of cash and cash equivalents		
Bank and cash balances	6,558	2,161

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

1. GENERAL INFORMATION

Wai Chun Bio-Technology Limited (the “Company”) was incorporated in the Cayman Islands with limited liability. The address of its registered office is P.O. Box 31119, Grand Pavilion, Hibiscus Bay, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands. The address of its principal place of business is Rooms 4001-2, 40th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 37(b) to the consolidated financial statements.

In the opinion of the directors of the Company (the “Directors”), as at 30 June 2025, Chinese Success Limited (“Chinese Success”), a company incorporated in the British Virgin Islands, is the immediate holding company; Wai Chun Investment Fund (“Wai Chun IF”), a company incorporated in the Cayman Islands, is the ultimate holding company; and Mr. Lam Ching Kui (“Mr. Lam”) is the ultimate controlling shareholder of the Company.

2. GOING CONCERN BASIS

The Company and its subsidiaries (collectively referred to as the “Group”) incurred a loss of approximately HK\$10,701,000 for the year ended 30 June 2025 and as at 30 June 2025, the Group had net current liabilities and net liabilities of approximately HK\$170,542,000 and HK\$62,653,000 respectively. These events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors have prepared the consolidated financial statements on a going concern basis based on the assumptions and measures that:

- (i) As at 30 June 2025, the amounts due to Chinese Success, Wai Chun IF and Mr. Lam consist the followings:

	Notes	HK\$'000
Other payables – outstanding amounts relating to the convertible bonds matured during the year ended 30 June 2025	(a)	82,793
Convertible bonds – liability component	(a)	11,040
Loan from ultimate holding company	(b)	7,715
Borrowings – loan from the controlling shareholder	(b)	6,968
Total		<u>108,516</u>

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

2. GOING CONCERN BASIS (continued)

(i) (continued)

- (a) On 27 December 2024, the bondholders agreed to extend the maturity dates of the convertible bonds to 31 December 2027, which such extension has been resolved in an extraordinary general meeting held on 30 June 2025, and would become effective upon the completion of the Proposed Capital Reorganisation (defined in note 30(b)). In the opinion of the Directors, the failure of fulfilling the conditions are remote.
- (b) The creditors agreed not to demand repayment until all other third-party liabilities of the Group have been satisfied;
- (ii) Mr. Lam has also undertaken to provide adequate funds to enable the Group to meet its liabilities and settle financial obligations to third parties as and when they fall due so that the Group can continue operate as a going concern and carry on its business without a significant curtailment of operations for the next twelve months from the approval date of these consolidated financial statements;
- (iii) The Company is negotiating with potential investors proactively to raise sufficient funds through fund-raising arrangement; and
- (iv) The Directors will continue implement cost control and measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs.

The Directors have carried out a detailed review of the cash flow forecast of the Group for the next twelve-month period from the approval date of these consolidated financial statements after taking into account the likelihood of above assumptions and measures. The Directors believe that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements as and when they fall due at least for the next twelve months from the approval date of these consolidated financial, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether the Group is able to achieve the assumptions and measures as described above, which incorporate assumptions about future events and conditions that are subject to inherent uncertainties. Should the Group be unable to achieve the above assumptions and measures such that it would not be continued as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amount, to provide for future liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Ints”), issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), 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:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (“HK Int 5”) (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except for as described below, the application of the amendments to HKFRS Accounting Standards in the current year had no material impact on the Group’s financial position and performance for the current and prior years and/or the disclosures set out in the consolidated financial statements.

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (collectively the “HKAS 1 Amendments”)

As a result of the adoption of the HKAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

“Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the end of the reporting period do not affect the classification.”

This new policy did not result in a change in the classification of the Group’s borrowings. The Group did not make retrospective adjustments as a result of adopting the HKAS 1 Amendments.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

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

The Group has not applied any new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective for the financial year beginning 1 July 2024. The new and amendments to HKFRS Accounting Standards include the followings which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contract Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

The Group is in the process of making an assessment of what the impact of these new and amendments to standards are expected to be in the period of initial application. Except for below, the new and amendments to HKFRS Accounting Standards are unlikely to have a significant impact on the consolidated financial statements.

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 will replace HKAS 1 "Presentation of Financial Statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of consolidated financial statements, with a focus on information about financial performance present in the consolidated statement of profit or loss, which will affect how the Group present and disclose financial performance in the consolidated financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the consolidated statement of profit or loss; (ii) required disclosures for management-defined performance measures; and (iii) enhanced requirements for aggregation and disaggregation of information.

The Directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA, and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5.

The material accounting policy information applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Consolidation (continued)

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances in each entity's financial statements*

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currency translation (continued)

(c) Translation on consolidation

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Buildings comprise factories and offices. Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives or annual rate on a straight-line basis. The principal annual rates are as follows:

Buildings	Over the shorter of the term of the lease, or 15–20 years
Leasehold improvements	Over the shorter of the term of the lease, or 20%–33.33%
Furniture and fixtures	20%–33.33%
Plant, machinery and equipment	6.6%–33.33%
Motor vehicles	10%–20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land use rights	2%
Land and buildings	33.33%

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

The Group as lessee (continued)

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. To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group entities, which do not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below HK\$40,000.

The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial assets (continued)

Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

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

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“lifetime expected credit losses”) for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Convertible bonds

Convertible bonds which entitle the holder to convert the bonds into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The fair value of any derivative features embedded in the compound instruments is included in the liability component. The difference between the proceeds of issue of the convertible bonds and the fair values assigned to the liability component, representing the embedded option for the holder to convert the bonds into equity of the Group, is included in equity as capital reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative components are measured at fair value with gains and losses recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Convertible bonds (continued)

If the identifiable consideration received by the Group appears to be less than the fair value of the convertible bonds issued, the Group measures the unidentifiable services received (to be received) as the difference between the fair value of the convertible bonds issued and that of the identifiable consideration received, and the difference is recognised in profit or loss.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Convertible preference shares

Convertible preference shares are classified as equity if it is non-redeemable and any dividends are discretionary. Dividends on convertible preference shares classified as equity are recognised as distributions within the equity.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contract with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

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

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product.

Other revenue

Interest income is recognised using the effective interest method.

Employee benefits

(a) *Employee leave entitlements*

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employee benefits (continued)

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged in profit or loss represents contributions payable by the Group to the funds.

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offsetted as a deemed employee contribution towards the LSP obligation in term of HKAS 19 paragraph 93(a) and it is measured 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.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. 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.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except inventories and receivables, 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 any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit 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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit 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, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements apart from these involving estimations which are dealt with below.

(a) *Going concern basis*

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder and the successful result of the proposed plans and measures, at a level sufficient to finance the working capital requirements of the Group. Details are explained in note 2 to the consolidated financial statements.

(b) *Significant increase in credit risk*

As explained in note 4, ECL under general approach are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (continued)

Key sources of estimation uncertainty

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

(a) *Property, plant and equipment and depreciation*

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) *Impairment of non-financial assets*

Non-financial assets include property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets exceeds its recoverable amount. The recoverable amount is determined with reference to the present value of estimated future cash flows. Where the future cash flows are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of future estimate cash flows, a material impairment loss may arise.

As at 30 June 2025, the aggregated carrying amount of property, plant and equipment and right-of-use assets is approximately HK\$93,221,000 (2024: HK\$80,697,000), being net of impairment loss of approximately HK\$59,897,000 (2024: 58,149,000).

(c) *Net realisable value of inventories*

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. No allowance for slow-moving inventories was made for the year ended 30 June 2025 (2024: Nil). The carrying amount of inventories is HK\$56,530,000 (2024: HK\$33,711,000) as at 30 June 2025.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities (Hong Kong dollars and Renminbi). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amounts of the bank balances and trade and other receivables, included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

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

Trade receivables

The Group performs impairment assessment under ECL model based on provision matrix. Details of the accounting policy for impairment of trade receivables has been disclosed in note 4 to the consolidated financial statements.

The Group has concentration of credit risk. The percentage of trade receivables due from the Group's three largest customers in aggregate to the Group's total trade receivables net of expected credit losses is 35% (2024: 46%) as at 30 June 2025. The Group's concentration of credit risk by geographical locations is mainly in the People's Republic of China (the "PRC"), which accounted for approximately 100% (2024: approximately 100% in the PRC) of the trade receivables as at 30 June 2025. They have good historical repayment records and no default in payment.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

6. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Loan and other receivables

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 365 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade loan receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12 month expected losses
Under-performing	Significant increase in credit risk, not credit-impaired	Lifetime expected losses
Non-performing (credit-impaired)	Repayments are 90 days past due or it becomes probable that the counter-party will enter bankruptcy	Lifetime expected losses
Write-off	Severe financial difficulty and no realistic prospect of recovery	Amount written off

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

6. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

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

	Notes	Basis of recognising ECL	2025 Gross carrying amount HK\$'000	2024 Gross carrying amount HK\$'000
Financial assets at amortised cost:				
Trade receivables	19	Lifetime ECL	31,908	34,945
Other receivables	20	12-month ECL	2,896	1,803
Deposits	20	12-month ECL	773	750
Loan receivables	20	12-month ECL	—	24,358
Bank balances	21	12-month ECL	5,716	2,020

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

6. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

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

The maturity analysis, based on undiscounted cash flows of the Group's financial liabilities is as follows:

	On demand or less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
30 June 2025					
Trade payables	76,663	–	–	76,663	76,663
Accruals and other payables	102,607	–	–	102,607	102,607
Borrowings	46,926	32,077	–	79,003	76,435
Convertible bonds	13,000	–	–	13,000	11,040
Loans from the ultimate holding company	7,715	–	–	7,715	7,715
	246,911	32,077	–	278,988	274,460
	On demand or less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
30 June 2024					
Trade payables	99,054	–	–	99,054	99,054
Accruals and other payables	25,505	–	–	25,505	25,505
Borrowings	51,331	–	–	51,331	47,379
Convertible bonds	82,793	14,000	–	96,793	84,876
Lease liabilities	1,147	–	–	1,147	1,134
Loans from the ultimate holding company	2,513	–	–	2,513	2,513
	262,343	14,000	–	276,343	260,461

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

6. FINANCIAL RISK MANAGEMENT (continued)

(d) Interest rate risk

The Group's exposure to fair value interest rate risk arises from loans from the ultimate holding company, convertible bonds and bank borrowings which are subject to fixed interest rates. The Group currently does not use any derivative contracts to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

(e) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	38,805	55,098
Financial liabilities:		
Financial liabilities at amortised cost	274,983	261,369

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities at amortised cost as reflected in the consolidated statement of financial position approximate their respective fair values.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

7. REVENUE

	2025 HK\$'000	2024 HK\$'000
Revenue from manufacturing and sale of modified starch and other biochemical products recognised at a point of time within the scope of HKFRS 15	377,168	370,069

The Group's revenue from manufacturing and sale of modified starch and other biochemical products are derived from customers in the PRC.

Manufacturing and sale of modified starch and other biochemical products

The Group manufactures and sells modified starch and other biochemical products to the customers. Sales are recognised when control of the products is transferred, being when the products are delivered to a customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms ranged from 30 to 180 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability. The Group would also allow longer credit period for certain customers with long term relationship.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

8. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	2025 HK\$'000	2024 HK\$'000
Bank interest income	5	12
Loss on disposal of property, plant and equipment	(182)	(606)
Others	1,290	1,865
Total	1,113	1,271

9. SEGMENT INFORMATION

Information reported to the executive director, being the chief operating decision maker (the “CODM”), for the purposes of resources allocation and assessment of segment performance focuses on types of goods delivered. Since the Group’s business activities are organised into a single operating segment, being the manufacturing and sale of modified starch and other biochemical products, no segment information is presented other than entity-wide disclosures.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

9. SEGMENT INFORMATION (continued)

Geographical information

For the years ended 30 June 2025 and 2024, the Group's operations were principally located in the PRC with revenue and profits from its operations in the PRC.

The following is an analysis of the Group's revenue from external customers and non-current assets (excluding deferred tax assets) by geographical locations:

	Revenue from external customers		Non-current assets	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong	–	–	17	1,225
The PRC (excluding Hong Kong)	377,168	370,069	93,204	79,472
	377,168	370,069	93,221	80,697

In presenting the geographic information, revenue is based on the locations of the customers, while the non-current assets are presented based on the geographic location of the assets.

Major customers

Revenue from sales of modified starch and other biochemical products of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A (note)	N/A	42,014
Customer B (note)	N/A	40,545

Note: These customers did not contribute 10% or more to the Group's revenue during the year ended 30 June 2025.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

10. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank loans	2,442	2,698
Interest on loan from the ultimate holding company	310	–
Interest on loan from the controlling shareholder	276	–
Interest on loans from independent third parties	140	–
Interest on convertible bonds (note 27)	10,471	15,147
Interest on lease liabilities	13	64
Total	13,652	17,909

11. INCOME TAX EXPENSE/(CREDIT)

	2025 HK\$'000	2024 HK\$'000
Current tax – PRC Enterprise Income Tax (“EIT”) – Provision for the year	1,770	2,076
Deferred taxation (note 29)	–	(14,536)
	1,770	(12,460)

Under the two-tiered Hong Kong profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the consolidated financial statements.

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit derived from Hong Kong for the years ended 30 June 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

11. INCOME TAX EXPENSE/(CREDIT) (continued)

PRC subsidiaries are subject to PRC EIT at 25% for the year ended 30 June 2025 and 2024, except for the following subsidiary of the Company which were taxed at the local applicable income tax rate.

The reconciliation between the income tax expense/(credit) and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(8,931)	(78,167)
Tax at the income tax rate of 16.5% (2024: 16.5%)	(1,474)	(12,897)
Tax effect of income that is not taxable	(840)	(57)
Tax effect of expenses that are not deductible	4,162	5,692
Tax effect of utilisation of deductible temporary difference not previously recognised	(627)	–
Effect of different tax rates of subsidiaries	549	(5,198)
Income tax expense/(credit)	1,770	(12,460)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

12. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the followings:

	2025 HK\$'000	2024 HK\$'000
Auditor's remuneration		
– Audit services	500	500
Cost of inventories recognised as expenses	341,164	335,888
(Reversal of impairment losses)/impairment losses on receivables, net		
– trade receivables	(1,340)	1,695
– deposits and other receivables	(2,917)	3,134
	(4,257)	4,829
Depreciation on property, plant and equipment	11,429	9,142
Depreciation on right-of-use assets	1,748	2,217
Research expenses	1,610	2,719
Expenses related to short-term lease	446	447
Staff costs (including directors' emoluments)		
– Salaries, bonus and allowances	11,697	12,583
– Retirement benefits scheme contributions (<i>Note</i>)	914	1,211
– Share-based payments	774	–
	13,385	13,794

Notes:

- There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.
- Depreciation on property, plant and equipment of approximately HK\$6,811,000 (2024: HK\$5,301,000) for the year ended 30 June 2025 was included in cost of sales.
- Staff costs of approximately HK\$7,158,000 (2024: HK\$6,484,000) for the year ended 30 June 2025 was included in cost of sales.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

For the year ended 30 June 2025	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive Director					
Lam Ka Chun (<i>Chief Executive Officer</i>)	–	1,200	100	18	1,318
Independent Non-Executive Directors					
Wan Bo (<i>i</i>)	112	–	–	–	112
He Tao (<i>ii</i>)	112	–	–	–	112
Kung Ying Tung (<i>iii</i>)	54	–	–	–	54
Wong Po Keung (<i>iv</i>)	8	–	–	–	8
Xu Huiling (<i>v</i>)	–	–	–	–	–
Wang Ziniu (<i>v</i>)	–	–	–	–	–
	286	1,200	100	18	1,604
For the year ended 30 June 2024	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive Director					
Lam Ka Chun (<i>Chief Executive Officer</i>)	–	1,800	131	18	1,949
Independent Non-Executive Directors					
Wan Bo (<i>i</i>)	120	–	–	–	120
Hung Hoi Ming Raymond (<i>vi</i>)	43	–	–	–	43
Hong Ting (<i>vii</i>)	90	–	–	–	90
He Tao (<i>ii</i>)	30	–	–	–	30
Kung Ying Tung (<i>iii</i>)	–	–	–	–	–
	283	1,800	131	18	2,232

Notes:

- (i) Resigned on 5 June 2025.
- (ii) Appointed on 1 April 2024 and resigned on 5 June 2025.
- (iii) Appointed on 4 September 2024 and resigned on 14 February 2025.
- (iv) Appointed on 12 May 2025.
- (v) Appointed on 5 June 2025.
- (vi) Resigned on 9 August 2023.
- (vii) Resigned on 1 April 2024.

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

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

Discretionary bonus disclosed above was determined by the Remuneration Committee of the Company with reference to the individual performance.

The five highest paid individuals in the Group during the year ended 30 June 2025 included one (2024: one) director, details of whose emoluments are reflected in the analysis presented above. The emoluments of the remaining four (2024: four) individuals are set out below:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	925	1,301
Retirement benefit scheme contributions	50	124
Total	975	1,425

The number of the remaining highest paid individuals whose emoluments fell within the following bands is as follows:

	Number of individuals	
	2025 HK\$'000	2024 HK\$'000
Nil to HK\$1,000,000	4	4

During the year, no emoluments were paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

There was no arrangement under which a Director or the five highest paid individuals waived or agreed to waive any emolument during the year ended 30 June 2025 (2024: Nil).

No other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a Director and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 30 June 2025 (2024: Nil).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

14. DIVIDEND

The directors of the Company did not to recommend the payment of any dividend for the years ended 30 June 2025 and 2024, nor has any dividend proposed since the end of the reporting period (2024: nil).

15. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK\$14,623,000 (2024: HK\$44,212,000) and the weighted average number of ordinary shares of 173,451,795 (2024: 171,476,453) in issue during the year ended 30 June 2025.

(b) Diluted loss per share

As the exercise of the Group's outstanding convertible bonds and share options for the years ended 30 June 2025 and 2024 would be anti-dilutive, the diluted loss per share is the same as the basic loss per share presented for the years ended 30 June 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>HK\$'000</i>	Leasehold improvements, furniture and fixtures <i>HK\$'000</i>	Plant, machinery and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Construction in progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost						
At 1 July 2023	26,738	2,885	69,616	1,417	26,979	127,635
Disposals	–	–	(2,111)	–	–	(2,111)
Additions	6,670	–	2,658	622	30,097	40,047
Transfer	14,346	–	12,921	–	(27,267)	–
Exchange differences	(332)	–	(475)	(10)	(163)	(980)
At 30 June 2024 and 1 July 2024	47,422	2,885	82,609	2,029	29,646	164,591
Disposals	(134)	–	(191)	(82)	(50)	(457)
Additions	653	–	2,037	–	22,850	25,540
Transfer	32,645	–	3,222	–	(35,867)	–
Exchange differences	1,284	–	1,554	25	376	3,239
At 30 June 2025	81,870	2,885	89,231	1,972	16,955	192,913
Accumulated depreciation and impairment						
At 1 July 2023	11,559	2,885	29,700	1,202	–	45,346
Disposals	–	–	(1,505)	–	–	(1,505)
Charge for the year	2,289	–	6,557	296	–	9,142
Impairment	17,456	–	24,806	286	15,601	58,149
Exchange differences	(242)	–	(419)	(8)	(144)	(813)
At 30 June 2024 and 1 July 2024	31,062	2,885	59,139	1,776	15,457	110,319
Disposals	(59)	–	(138)	(78)	–	(275)
Transfer	14,148	–	1,399	–	(15,547)	–
Charge for the year	3,609	–	7,564	256	–	11,429
Impairment	(1,461)	–	(4,229)	–	7,438	1,748
Exchange differences	774	–	1,109	18	183	2,084
At 30 June 2025	48,073	2,885	64,844	1,972	7,531	125,305
Carrying amount						
At 30 June 2025	33,797	–	24,387	–	9,424	67,608
At 30 June 2024	16,360	–	23,470	253	14,189	54,272

Construction in progress represents buildings and plant, machinery and equipment under construction and pending for installation in the PRC.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Impairment assessment

As at 30 June 2025, the Group reassessed the recoverable amounts of the property, plant and equipment and right-of-use assets (which are mainly pre-paid land use rights located in the PRC, further information is disclosed in note 17), primarily due to the significant impairment loss recognised during the year ended 30 June 2024 and the continued under-performance relative to internal expectations, in the assumption that the operating segment as an individual cash generating unit ("CGU"). The recoverable amounts of these non-financial assets have been determined based on the higher of their value in use and fair value less cost of disposal. As a result, impairment losses of approximately HK\$1,748,000 (2024: HK\$58,149,000) were recognised during the year ended 30 June 2025. The calculation of value in use was based on the cash flow projections for the CGU covering a five-year period and pre-tax discount rate of 11.2% (2024: 12.7%) per annum calculated by using the weighted average cost of capital. The estimated growth rate used does not exceed the long-term average growth rate adopted for the market.

The key assumptions used by the management in setting the financial budgets for the initial five-year period were as follows:

	2025	2024
Sales growth rate	2.00%	2.00%
Terminal growth rate	2.00%	2.00%
Net profit margin	1.92%	1.63%

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

17. RIGHT-OF-USE ASSETS

	2025 HK\$'000	2024 HK\$'000
At 30 June:		
Right-of-use assets		
– Land use rights	25,613	25,217
– Land and buildings	–	1,208
	25,613	26,425
Depreciation charge of right-of-use assets		
– Land use rights	540	595
– Land and buildings	1,208	1,622
	1,748	2,217
Expenses related to short-term leases	446	447
Lease interests	13	64
Addition to the right-of-use assets	474	–

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

17. RIGHT-OF-USE ASSETS (continued)

The Group leases various land use rights and land and buildings. Lease agreements are typically made for fixed periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

Certain leasehold lands in the PRC included in the right-of-use assets with carrying amount of approximately HK\$20,322,000 (2024: HK\$20,018,000) have been pledged to secure the bank loans and general banking facilities granted to the Group.

18. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	22,554	19,249
Finished goods	33,976	14,462
	56,530	33,711

19. TRADE RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables, gross	31,908	34,945
Less: Provision for loss allowance	(3,121)	(5,785)
Trade receivables, net	28,787	29,160

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

19. TRADE RECEIVABLES (continued)

The Group allows average credit period of 30 to 180 days to its customers. The Group does not hold any collateral over these balances.

The aging analysis of trade receivables, based on the invoice date, and net of provision for loss allowance, is as follows:

	2025 HK\$'000	2024 HK\$'000
0-30 days	25,746	16,504
31-60 days	2,448	4,408
61-90 days	77	1,437
91-180 days	444	2,920
Over 180 days	72	3,891
Total	28,787	29,160

As at 30 June 2025, the trade receivables of approximately HK\$28,715,000 (2024: HK\$25,269,000) are not past due and regarded as having low default risk by the management of the Company based on regular repayment history in the ECL assessment.

Movement of provision for loss allowance on trade receivables is presented below:

	2025 HK\$'000	2024 HK\$'000
At 1 July	5,785	7,823
(Reversal of impairment losses)/impairment losses recognised during the year	(1,340)	1,695
Written off	(1,396)	(3,711)
Exchange realignment	72	(22)
At 30 June	3,121	5,785

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Prepayments for inventories purchase	11,431	25,589
Loan to a third party (<i>note</i>)	—	21,224
Other receivables	2,687	1,803
Rental and other deposits	773	750
	14,891	49,366

Note: As at 30 June 2024, loan to a third party was unsecured, interest bearing at 3.95% per annum and repayable within one year. During the year ended 30 June 2024, impairment losses of approximately HK\$3,134,000 was recognised for the loan to a third party. The outstanding loan balance due from the third party was fully repaid during the year ended 30 June 2025, and the previously recognised impairment losses were reversed accordingly.

Movements of provision for loss allowance for deposits and other receivables:

	2025 HK\$'000	2024 HK\$'000
At 1 July	3,105	—
(Reversal of impairment losses)/impairment losses recognised during the year	(2,917)	3,134
Exchange realignment	21	(29)
At 30 June	209	3,105

21. BANK BALANCES AND CASH

As at 30 June 2025, the bank balances and cash of the Group denominated in Renminbi (“RMB”) amounted to approximately HK\$6,507,000 (2024: HK\$2,085,000). Conversion of RMB into foreign currencies is subject to the PRC’s Foreign Exchange Control Regulations. However, under the PRC’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

22. TRADE PAYABLES

The average credit period on purchases of goods ranges from 30 to 180 days. The Group has financial risk management policies to ensure that all payables are paid within the credit timeframe. The aging analysis of trade payables, based on the invoice dates, is as follows:

	2025 HK\$'000	2024 HK\$'000
0-30 days	37,542	23,612
31-60 days	5,041	21,780
61-90 days	4,980	21,548
91-180 days	25,970	27,056
Over 180 days	3,130	5,058
Total	76,663	99,054

23. ACCRUALS AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Payroll and welfare payables	1,470	2,203
Accrued expenses	16,071	22,250
Other tax payables	523	908
Others (<i>note</i>)	85,066	1,052
Total	103,130	26,413

Note: Included in the balance of others as at 30 June 2025 were mainly outstanding payables to the holders of convertible bonds issued by the Company, amounted to approximately HK\$82,793,000 (2024: Nil). The Company and the bondholders agreed to renew the terms of these convertible bonds by extending the maturity dates to 31 December 2027 and which was approved at an extraordinary annual general meeting held on 30 June 2025, but was yet effective as at the approval date of these consolidated financial statements. Further details are disclosed in note 27.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

24. CONTRACT LIABILITIES

	As at 30 June 2025 HK\$'000	As at 30 June 2024 HK\$'000	As at 1 July 2023 HK\$'000
Contract liabilities – advance from customers	1,288	2,323	6,697

Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:

	2025 HK\$'000	2024 HK\$'000
Year ended 30 June		
– 2026	1,288	–
– 2025	–	2,323
	1,288	2,323
Revenue recognised in the year that was included in contract liabilities at the beginning of the reporting period	2,323	6,697

A contract liability represents the Group's obligation to transfer products to a customer for which the Group has received consideration from the customer.

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For the year ended 30 June 2025

25. BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Bank loans (<i>note (a)</i>)	66,757	41,380
Loan from the controlling shareholder (<i>note (b)</i>)	6,968	3,429
Loans from independent third parties (<i>note (b)</i>)	2,710	2,570
	76,435	47,379

Notes:

- (a) The bank loans are secured by certain leasehold lands in the PRC included in right-of-use assets with carrying amount of approximately HK\$20,322,000 (2024: HK\$20,018,000). They are arranged at interest rate ranged from 3.25% to 4.98% (2024: 3.45% to 4.98%) per annum. All bank loans are repayable within 1 to 2 years from the end of the reporting period (2024: 1 year) and denominated in RMB.
- (b) The loans are unsecured, arranged at floating rates and interest bearing at 1% (2024: 1%) above Hong Kong Prime Rate per annum, repayable on demand and denominated in HK\$. The effective interest rate changed during the year ended 30 June 2025 was 6.45% per annum (2024: nil).

As at the end of the reporting period, the Group's bank borrowings are repayable as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	35,682	41,380
More than one year but not exceeding two years, subject to repayment on demand clause	31,075	—
	66,757	41,380

Notes to the Consolidated Financial Statements

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26. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Within one year	—	1,147	—	1,134
Less: Future finance charges	—	(13)	—	—
Present value of lease liabilities	—	1,134	—	1,134
Less: Amount due for settlement within 12 months (shown under current liabilities)			—	(1,134)
Amount due for settlement after 12 months (shown under non-current liabilities)			—	—

27. CONVERTIBLE BONDS

Convertible bond of HK\$67,000,000 (the “CB1”)

On 27 November 2020 (the “Issue Date of CB1”), the Company issued an unlisted, unguaranteed and unsecured convertible bond (the “CB1”) with principal amount of HK\$67,000,000, to an independent third party.

The CB1 is convertible at the option of the bondholder into fully paid ordinary shares with a par value of HK\$0.025 each of the Company on or after 27 November 2020 up to and including 26 November 2023 at an initial conversion price of HK\$0.12 per share subject to adjustments upon occurrence of certain events. The maximum number of ordinary shares of the Company can be converted is 558,333,333 shares per principal amount of the CB1, which also subject to adjustments upon occurrence of certain events.

Should the CB1 not been converted, it will be redeemed at par on 27 November 2023 (the “Maturity Date of CB1”).

The CB1 has coupon rate of 4% per annum on the principal amount outstanding and interest will be paid quarterly in arrears until the Maturity Date of CB1.

The Company shall be entitled at its sole discretion, by giving not less than fourteen days’ notice to the bondholder, to propose to the bondholder to redeem the outstanding CB1 (in multiples of HK\$5,000,000 or such lesser amount as may represent the entire principal amount thereof) an amount equivalent to 100% of the principal amount of such outstanding CB1 at any time after the Issue Date of CB1 up to and including the date falling fourteen days immediately before the Maturity Date of CB1.

On 22 October 2021, the Company and the CB1 bondholder have agreed to amend the CB1 terms as follows, which took effect on 17 January 2022 (the “CB1 Amendments 2022”):

- (i) the conversion price be reduced from HK\$0.12 per conversion share to HK\$0.05 per conversion share;
- (ii) the coupon rate be reduced from 4% per annum to 2% annum;
- (iii) the CB1 be redeemed at 98% of its principal amount at maturity; and
- (iv) the conversion rights attached to the CB1 be only exercised on the condition that any conversion of the CB1 does not: (a) trigger a mandatory general offer obligation on the CB1 bondholders under Rule 26 of the Takeovers Code; and (b) result in Mr. Lam and any parties acting in concert with him ceasing to be the controlling Shareholder of the Company within the meaning of the Listing Rules.

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For the year ended 30 June 2025

27. CONVERTIBLE BONDS (continued)

Convertible bond of HK\$67,000,000 (the “CB1”) (continued)

On 22 December 2022, the Company and CB1 bondholder have agreed to amend the CB1 terms as follows, which took effect on 18 January 2023 (“CB1 Amendments 2023”).

- (i) the conversion price be reduced from HK\$0.5 (after share consolidation on 14 March 2023) to HK\$0.25 per conversion share;
- (ii) the coupon rate be reduced from 2% per annum to 0% annum;
- (iii) the CB1 be redeemed at 95% of its principal amount at maturity;
- (iv) the Maturity Date of the CB1 be changed from the original maturity date (i.e. 27 November 2023) to 18 January 2025; and
- (v) the conversion rights attached to the CB1 be only exercised on the condition that any conversion of the CB1 does not: (a) trigger a mandatory general offer obligation on the CB1 bondholders under Rule 26 of the Takeovers Code; and (b) result in Mr. Lam and any parties acting in concert with him ceasing to be the controlling Shareholder of the Company within the meaning of the Listing Rules.

Upon the maturity of CB1 on 18 January 2025, the balances of the liability and equity components were reclassified to other payables and accumulated losses respectively. The Company and the CB1 bondholder further agreed entering into a new zero-coupon convertible bond arrangement, with the maturity date extended to 31 December 2027. The issuance of the new convertible bond was approved at an extraordinary general meeting held on 30 June 2025, but not yet been effected as at the approval date of these consolidated financial statements. Further details of the above are disclosed in the Company’s announcements dated 27 December 2024, 6 February 2025, 7 March 2025, 18 March 2025, 27 March 2025, 23 April 2025, 21 May 2025, 30 June 2025, 21 August 2025 and 11 September 2025.

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27. CONVERTIBLE BONDS (continued)

Convertible bond of HK\$67,000,000 (the “CB1”) (continued)

The movements of liability and equity components of the CB1 for years ended 30 June 2025 and 2024 are as follows:

	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
At 1 July 2023	46,865	6,104	52,969
Imputed interest expenses	10,219	—	10,219
At 30 June 2024 and 1 July 2024	57,084	6,104	63,188
Imputed interest expenses	6,566	—	6,566
Reclassified to other payables	(63,650)	—	(63,650)
Reclassified to accumulated losses	—	(6,104)	(6,104)
At 30 June 2025	—	—	—

The interest charged for the period is calculated by applying an effective interest rate of 21.74% (2024: 21.74%) to the liability component for the period since the CB1 Amendments 2023.

Convertible bond of HK\$21,000,000 (the “CB2”)

On 18 January 2022 (the “Issue Date of CB2”), the Company issued an unlisted, unguaranteed and unsecured convertible bond (the “CB2”) with principal amount of HK\$21,000,000, to Chinese Success Limited, the intermediate holding company of the Company.

The CB2 is convertible at the option of the bondholder into fully paid ordinary shares with a par value of HK\$0.054 each of the Company on or after 18 January 2022 up to and including 17 January 2025 at an initial conversion price of HK\$0.05 per share subject to adjustments upon occurrence of certain events. The maximum number of ordinary shares of the Company can be converted is 420,000,000 shares per principal amount of the CB2 of HK\$21,000,000, which also subject to adjustments upon occurrence of certain events.

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For the year ended 30 June 2025

27. CONVERTIBLE BONDS (continued)

Convertible bond of HK\$21,000,000 (the “CB2”) (continued)

Should the CB2 not been converted, it will be redeemed at par on 18 January 2025 (the “Maturity Date of CB2”).

The CB2 has coupon rate of 2% per annum on the principal amount outstanding and interest will be paid quarterly in arrears until the Maturity Date of CB2.

The Company shall be entitled at its sole discretion, by giving not less than fourteen days' notice to the bondholder, to propose to the bondholder to redeem the outstanding CB2 (in multiples of HK\$5,000,000 or such lesser amount as may represent the entire principal amount thereof) an amount equivalent to 100% of the principal amount of such outstanding CB2 at any time after the Issue Date of CB2 up to and including the date falling fourteen days immediately before the Maturity Date of CB2.

On 22 December 2022, the Company and CB2 bondholders have agreed to amend the CB2 terms as follows, which took effect on 18 January 2023 (the “CB2 Amendments”):

- (i) the conversion price be reduced from HK\$0.5 (after share consolidation on 14 March 2023) per conversion share to HK\$0.25 per conversion share;
- (ii) the coupon rate be reduced from 2% per annum to 0% annum;
- (iii) the CB2 be redeemed at 95% of its principal amount at maturity; and
- (iv) the conversion rights attached to the CB2 be only exercised on the condition that any conversion of the CB2 does not: (a) trigger a mandatory general offer obligation on the CB2 bondholders under Rule 26 of the Takeovers Code; and (b) result in Mr. Lam and any parties acting in concert with him ceasing to be the controlling Shareholder of the Company within the meaning of the Listing Rules.

Upon the maturity of CB2 on 18 January 2025, the balances of the liability and equity components were reclassified to other payables and accumulated losses respectively. The Company and the CB2 bondholder further agreed entering into a new zero-coupon convertible bond arrangement, with the maturity date extended to 31 December 2027. The issuance of the new convertible bond was approved at an extraordinary general meeting held on 30 June 2025, but not yet been effected as at the approval date of these consolidated financial statements. Further details of the above are disclosed in the Company's announcements dated 27 December 2024, 6 February 2025, 7 March 2025, 18 March 2025, 27 March 2025, 23 April 2025, 21 May 2025, 30, June 2025, 21 August 2025 and 11 September 2025.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

27. CONVERTIBLE BONDS (continued)

Convertible bond of HK\$21,000,000 (the “CB2”) (continued)

The movements of liability and equity components of the CB2 for years ended 30 June 2025 and 2024 are as follows:

	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
At 1 July 2023	13,472	2,097	15,569
Imputed interest expenses	3,429	—	3,429
At 30 June 2024 and 1 July 2024	16,901	2,097	18,998
Imputed interest expenses	2,242	—	2,242
Reclassified to other payables	(19,143)	—	(19,143)
Reclassified to accumulated losses	—	(2,097)	(2,097)
At 30 June 2025	—	—	—

The interest charged for the period is calculated by applying an effective interest rate of 25.37% (2024: 25.37%) to the liability component for the period since CB2 Amendments.

The consideration of CB2 is settled by debt assignments of which a director, and a director's related parties assigned their debts owed by the Group to Chinese Success Limited, which is the immediate holding company of the Company.

Convertible bond of HK\$14,000,000 (the “CB3”)

On 14 March 2023 (the “Issue Date of CB3”), the Company issued an unlisted, unguaranteed and unsecured convertible bond (the “CB3”) with principal amount of HK\$14,000,000, to Chinese Success Limited, the immediate holding company of the Company.

The CB3 is convertible at the option of the bondholder into fully paid ordinary shares with a par value of HK\$0.025 each of the Company on or after 14 March 2023 up to and including 14 March 2026 at an initial conversion price of HK\$0.025 per share or conditional upon the share consolidation being effect, HK\$0.25 per conversion subject to adjustments upon occurrence of certain events.

Should the CB3 not be converted, it will be redeemed at par on 14 March 2026 (the “Maturity Date of CB3”).

The CB3 is interest-free.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

27. CONVERTIBLE BONDS (continued)

Convertible bond of HK\$14,000,000 (the “CB3”) (continued)

The Company shall be entitled at its sole discretion, by giving not less than fourteen days' notice to the bondholder, propose to the bondholder to redeem the outstanding CB3 an amount equivalent to 100% of the principal amount of such outstanding CB3 at any time after the Issue Date of CB3 up to and including the date falling fourteen days immediately before the Maturity Date of CB3.

The Company and the CB3 bondholder have agreed to amend the CB3 terms, with maturity date extended to 31 December 2027. The amendment of terms was approved at an extraordinary general meeting held on 30 June 2025, but was yet effective as at the approval date of these consolidated financial statements. Further details of the above are disclosed in the Company's announcements dated 27 December 2024, 6 February 2025, 7 March 2025, 18 March 2025, 27 March 2025, 23 April 2025, 21 May 2025, 30 June 2025, 21 August 2025 and 11 September 2025.

The movements of liability and equity components of CB3 for years ended 30 June 2025 and 2024 are as follows:

	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
At 1 July 2023	9,392	2,165	11,557
Imputed interest expenses	1,499	—	1,499
At 30 June 2024 and 1 July 2024	10,891	2,165	13,056
Imputed interest expenses	1,663	—	1,663
Conversion (<i>note 30(a)</i>)	(1,514)	(271)	(1,785)
At 30 June 2025	11,040	1,894	12,934

The interest charged for the year is calculated by applying an effective interest rate of 15.91% (2024: 15.91%) to the liability component of the CB3.

The consideration of the CB3 is settled by debt assignments of which a director, and a director's related parties assigned their debts owed by the Group to Chinese Success Limited, which is the immediate holding company of the Company.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

28. LOANS FROM THE ULTIMATE HOLDING COMPANY

The loans are unsecured, bearing interest at 6.25% per annum and repayable on demand as at 30 June 2025 and 2024.

29. DEFERRED TAX ASSETS

Movements in deferred tax assets recognised are as follows:

	Impairment on non-financial assets <i>HK\$'000</i>
At 1 July 2023	—
Credit to profit or loss (<i>note 11</i>)	14,536
Exchange realignment	<u>(133)</u>
At 30 June 2024 and 1 July 2024	14,403
Exchange realignment	<u>265</u>
At 30 June 2025	<u>14,668</u>

As at 30 June 2025, the Group has estimated unused tax losses of approximately HK\$128,944,000 (2024: HK\$128,944,000) available to offset against future profits, which may be carried forward indefinitely. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit stream of the relevant group entities.

There was no unrecognised deferred tax liabilities, relating to withholding tax that would be payable for undistributed profits of PRC subsidiaries in the year ended 30 June 2025 and 2024, as the Directors consider that the timing for reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future.

As at 30 June 2025, the aggregate amount of taxable temporary differences associated with undistributed retained earnings of the Group's PRC subsidiaries for which deferred tax liabilities have not been recognised from 1 January 2008 onwards were approximately HK\$29,585,000 (2024: HK\$24,993,000). No deferred tax liabilities have been recognised in respect of these temporary differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such temporary differences will not be reversed in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

30. SHARE CAPITAL – ORDINARY SHARES

	Number of shares	Amount equivalent to HK\$'000
Authorised:		
Ordinary shares of the Company at HK\$0.25 each		
At 1 July 2023, 30 June 2024, 1 July 2024 and 30 June 2025	400,000,000	100,000
Issued and fully paid:		
Ordinary shares of the Company at HK\$0.25 each		
At 1 July 2023, 30 June 2024 and 1 July 2024	171,476,453	42,869
Conversion of convertible bonds (<i>Note (a)</i>)	7,000,000	1,750
At 30 June 2025	178,476,453	44,619

Notes:

- (a) On 20 March 2025, Chinese Success converted partial portion of convertible bonds with principal amount of HK\$1,750,000 into 7,000,000 ordinary shares of the Company by crediting the share capital and share premium of approximately HK\$1,750,000 and HK\$35,000 respectively and debiting the liability and equity components of convertible bonds of approximately HK\$1,514,000 and HK\$271,000 respectively.
- (b) On 27 December 2024, the Company proposed to implement a capital reorganisation which involves (i) the reduction of the issued share capital by cancelling the paid-up capital to the extent of HK\$0.24 on each of the then issued ordinary share such that the par value of each issued ordinary share will be reduced from HK\$0.25 to HK\$0.01; and (ii) the sub-division each of the authorised but unissued ordinary share of par value of HK\$0.25 each into twenty-five sub-divided ordinary share of par value of HK\$0.01 each (the "Proposed Capital Reorganisation").

The Proposed Capital Reorganisation was approved at an extraordinary general meeting held on 30 June 2025. As at the approval date of these financial statements, the Proposed Share Reorganisation is not yet effected and subject to the satisfaction of condition precedent.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

30. SHARE CAPITAL – ORDINARY SHARES (continued)

The Group monitors capital on the basis of the debt-to-total assets ratio. This ratio is calculated as net debt divided by total assets. Net debt is calculated as total debt less bank balances and cash.

	2025 HK\$'000	2024 HK\$'000
Total debt	177,983	135,902
Less: Bank balances and cash	(6,558)	(2,161)
Net debt	171,425	133,741
Total assets	214,655	209,498
Net debt to total assets	80%	64%

The only externally imposed capital requirement for the Group is that to maintain its listing on Stock Exchange it has to have a public float of at least 25% of the shares. Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of at least 25% throughout the years ended 30 June 2025 and 2024.

31. SHARE CAPITAL – CONVERTIBLE PREFERENCE SHARES

	Number of shares	Amount equivalent to HK\$'000
Authorised:		
Convertible preference shares at HK\$0.25 each		
At 1 July 2023, 30 June 2024, 1 July 2024 and 30 June 2025	81,600,000	2,040
Issued and fully paid:		
Convertible preference shares at HK\$0.25 each		
At 1 July 2023, 30 June 2024, 1 July 2024 and 30 June 2025	—	—

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

32. RESERVES

(a) Group

The amount of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Company

	Share premium (Note (c)(i)) HK\$'000	Other reserve (Note (c)(ii)) HK\$'000	Convertible bonds reserve (Note (c)(iii)) HK\$'000	Share option reserve (Note (c)(iv)) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2023	209,982	62,934	10,366	39,864	(432,068)	(108,922)
Loss and total comprehensive expense for the year	-	-	-	-	(29,071)	(29,071)
Transfer of share option reserve upon lapse of share options (note 34)	-	-	-	(39,864)	39,864	-
At 30 June 2024 and 1 July 2024	209,982	62,934	10,366	-	(421,275)	(137,993)
Loss and total comprehensive expense for the year	-	-	-	-	(17,887)	(17,887)
Derecognition of convertible bonds (note 27)	-	-	(8,201)	-	8,201	-
Conversion of convertible bonds (note 27)	35	-	(271)	-	-	(236)
Recognition of equity-settled share-based payments (note 34)	-	-	-	774	-	774
At 30 June 2025	210,017	62,934	1,894	774	(430,961)	(155,342)

32. RESERVES (continued)

(c) Nature and purposes of reserve

(i) *Share premium*

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) *Other reserve*

Other reserve represents the share of a subsidiary's share premium arising from the allotment and issue of shares, and deemed contribution from owners of the Company.

(iii) *Convertible bonds reserve*

The amount represents the amount of proceeds on issue of convertible bonds relating to the equity component (i.e. option to convert the debt into share capital).

(iv) *Share option reserve*

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 4. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to accumulated losses should the related options expire or be forfeited.

(v) *Statutory reserve*

The statutory reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

(vi) *Translation reserve*

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Interests in subsidiaries	368	368
Right-of-use assets	—	1,208
	<u>368</u>	<u>1,576</u>
Current assets		
Deposits, prepayments and other receivables	780	780
Amounts due from subsidiaries	12,517	12,069
Bank balances and cash	37	37
	<u>13,334</u>	<u>12,886</u>
Current liabilities		
Accruals and other payables	99,129	17,337
Borrowings	7,105	4,659
Lease liabilities	—	1,134
Loans from the ultimate holding company	7,151	1,580
Convertible bonds	11,040	73,985
	<u>124,425</u>	<u>98,695</u>
Net current liabilities	<u>(111,091)</u>	<u>(85,809)</u>
Total assets less current liabilities	<u>(110,723)</u>	<u>(84,233)</u>

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	2025 HK\$'000	2024 HK\$'000
Non-current liability		
Convertible bonds	—	10,891
	—	10,891
NET LIABILITIES	(110,723)	(95,124)
Capital and reserves		
Share capital (note 30)	44,619	42,869
Reserves	(155,342)	(137,993)
CAPITAL DEFICIENCY	(110,723)	(95,124)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

34. SHARE-BASED PAYMENTS

Share Option Scheme

Pursuant to a share option scheme adopted by the shareholders of the Company on 22 July 2015 (the “Share Option Scheme”), the Company may, at their discretion, invite executive or non-executive director, employee (whether full-time or part-time), chief executive, substantial shareholder, consultant, professional and other adviser to take up options.

The subscription price of the Share Option Scheme will be determined at the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option is granted; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date on which an option is granted; and (iii) the nominal value of a share.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group shall not in aggregate exceed 10% of the total number of shares in issue as at the adoption date. Besides, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Group in issue shall not exceed 30% of the relevant class of the shares in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period shall not exceed 1% of the total number of shares in issue.

Options granted under the Share Option Scheme must be taken up within 30 days of the grant upon payment of HK\$1.00 per grant.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

34. SHARE-BASED PAYMENTS (continued)

Share Option Scheme (continued)

Movements of the Company's share options held by consultants and an employee during the year ended 30 June 2025 and 2024 is set out below:

Category of participants	As at 1 July 2023	Expired	As at 30 June 2024	Granted	As at 30 June 2025	Date of grant	Exercise period	Exercise price HK\$
Consultants	7,331,222	(7,331,222)	-	-	-	16 July 2018	16 July 2018 to 15 July 2023	0.720
Employee	1,627,068	(1,627,068)	-	-	-	16 July 2018	16 July 2018 to 15 July 2023	0.720
Employee	-	-	-	15,954,685	15,954,685	27 June 2025	27 June 2025 to 26 June 2030	0.250
Exercisable at end of year/ period	8,958,290	(8,958,290)	-	15,954,685	15,954,685			

On 16 July 2018, the Company granted a total of 89,582,907 share options under the Share Option Scheme to consultants and an employee of the Group. The exercise period of the options is 5 years from the date of grant of the options, i.e. from 16 July 2018 to 15 July 2023. With the share consolidation effective on 14 March 2023, the options would entitle the grantees to subscribe for a total of 8,958,290 new shares of HK\$0.25 each at an exercise price of HK\$0.720 per share. All the share options granted on 16 July 2018 were expired during the year ended 30 June 2024 and the share option reserve of approximately HK\$39,864,000 was reversed upon lapse of the shares options.

On 27 June 2025, the Company granted a total of 15,954,685 share options under the Share Option Scheme to 9 employees of the Group. The options would entitle the grantees to subscribe for a total of 15,954,685 ordinary shares of the Company of HK\$0.25 each at an exercise price of HK\$0.25 per share. The exercise period of the options is 5 years from the date of grant of the options. i.e. 27 June 2025 to 26 June 2030.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

34. SHARE-BASED PAYMENTS (continued)

Share Option Scheme (continued)

The fair value of the share options determined at the date of grant was calculated by independent valuer using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Grant date	27 June 2025	16 July 2018
Exercise price (HK\$)	0.250	0.720
Share price at the date of grant (HK\$)	0.131	0.720
Dividend yield (%)	–	–
Expected volatility (%)	127.19	90.196
Risk-free interest rate (%)	2.021	2.094
Expected life of options (years)	5	5

International Valuation Limited, an independent firm of professional valuer, was appointed by the Company to carry out the fair value of the share options granted on 27 June 2025.

The binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the period/year:

	Convertible bonds (liability component) HK\$'000	Lease liabilities HK\$'000	Loans from the ultimate holding company HK\$'000	Borrowings HK\$'000	Total HK\$'000
At 1 July 2023	69,729	2,804	2,513	59,289	134,335
Change in cash flow	–	(1,734)	–	(11,756)	(13,490)
Finance costs	15,147	64	–	2,698	17,909
Interest paid	–	–	–	(2,698)	(2,698)
Exchange differences	–	–	–	(154)	(154)
At 30 June 2024 and 1 July 2024	84,876	1,134	2,513	47,379	135,902
Change in cash flow	–	(1,147)	4,892	27,577	31,322
Finance costs	10,471	13	310	2,858	13,652
Interest paid	–	–	–	(2,442)	(2,442)
Reclassified to other payables	(82,793)	–	–	–	(82,793)
Conversion	(1,514)	–	–	–	(1,514)
Exchange differences	–	–	–	1,063	1,063
At 30 June 2025	11,040	–	7,715	76,435	95,190

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Total cash outflow for leases

	2025 HK\$'000	2024 HK\$'000
Within operating cash flow	460	511
Within financing cash flow	1,134	1,670
	1,594	2,181

These amounts relate to the following:

	2025 HK\$'000	2024 HK\$'000
Lease rental paid	1,148	1,734
Expenses related to short-term lease	446	447
	1,594	2,181

36. RELATED PARTY TRANSACTIONS

(a) Related party transactions

In addition to those related party transactions disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2025 HK\$'000	2024 HK\$'000
Interest expenses to the ultimate holding company	310	—
Interest expenses to the controlling shareholder	276	—

(b) Key management personnel compensation

Details of the remuneration of directors and other members of key management during the year/period are set out in note 13.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

37. INTERESTS IN SUBSIDIARIES

- (a) The amounts due from/to subsidiaries are unsecured, interest free and have no fixed terms of repayment.
- (b) Particulars of principal subsidiaries of the Company are as follows:

Name	Place of incorporation/ registration and operation	Issued and paid up capital	Percentage of ownership interest and voting power		Principal activities
			2025	2024	
Wai Chun Industrial (HK) Limited	Hong Kong	1,000 ordinary of HK\$1 each	100% (Indirect)	100% (Indirect)	Investment holding
Weifang Century-Light Biology Science Co., Ltd. ("Weifang Century-Light")	The PRC	Registered capital USD2,929,000	51% (Indirect)	51% (Indirect)	Manufacturing of modified starch and other biochemical products
Weifang Jia You You Zhi Co., Ltd.	The PRC	Registered capital RMB10,000,000	51% (Indirect)	51% (Indirect)	Manufacturing of modified starch and other biochemical products

Note: The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

37. INTERESTS IN SUBSIDIARIES (continued)

(c) Details of non-wholly owned subsidiaries that have material non-controlling interests

The following table shows information of subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

	Weifang Century-Light and its subsidiary	
	2025	2024
Principal place of business/country of incorporation	The PRC/ The PRC	The PRC/ The PRC
% of ownership interests/voting rights held by NCI	49%/49%	49%/49%
	HK\$'000	HK\$'000
Non-current assets	107,872	93,875
Current assets	105,340	112,947
Current liabilities	(155,202)	(157,817)
Net assets	58,010	49,005
Accumulated NCI	28,425	24,013
	2025	2024
	HK\$'000	HK\$'000
Revenue	377,168	370,069
Profit/(loss) for the year	8,005	(43,868)
Total comprehensive (loss)/income	1,000	(72)
Profit/(loss) allocated to NCI	4,412	(21,531)
Net cash generated from operating activities	7,495	53,675
Net cash used in investing activities	(26,009)	(40,046)
Net cash from/(used) in financing activities	22,936	(18,037)
Net increase/(decrease) in cash and cash equivalents	4,422	(4,408)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2025

38. EVENTS AFTER THE REPORTING PERIOD

On 17 September 2025, issuance of a new convertible bond was approved at an extraordinary general meeting of the Company. Pursuant to the subscription agreements entered into between the Company and Mr. Lam, the Company will issue a convertible bond to Mr. Lam with a principal amount of HK\$15,000,000. As at the date of approval of these financial statements, the issuance of the aforementioned convertible bond was pending the satisfaction of relevant conditions. Further details are disclosed in the Company's circular dated 28 March 2025, and the announcements of the Company dated 23 April 2025, 21 May 2025 and 21 August 2025.

Five-Year Financial Summary

RESULTS

	Year ended 30 June			1 January 2021 to 30 June 2022	Year ended 31 December 2020
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2020 HK\$'000
Revenue	377,168	370,069	773,654	1,007,186	567,553
(Loss) profit before tax	(8,931)	(78,167)	(5,698)	3,777	1,611
Income tax credit/(expense)	(1,770)	12,460	(4,364)	(5,167)	(616)
(Loss) profit for the period/ year	(10,701)	(65,707)	(10,062)	(1,390)	995
(Loss) profit for the period/ year attributable to:					
– Owners of the Company	(14,623)	(44,212)	(15,433)	(21,545)	(8,149)
– Non-controlling interests	3,922	(21,495)	5,371	20,155	9,144
	(10,701)	(65,707)	(10,062)	(1,390)	995

ASSETS AND LIABILITIES

	At 30 June				At 31 December
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2020 HK\$'000
Total assets	214,655	209,498	240,231	249,952	188,321
Total liabilities	(277,308)	(264,738)	(229,692)	(243,915)	(201,290)
Total equity (deficit)	(62,653)	(55,240)	10,539	6,037	(12,969)
Capital deficiency attributable to owners of the Company	(91,078)	(79,253)	(35,005)	(37,725)	(37,488)
Non-controlling interests	28,425	24,013	45,544	43,762	24,519
	(62,653)	(55,240)	10,539	6,037	(12,969)